

MSPO CERTIFICATION SUMMARY REPORT

SPOC S9 TAMBUNAN

SURVEILLANCE 2

Date: 07/02/2018

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MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S9 Tambunan
Client Number: 92-068
Audit Type: Stage 2 – ASA 2



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ABBREVIATIONS

CoC	Chain of Custody
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
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
NC	Non Conformity
OSH	Occupational Safety and Health
P&C	Principle and Criteria
PK	Palm Kernel
POME	Palm Oil Mill Effluent
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
MT	Metric Tonnes
WHO	World Health Organization
MPOB	Malaysian Palm Oil Board

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1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit for its SPOC S9 Tambunan 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 S9 Tambunan 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 S9 Tambunan.

1.2. Scope

The annual surveillance audit is based on the documentation established by MPOB Cawangan SPOC S9 Tambunan 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.

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1.3. Appointment & Qualification of Audit Team Members

The audit team consist of the team leader, 1 team member and 1 trainee auditor is appointed. The team contributes to the review of documents, the 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; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Diploma and Advance Diploma in Tourism Management
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

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Requirement	Qualifications
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

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	Pui, Ling Wui (Sheron)	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)	Pui, Ling Wui (Sheron)	Auditor by training	Yes
	Muhammad Khairul Anuar (Trainee Auditor)	7 years working experience in the oil palm sector.	
Attended the MS 2530 series of standards training	Pui, Ling Wui (Sheron)	Successfully completed MSPO Lead Auditor training course.	Yes

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Requirement	Assessor	Qualification	Compliance
	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.	Pui, Ling Wui (Sheron)	Qualified as MSPO scheme auditor.	Yes
	Khairul Anuar (Trainee Auditor)	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.	Pui, Ling Wui (Sheron)	Able to communicate in Bahasa Malaysia and English.	Yes
	Khairul Anuar (Trainee Auditor)	Able to communicate in Bahasa Malaysia and English	
Field working experience in the palm oil sector, or demonstrable equivalent	Pui, Ling Wui (Sheron)	Qualified MSPO auditor	Yes
	Khairul Anuar (Trainee Auditor)	7 years working experience in the oil palm sector.	
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Pui, Ling Wui (Sheron)	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	Pui, Ling Wui (Sheron)	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	Pui, Ling Wui (Sheron)	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)	Pui, Ling Wui (Sheron)	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.

Surveillance Audit:

Surveillance audit is conducted on 29/10/2018 to 30/10/2018 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

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

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

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

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

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

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 site
Johny Makajil	Kg Pahu P/S 178 89657 Tambunan
Jauti Dohong	Kg Tampasak Liwan 89650 Tambunan
Albert Fadiles	Kg Pahu P/S 178 89657 Tambunan
George Upang	Kg Pahu P/S 178 89657 Tambunan
Thomas Logijin	Kg Nosoob Baru 89600 Penampang
Jinus Tagua	Kg Pupuluton P/S 111 89657
Irwin Pailit	Kg Pantai 89650 Tambunan
Yah Yang @Clarice Bilog	Kg Lotong Tambunan 89650 Tambunan
Stephen Tunning Yamut @ Samson Yomot	Kg, Libang Ulu 89650 Tambunan Sabah
Maria Binti Anthony @ Juliana	Kg Kerokot Peti Surat 70 89650 Tambunan
Lazarus Mandasa	Kg Kerokot Peti Surat 70 89650 Tambunan
Crispine Bin Danting	Kg Bogian Kitou 89650 Tambunan
Rubiah Binti Kurapot	Kg Libang Laut Peti Surat 174 89657 Tambunan
Charles@Jaini Gugau	Kg Tinompok Liwan 89650 Tambunan Sabah
Zesmus Ongkudon	Kg Moloson 89657 Tambunan

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Name of independent smallholders	Specific site
Trace Johny	Kg Tinompok Liwan 89650 Tambunan Sabah

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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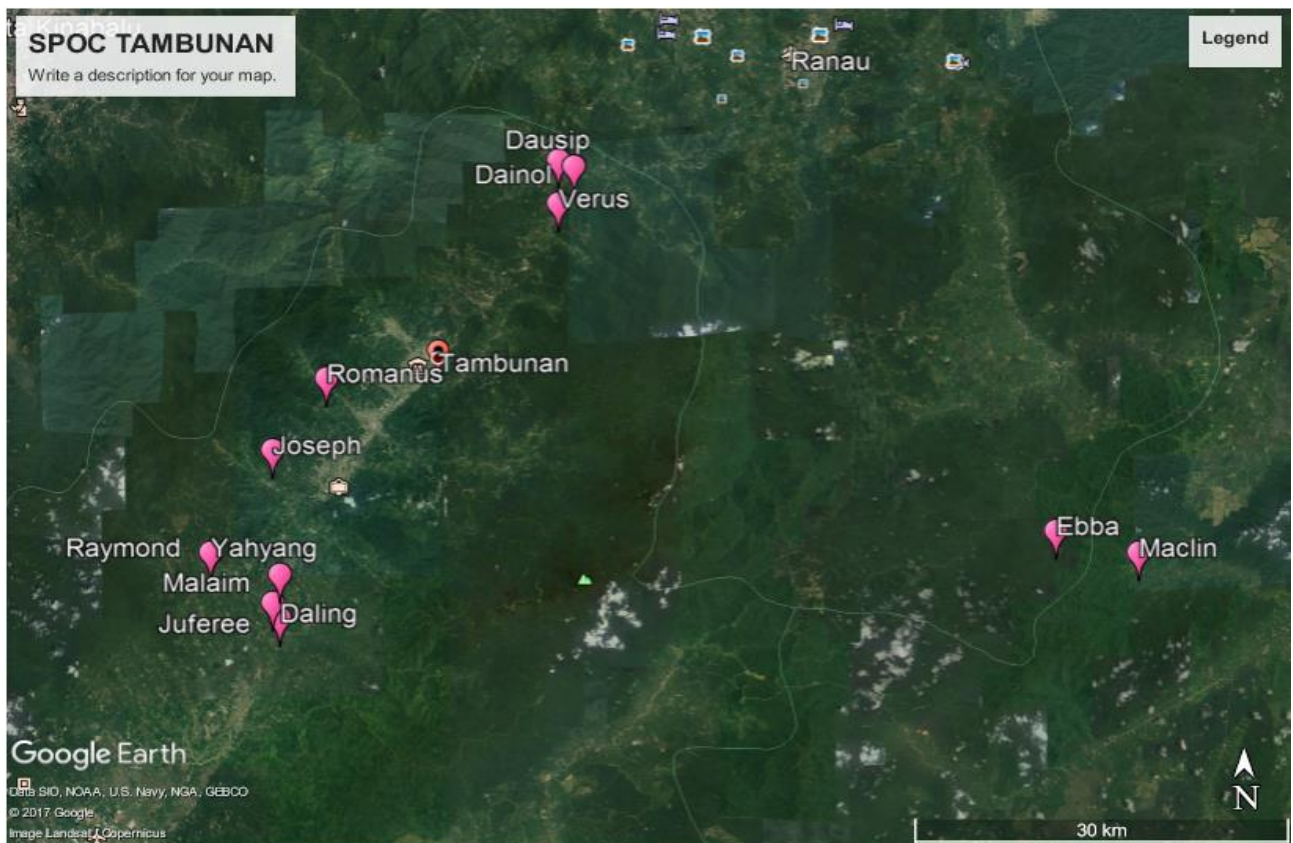
3. ORGANISATION INFORMATION

MPOB Cawangan SPOC S9 Tambunan, is a branch of MPOB located at Keningau to provide technical support as well as develop the independent smallholders' scheme around the Keningau district.

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

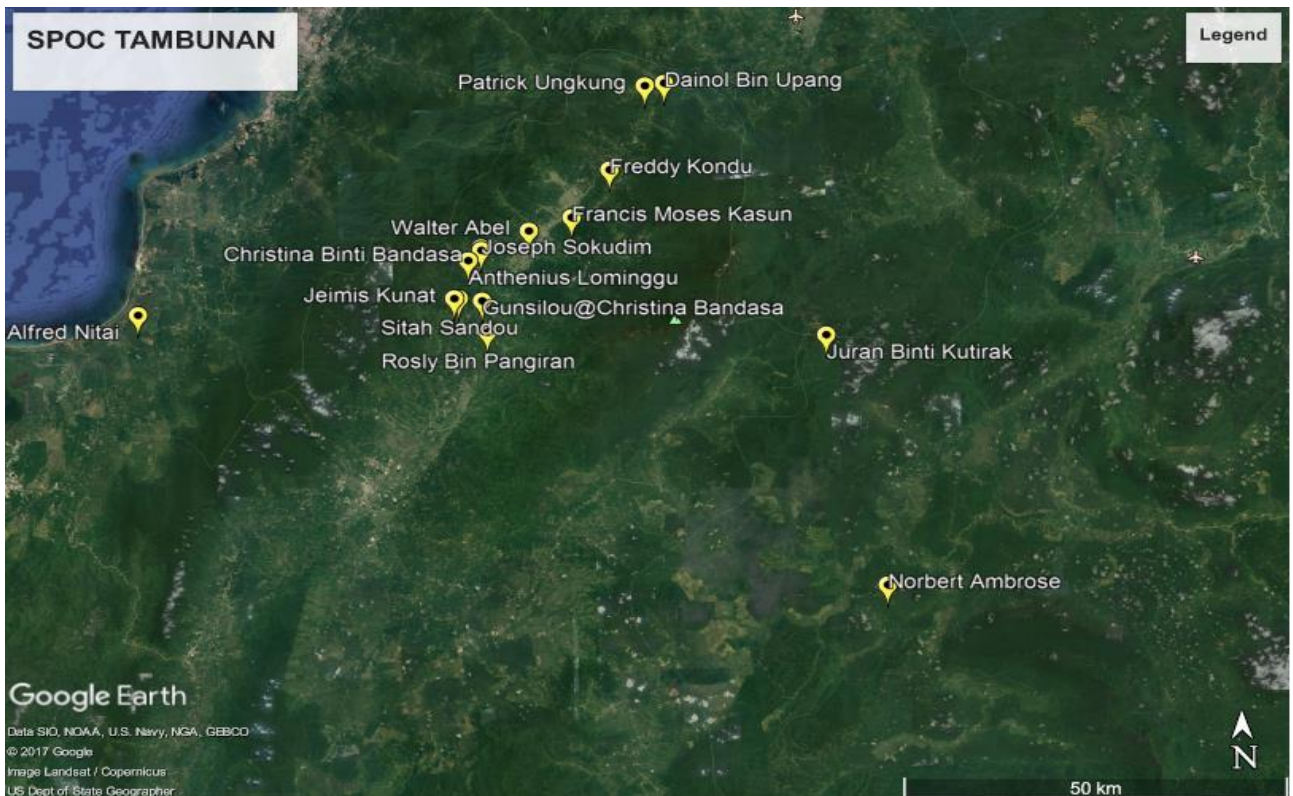
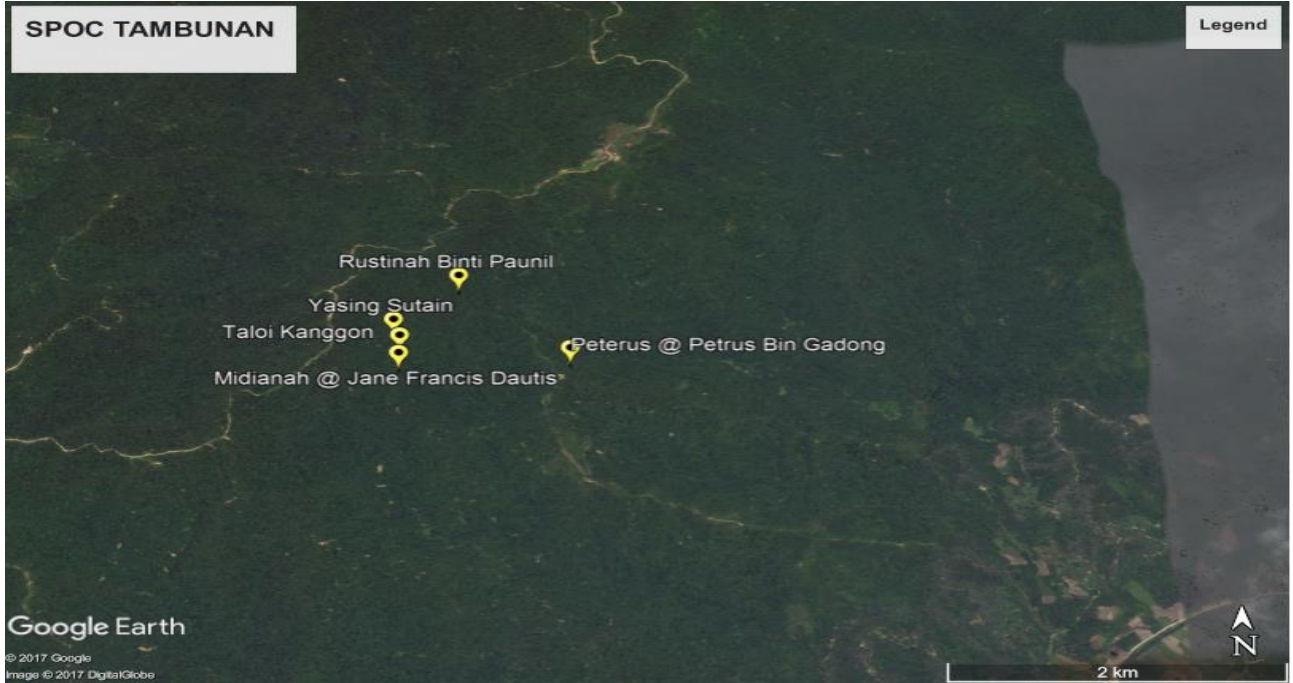
The location of the SPOC office is located at Pejabat MPOB Caw. Keningau, Tingkat 1, Lot 13, Bariawa Shop House, Jalan Bank Bumiputera, 89008 Keningau, Sabah.

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



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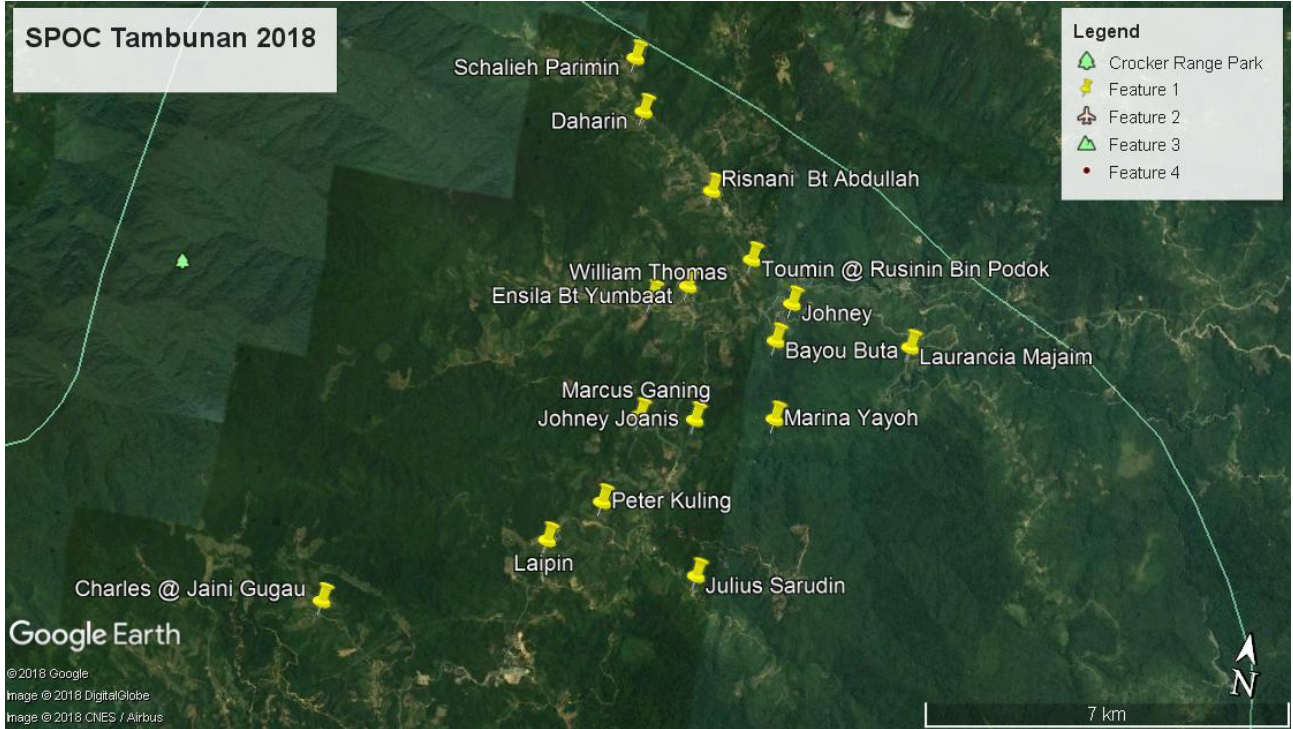
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4. CERTIFICATION ASSESSMENT

4.1. ASA 2

The objective of the certification audit is to assess the activities of MPOB Cawangan SPOC S9 Tambunan 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 audit.

The surveillance audit is conducted on 29/10/2018 to 30/10/2018 that include inspection of the smallholders farms, interviews, conduct stakeholders' consultation and review of the findings and 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.

For 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 and land use rights
2. Training and competence
3. Environmental management
4. Waste management and disposal
5. Best practice – farm management including fertilising, chemical spraying and harvesting.

During the surveillance audit, there are 2 major no-conformances, 1 minor non-conformance and 1 observation raised. The audit team has closed out the major non-conformances by means of document review on the corrective action and preventative action established, corrected and implemented revised documents appropriately by the SPOC team. The corrective measures for the implementation of the correction for all non-conformance and observation raised in the next audit.

The number of audit findings raised in this audit are addressed in Section 4.3 of this audit report.

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 4/10/2018 to obtain feedback and comments. As at audit date on 29/10/2018 there are no comments received.

Invitation letters are sent on 27/09/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 29/10/2018 – 30/10/2018 to gather information in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

- a. Introduction of SPOC S9 Tambunan objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in SPOC S9 Tambunan 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 S9 Tambunan area;
- f. Support from processing palm oil mills at SPOC S9 Tambunan 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 6.3.

For details of the assessment, refer to the P & C audit report attached to this summary report.

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	Positive comment

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		the group manager in assisting the 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
<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 can be found below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences when non conformity is found. 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 S9 Tambunan has established MSPO Policy doc no: MSPO/SSCC/POLICI-01 dated 07/08/2018 sign 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>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 16/03/2018 and 19/07/2018 include MSPO policy.</p>	Yes
4.1.2	<p>SPOC S9 Tambunan has established continual improvement plan, Senarai impak social, persekitaran & pelan tindakan. Document no: MSPO/SSCC/L-04/ISP date effective: 30/03/2018, issue no: 1.</p>	No

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Principle 1: Management Commitment & responsibility								
Criterion By Audit	Summary of Assessment	Compliance						
	<p>This document identify both social and environmental impacts which require action by the group manager as part of the continuous improvement.</p> <p>For example: Social impact</p> <table border="1"> <tr> <td>Activity</td> <td>Membaja, Meraacun dan Menuai</td> </tr> <tr> <td>Impact</td> <td>Dapat memberi pendedahan baru kepada pekerja/penduduk melalui system cara kerja lading yang sistematik dan berdiscipline</td> </tr> <tr> <td>Action plan</td> <td>Amalan diteruskan</td> </tr> </table> <p>Internal audit conducted on 16/01/2018 by MPOB HQ officer is reviewed. Result of the internal audit there are 4 non compliances and 3 opportunity for improvement.</p> <p>Site visit confirmed that smallholders are aware on continuous improvement. Such as:</p> <ul style="list-style-type: none"> - Reduction in usage of chemical which can cause pollution compared with grass cutting. - Empty container after rinsing at least 3 times for reuse or dispose after puncture holes at the bottom. - No application of chemical or fertilizer near riparian area / buffer zone. <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"> - Ada Lorong dan jalan yang diselenggara dengan baik - Keliling pokok bebas daripada rumpai/anak kayu - Baja ditabur dalam tempoh satu bulan selepas diterima atau dibeli - Bilangan pelepah hijau pada setiap pokok mencukupi - Mengamalkan integrase tanaman/ternakan yang sesuai <p>NC</p> <p>The internal audit was conducted on 16/01/2018. Review of the internal audit results found new members have not been included.</p>	Activity	Membaja, Meraacun dan Menuai	Impact	Dapat memberi pendedahan baru kepada pekerja/penduduk melalui system cara kerja lading yang sistematik dan berdiscipline	Action plan	Amalan diteruskan	
Activity	Membaja, Meraacun dan Menuai							
Impact	Dapat memberi pendedahan baru kepada pekerja/penduduk melalui system cara kerja lading yang sistematik dan berdiscipline							
Action plan	Amalan diteruskan							

Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.1	Group manager has established a flow chart “Carta Aliran Kebolehan/Kebolehejakan Oleh Pekebun Kecil” for tracking of FFB sold.	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 date effective: 30/03/2018, issue no: 1, reference no: 0 is establish.</p> <p>Example of legal documents:</p> <ol style="list-style-type: none"> 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 <p>Training conducted on 16/03/2018 and 19/07/2018 include legal requirement, wildlife, health & safety 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> <p>From the sampled of 16 smallholders, only one smallholder hire foreign worker to work in the field with license ‘Lesen untuk Menggaji Pekerja Bukan Pemastautin’ issued by Jabatan Tenaga Kerja Sabah.</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

MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau

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Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
4.3.3	<p>During files review, the smallholders land title are native land. Those without native title has acknowledgement letter issued by Jabatan Tanah dan Ukur. 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>NC: 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 any other relevant authority</p>	No

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 include:</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 confirmed no complaints made in 2018 as of date of audit.</p> <p>Smallholders are aware complaint can be lodged via phone call or submit a form at SPOC Keningau office.</p> <p>Interviewed with group manager there are complaints previously and address within 14 days.</p>	Yes
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 topicss describe in the procedure as below</p> <ol style="list-style-type: none"> 1. Action to be taken during reporting of the accident 2. Step to be taken when a worker involved in chemical poisoning. <p>Training for accident, safety equipment and OSH conducted on 16/03/2018 and 19/07/2018.</p>	No

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Principle 4: Social Responsibility, health, safety and employment conditions				
Criterion By Audit	Summary of Assessment	Compliance		
	<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> <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 and used during field work.</p> <p>NC</p> <p>The chemical store is situated where the smallholder allowed their chicken to run around freely. During the discussion, it was found that the chicken is for consumption. There is no mechanism establish to avoid cross contamination that may lead to secondary food poisoning on consumption of the chicken.</p>			
4.4.3	<p>Form for hiring workers to meet wages requirement is established.</p> <p>Form “Terma Penggajian Pekerja” record information such as:</p> <ol style="list-style-type: none"> 1. Menuai BTS : RM 2. Membaja: RM 3. Meracun: RM 4. Pemangkas pelepah: RM <p>Form “Terma Penggajian Pekerja” states following during hiring:</p> <ol style="list-style-type: none"> 1. Mempunyai permit kerja bagi pekerja asing 2. Tidak sama sekali membernarkan / mengupah orang muda di bawah umur 15 tahun untuk bekerja 3. Tidak sama sekali membernarkan / mengupah orang muda di bawah 15-18 tahun untuk membuat kerja berat dan merbahaya di Kawasan kebun sawit 4. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarganegaraan dan politik 5. Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yang disyorkan oleh pengurus SPOC 6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja 7. Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang (BRL) dan ditandatangani oleh pekerja. <p>During the field visit, it is observed two of the smallholders hired workers for the estate operation.</p> <p>During interview, smallholders are aware that working conditions shall be in accordance to verbal mutual agreement.</p> <p>From field observation there is no child labour.</p> <p>Interview smallholders are aware children cannot be hired or exploited.</p>	Yes		
4.4.4	<p>Training plan for year 2019 is establish as below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Training</td> <td style="width: 50%;">Proposed date for 2019</td> </tr> </table>	Training	Proposed date for 2019	No
Training	Proposed date for 2019			

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Principle 4: Social Responsibility, health, safety and employment conditions														
Criterion By Audit	Summary of Assessment	Compliance												
	<table border="1"> <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> <tr> <td>Lawatan Sambil Belajar Pekebun Kecil</td> <td>25/07/2019</td> </tr> <tr> <td>Program Pensijilan GAP/KPSM/MSPO</td> <td>April 2019 (actual date to be confirmed) 29/08/2019</td> </tr> </table> <p>GAP training conducted on 16/03/2018 to increase the competency in GAP and environmental issue.</p> <p>SOP “Garis Panduan Pelan Daya Ekonomi Dan Kewangan” no, MSPO/SSCC/GP-01/PEK dated 13/04/2018 is provide to smallholders to improve financial knowledde.</p> <p>Point 5 includes financial planning under “analisis purata pendapatan bersih pekebun kecil mengikut tahun dan bulan” and method of calculation.</p> <p>Smallholders confirmed training is provided. They are able to explain GAP training conducted.</p> <table border="1"> <tr> <td>Topic</td> <td>Topic</td> </tr> <tr> <td>GAP</td> <td>- To apply fertilizer 3-4 cycle per year and each of palm 1.5 -2kg fertilizer. - Use grass cutter instead chemical.</td> </tr> </table> <p>OBS</p> <p>With the number of smallholders joining the SPOC program increasing, the Group manager could consider a mechanism to ensure all new members are trained.</p>	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	Lawatan Sambil Belajar Pekebun Kecil	25/07/2019	Program Pensijilan GAP/KPSM/MSPO	April 2019 (actual date to be confirmed) 29/08/2019	Topic	Topic	GAP	- To apply fertilizer 3-4 cycle per year and each of palm 1.5 -2kg fertilizer. - Use grass cutter instead chemical.	
Programe sehari bersama Ahli Kelab 30 tan MPOB	19/04/2019													
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Topic	Topic													
GAP	- To apply fertilizer 3-4 cycle per year and each of palm 1.5 -2kg fertilizer. - Use grass cutter instead chemical.													

Principle 5: Environment, natural resources, biodiversity and ecosystem services						
Criterion By Audit	Summary of Assessment	Compliance				
4.5.1	<p>SPOC has establish MSPO/SSCC/L-04/ISP, “Senarai Impak Social, Pesekitaran & Pelan Tindakan for assessment of environmental impact and action to be taken.</p> <p>Example;</p> <table border="1"> <tr> <td>Activity</td> <td>Impact and action</td> </tr> <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>	Activity	Impact and action	Meracun	Pelepasan bahan buangan terjadual (tong kosong racun) Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas	Yes
Activity	Impact and action					
Meracun	Pelepasan bahan buangan terjadual (tong kosong racun) Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas					

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Principle 5: Environment, natural resources, biodiversity and ecosystem services														
Criterion By Audit	Summary of Assessment	Compliance												
	<p>Smallholders are guided by SOPs in handling of chemical and disposal of chemical waste.</p> <ol style="list-style-type: none"> SOP “Pengendalian dan Pelupusan Bahan Kima” dated 30/03/2018 document no MSPO/SSCC/SOP-02/BK dated 30/03/2018 “Pengurusan Bahan Buangan Terjadual” document no MSPO/SSCC/SOP-03/BT dated 30/03/2018 <p>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> <ol style="list-style-type: none"> Tong racun kosong Sisa racun dari bilasan air Kain yang tercemar dengan sisa racun </td> <td> <ol style="list-style-type: none"> Mencemarkan sumber air semula jadi Mencemarkan kualiti udara Menjadi tempat pembiakan nyamuk </td> </tr> </tbody> </table> <p>The list of scheduled wastes identify</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>During interview, smallholders are aware of health and safety.</p> <p>Examples:</p> <table border="1"> <thead> <tr> <th>Topic</th> <th>PPE</th> </tr> </thead> <tbody> <tr> <td>Safety and health</td> <td> <ul style="list-style-type: none"> PPE shall be wore during chemical spraying such as spraying, apron, gum boots, hand glove, mask shall be applied. Wash PPE after spraying completed. </td> </tr> </tbody> </table>	Input	Sisa yg terhasil	kesan	Racun perosak	<ol style="list-style-type: none"> Tong racun kosong Sisa racun dari bilasan air Kain yang tercemar dengan sisa racun 	<ol style="list-style-type: none"> Mencemarkan sumber air semula jadi Mencemarkan kualiti udara Menjadi tempat pembiakan nyamuk 	Buangan Logam dan buangan berasaskan logam (SW1)	Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur	Topic	PPE	Safety and health	<ul style="list-style-type: none"> PPE shall be wore during chemical spraying such as spraying, apron, gum boots, hand glove, mask shall be applied. Wash PPE after spraying completed. 	
Input	Sisa yg terhasil	kesan												
Racun perosak	<ol style="list-style-type: none"> Tong racun kosong Sisa racun dari bilasan air Kain yang tercemar dengan sisa racun 	<ol style="list-style-type: none"> Mencemarkan sumber air semula jadi Mencemarkan kualiti udara Menjadi tempat pembiakan nyamuk 												
Buangan Logam dan buangan berasaskan logam (SW1)														
Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur														
Topic	PPE													
Safety and health	<ul style="list-style-type: none"> PPE shall be wore during chemical spraying such as spraying, apron, gum boots, hand glove, mask shall be applied. Wash PPE after spraying completed. 													
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” dated 30/03/2018 document no MSPO/SSCC/SOP-03/BT is established to manage scheduled wastes.</p> <p>The SOP has a flow chart title “Carta Aliran Prosedure Pelupusan Bahan Buangan Berjadual” with some topics as below:</p> <ol style="list-style-type: none"> Triple rinsing to be done for all empty containers Scheduled wastes to be dispose by DOE appointed license collector. <p>The SOP includes records keeping of the empty containers generated.</p> <p>On site verification all wastes disposed by smallholder in accordance to SOP.</p>	Yes												

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
	<p>Smallholders are aware that the empty chemical containers to be triple rinsed before dispose or reused and cannot be used to store drinking water.</p> <p>When dispose empty containers after triple rinsing, puncture holes at bottom to prevent misused by others.</p> <p>Empty fertilizer bags are wash before reuse for loose fruits collection.</p>	
4.5.4	<p>SOP Pengendalian dan Pelupusan Bahan Kima document no MSPO/SSCC/SOP-02/BK dated 30/03/2018 is establish to ensure the chemicals are handle and dispose accordingly without polluting any water source. List of activities that cause pollution included in SOP and should be avoided.</p> <p>During site observation, the smallholders could demonstrate the understanding to maintain the quality and availability of surface and ground water.</p> <p>All the empty containers are kept in the safe place with marking.</p> <p>There is no sign of chemical application or fertilizing near riparian area.</p> <p>Water harvesting is practice in the field for chemical mixing.</p> <p>Training conducted on 19/07/2018 includes protection of surface and ground water conducted on 19/07/2018.</p>	Yes
4.5.5	<p>A mammals list is establish by group manage with participation of smallholders and stakeholders. Total 33 species identified.</p> <p>Jabatan Hidupan Liar is to obtain a better understating of the list.</p> <p>Document: Komitmen dan aku janji pengurusan pekebun kecil sawit Kg. Umpason Keningau with 7 clauses smallholders must comply.</p> <ol style="list-style-type: none"> 1. Tanggungjawab dan komitmen pengurusan 2. Ketelusan 3. Pematuhan terhadap keperluan undang-undang 4. Tanggungjawab social, kesihatan, keselamatan dan keadaan pekerjaan. 5. Alam sekitar, sumber semulajadi, kepelbagaian bio dan perkhidmatan ekosistem di lading sawit. 6. Amalan baik 7. Pembangunan baru <p>Point 5 states Memburu adalah dilarang for protection of biodiversity.</p> <p>Interviewed smallholders understand the basic species that should be conserve and no hunting allowed on sighted wild life.</p> <p>Smallholders are able to give example of wild life such as wild boar, red jungle fowl, deer and little egret.</p>	Yes
4.5.6	<p>Two SOPs are establish for no burning practice in land preparation are;</p> <ol style="list-style-type: none"> 1. "Garis Panduan Amalan Pembakaran Sifar" document no MSPO/SSCC/GP-04/APS dated 13/04/2018 	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
	<p>2. "Pelan Daya Ekonomi Dan Kewangan" document no MSPO/SSCC/GP-01/PEK dated 30/03/2018</p> <p>MSPO Policy point no 10 states no burning and good agriculture practice.</p> <p>Site visit observed no sign of open burning is practice.</p>	

Principle 6: Best Practices							
Criterion By Audit	Summary of Assessment	Compliance					
4.6.1	<p>During field visit, smallholders are able to demonstrate good agriculture practices such as pruning, preservation of soft grass and use grass cutter instead of chemical spraying</p> <p>Training conducted on 16/03/2018 and 19/07/2018:</p> <ol style="list-style-type: none"> Proper usage of chemical and fertilizer. Pruning. Loose fruit recovery. Harvesting FFB standard. Preservation of soft grass. This include usage of beneficiaries' plant and cover crop. <p>Signboard is available on smallholder field that provide the identification which include but not limited to name, coordinates, year of planting</p>	Yes					
4.6.2	<p>SPOC group manager has established budget for year 2019 which include the 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:</p> <table border="1" style="width: 100%;"> <tr> <td>Program</td> </tr> <tr> <td>Program Sehari Bersama Ahli Kelab</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>	Program	Program Sehari Bersama Ahli Kelab	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							
Kursus Sehari Sawit, Seminar Pembangunan Perkebun Kecil							
Lawatan Sambil Belajar Pekebun Kecil							
Program Roadshow Koperasi dan ITA/ITE							
4.6.3	<p>SPOC group manager communicate with smallholders and ramp operator via telephone. A mobile apps "my harga MPIC" is establish to communicate with smallholders to distribute latest daily palm oil price.</p> <p>Interview with smallholders confirmed that they have continuous communication with ramp operator for FFB price.</p> <p>Sampled smallholders have records of payment from ramp. They are able to know the FFB price at the time they send the FFB.</p> <p>Interviewed with ramp operator confirmed the price of FFB is stated in the payment voucher.</p>	Yes					

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Principle 7: Development of new planting		
Criterion By Audit	Summary of Assessment	Compliance
No new planting by the smallholders group. All planting activities completed 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.

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 raise 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:	
<p>Point 1</p> <p>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.</p> <p>Point 2</p> <p>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.</p>	
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	

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Non Conformity Number < 1 >	
Correction (by company):	
<p>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.</p> <p>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.</p>	
Corrective / Preventive Action (by company)	
<p>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.</p> <p>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.</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 theform 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. The letter issued 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 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</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	Date of Review: 30/10/2018

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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
Description of Finding / Objective Evidence:	
<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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor: Terence Ang Wai Sheng	Date of Closure: 30/10/2018

4.4. Status of Non-Conformities Identified in 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	1

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 S9 Tambunan
Description of Finding / Objective Evidence:	
<p>The internal audit was conducted on 16/01/2018. Review of the internal audit results found new members have not been included.</p>	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor

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Non Conformity Number < 1 >	
Raised by Lead Auditor: Terence Ang Wai Sheng	Date Raised: 03/11/2018
Deadline for implementation:	02/01/2019
Root Cause Analysis (by company):	
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 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: 4.4.2.1	
Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe	
Location	SPOC S9 Tambunan
Description of Finding / Objective Evidence:	
The chemical store is situated where the smallholder allowed their chicken to run around freely. During the discussion, it was found that the chicken is for consumption. There is no mechanism establish to avoid cross contamination that may lead to secondary food poisoning on consumption of the chicken.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raised by Auditor: Sharon Pui, Ling Wui	Date Raised: 03/11/2018
Deadline for implementation:	02/01/2019
Root Cause Analysis (by company):	
Lack of knowledge among smallholder ensuring mechanism health and safety plan were apply in maintaining their chemical store.	
Correction (by company):	

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Non Conformity Number < 2 >	
1. Group manager advise the smallholder to make sure health and safety plan were practiced during site visit. (Appendix 3: LKN visit) 2. The smallholder has taken an action to build up a chicken coop in their farm to avoid their chicken roam near chemical store. (Appendix 4)	
Corrective / Preventive Action (by company)	
During scheduling training, group manager will give reminder to all participant to make sure health and safety work were implement in their field work.	
Review of Correction & Corrective / Preventive Action	
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
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 S9 Tambunan
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 any other relevant authority.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raised by Lead Auditor: Terence Ang Wai Sheng	Date Raised: 03/11/2018
Deadline for implementation:	02/11/2019
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.	

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Non Conformity Number < 3 >	
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	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 S9 Tambunan
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: 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 type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

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5. CONCLUSION

Malaysia Palm Oil Board, Cawangan SPOC S9 Tambunan 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.

During this audit 2 Major NCs are raised and closed out successfully. 1 Minor NC is raise with action plan submitted and implementation will be review in the next surveillance audit. 1 Observation is raised in this audit 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, implement and continue to improve in managing the independent smallholders are in line with the Principles & Criteria of the applied standard MS 2530-2:2013 Part 2.

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

Total certified number of independent smallholders:	100	smallholder
Total certified acreage of smallholders:	488.06	Ha
Certified FFBS output October 2017 – September 2018:	2,861.48	mt
Certified FFBS output October 2018 – September 2019:	3,000.00	mt

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6. RECOMMENDATION

The audit team conducted a process-based audit focussing on significant aspects / risks and objectives required by the standard(s). The audit methods used 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
X	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 07/02/2019

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

Puchong, 07/02/2019

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

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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

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

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

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities 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 type="checkbox"/> P&C Audit Report / Checklist(s) <input type="checkbox"/> Audit Plan <input type="checkbox"/> Additional annexes, number
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