

MSP0 CERTIFICATION SUMMARY REPORT

SPOC S10 KENINGAU

SURVEILLANCE 3

Date: 30/12/2019

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Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S10 Keningau
Client Number: 92-069
Audit Type: Annual Surveillance 3



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ABBREVIATIONS

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

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1. INTRODUCTION

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

1.1. Objective

The objective of this audit is to assess the MPOB Cawangan SPOC S10 Keningau of 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 S10 Keningau.

1.2. Scope

The audit is based on the documentation established by MPOB Cawangan SPOC S10 Keningau in managing the independent smallholders' scheme.

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

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

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

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

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

1.3. Appointment & Qualification of Audit Team Members

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

Qualification of the Lead Auditor: Ariff Bin Lokman

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

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Requirement	Qualifications
iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	7 years working experience in oil palm plantations.
Successfully completed MS 2530 series of standards training	Successfully completed MS2530 : 2013 LA series training, RSPO P & C LA
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.	Conducted more than 3 Lead auditor with more than 15 man days.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and/ or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	7 years working experience in oil palm plantation.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	7 years working experience in oil palm plantation.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Auditor for MSPO scheme and Auditor in training for RSPO scheme.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and Auditor MSPO and Auditor in training for RSPO scheme.
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed IMS 9001, 14001 and 45001 LA course, Auditor for MSPO and Auditor in training for RSPO scheme.

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Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Mohamad Norhisham Bin Mohd Salleh	Graduate in Applied Science (Major In Agrobiology).	Yes
	Chan Shi Lie (Trainee auditor)	Graduate in Technology Media (Major in Broadcasting)	
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)	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in oil palm plantation.	Yes
	Chan Shi Lie (Trainee auditor)	6 years working experience in oil palm plantations.	
Successfully completed MS 2530 series of standards training	Mohamad Norhisham Bin Mohd Salleh	Successfully completed MS2530 series training.	Yes
	Chan Shi Lie (Trainee auditor)	Successfully complete MSPO P&C LA 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.	Mohamad Norhisham Bin Mohd Salleh	Conducted more than 6 on site audit with more than 20 man days.	Yes
	Chan Shi Lie (Trainee auditor)	Auditor in training	
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language.	Mohamad Norhisham Bin Mohd Salleh	Bahasa Malaysia and English.	Yes
	Chan Shi Lie (Trainee auditor)	Bahasa Malaysia, English and Mandarin.	

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

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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 3 Audit:

Surveillance 3 audit is conducted on 16/10/2019 to 18/10/2019 covers the following activities but not limited to below:

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

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

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On-site Assessment

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

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

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

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

The group of smallholders consists of 628 new members and 113 old members.

Based on the formula, the sample size $S = 37$ (new member square root (628) = 25.06, old member square root (113) = 10.63, round up of 25.06 = 26 and round up of 10.63 = 11, new member plus old member = 37). Thus, a total of 37 smallholders were selected for the onsite assessment and inspection listed in Table 2-1 below:

Table 2-1: List of Sampled Independent Smallholders

Name of independent smallholders	Specific Address / site
Eddie Kinsing	KG. Simbuan Sook Peti surat 1361, 89008 Keningau
Modiun Goriki	KG. Poring Baru Simbuna Peti surat 1361 89008 Keningau
Jupilie Laiman	KG. Simbuan Sook Peti surat 1361, 89008 Keningau
Jerry Daiman	KG. Poring Baru Simbuna Peti surat 1361 89008 Keningau
Selena Gibin	KG. Mokotog, Peti surat 460, 89008 Keningau
Diris Sumat	KG. Kipaliu Baru Sook Peti surat 1361, 89008 Keningau
Ayoh Surun	KG. Tiong Tulid Peti surat 513, 89008 Keningau
Nester John	KG. Mosorui Ulu Sook 89000 Keningau
Victor Lantau	KG. Mosorui Ulu Sook 89000 Keningau
Richard Gutal	KG. Dumbun Simbuan Sook 89000 Keningau
Roslie Miun	KG. Simbuna Poring 89000 Keningau

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Name of independent smallholders	Specific Address / site
Azlan Atim	KG. Rampian Tulid Sook Keningau
Biu Lanun	KG. Dumbun Simbuan Sook 89000 Keningau
Freddy Stanley	KG. Mokotod Peti Surat 460 89008 Keningau
Jahili Antam	KG Pulutan Simbuna Peti surat 1361 89008 Keningau
Masius Gasuti	KG Maatol Peti surat 230,Tiulon Sook Keningau
Judona Tanggulun	Peti Berkunci 13 SM 223 89008 Keningau
Paulus Welfred	KG. Simbuan Sook Peti surat 1361,89008 Keningau
Radin Rahamat	Rancangan Penempatan Belia Tiulon, 89000 Keningau
Lojibi Kangir	Rancangan Penempatan Belia Tiulon, 89000 Keningau
Loinah Awang	KG. Bunang Ulu, Peti surat 956, 89000 Keningau
Jaya Sibin	KG. Tiulon Sook, 89000 Keningau
Udih Lambagat	KG. Tiulon, 89000 Keningau
Robert Mato	KG. Kawakahan Sook 89000 Keningau
Dounis Gunal	KG. Kawakahan Tiulon Peti surat 230 89008 Keningau
Sagun Suantik	KG. Kawakahan Sook 89000 Keningau
Ranjeet Gulis	KG. Kawakahan Sook 89000 Keningau
Albert Mato	KG. Sook 89000 Keningau
Micheal Kambon	KG. Bunang Ulu, Peti surat 956, 89000 Keningau
Dounis Gunal	KG. Kawakahan Tiulon Peti surat 230 89008 Keningau
Motilim Gunal	KG. Kawakahan Sook 89000 Keningau
Mahalus @ Madin Gotir	KG. Tanah Merah, 89000 Keingau
Eleh Bin Sia	KG. Kuala Punteh Peti surat 2006, 89009 Keningau

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Name of independent smallholders	Specific Address / site
Oboi Antag	KG Sakikilu Sook, 89000 Keningau
Riuse @ Ambrose Lahibab	KG. Karamatui Ulu 89000 Keningau
Jame Amparol	KG. Membulu 89000 Keningau
Kipoh Piggis	KG. Pantau Baru 89000 Keningau

Non-conformance:

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

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

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3. ORGANISATION INFORMATION

MPOB Cawangan SPOC S10 Keningau, is a branch of MPOB located at Keningau, N 5°19'59" E 116°9'20" to provide technical support as well as develop the independent smallholders' scheme around the Keningau district.

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

The SPOC office is located at 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.

Map number 1:



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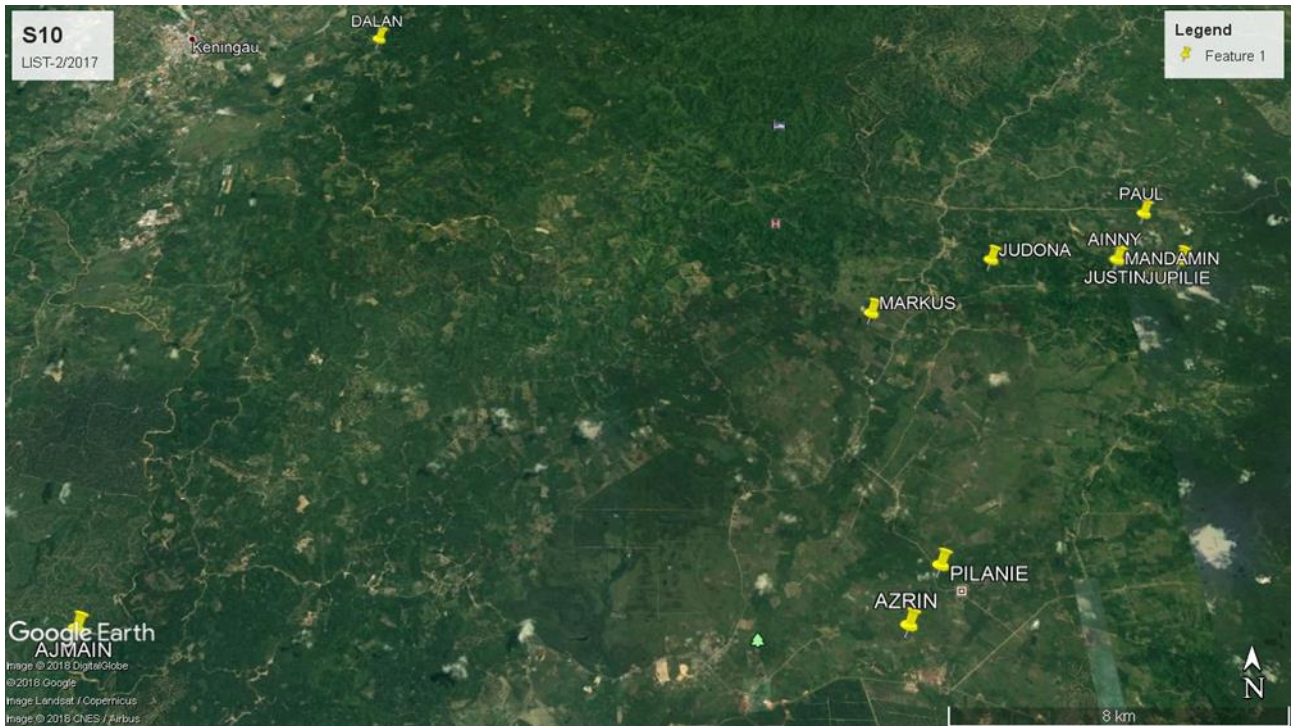
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Map number 2:



Map number 3:



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Map number 4:



Map number 5:



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4. CERTIFICATION ASSESSMENT

4.1. Annual Surveillance 2

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

4.1.1. Annual Surveillance 3:

There are 628 smallholders joined the certification during surveillance 3 audit.

The total number of smallholders 113 remain the same during surveillance audit.

The annual surveillance audit is conducted on 16/10/2019 to 18/10/2019 that include inspection of the smallholders farms, farms boundary, interviews, conduct stakeholders' consultation and review of the findings raised in the last audit.

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

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

During the onsite the following were verified.

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

During the Certification surveillance 2 audit, there are 3 Major or 1 Minor or 1 OFI raised.

During this audit, the major and minor non-compliance raised in the last audit, the audit team has review by means of inspection of smallholders' farms, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the SPOC team. The corrective measures implemented could be verified as appropriate.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The number of audit findings raised in this audit refer to Section 4.5 of this audit report.

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 24/09/2019 as to accommodate stakeholder's consultation meeting for SPOC S10 Keningau to provide comments. As at audit date on 14/10/2019 there are no comments received.

Invitation letters are sent on 24/09/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 14/10/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

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- a. Introduction of objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in area;
- c. Wildlife management area and impact to the smallholders;
- d. Environmental issues on the impact of river contamination;
- e. Type of wildlife around area;
- f. Support from processing palm oil mills at area/

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

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

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

Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Group Manager [thereafter known as GM] as regards to MSPO audit?	Stakeholder attended the meeting confirmed they are aware of the audit via invitation letter.	Positive comments towards SPOC S10 Keningau.
2	Social issues	There are no social issue raised by stakeholders.	Positive comments towards SPOC S10 Keningau.
3	Understanding of Land Title – Native Customer Land, Freehold, Leased (Grant), Land application (LA)	Stakeholders attended the meeting is not sufficient to respond on information regards to land title.	Positive comments towards SPOC S10 Keningau.
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholder confirm that having MSPO certification has increase their knowledge on good agriculture practise which reduce oprational cost.	Positive comments towards SPOC S10 Keningau.
5	Does MSPO largely benefits the local community?	Stakeholder confirmed that they understand the benefits of the MSPO certification and willing to share knowledge with the community.	Positive comments towards SPOC S10 Keningau.
6	Understanding of environmental.	Stakeholder inform the awareness programme held by SPOC group manager on taklimat MSPO and LKN has include environmental topic.	Positive comments towards SPOC S10 Keningau.
7	Awareness towards species, habitats, and high conservation values?	Stakeholder confirm they are aware on the wildlife conservation which obtain information from training and LKN.	Positive comments towards SPOC S10 Keningau.

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8	FFB quality	There are no issues as regards to FFB quality since smallholders are aware on the ripeness standard by MPOB guideline	Positive comments towards SPOC S10 Keningau.
9	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders attended the meeting confirm there is no conflict arise against MSPO requirement for SPOC S10 Keningau.	Positive comments towards SPOC S10 Keningau.
11	Do you have any suggestions for management?	Stakeholder attended are grateful with the commitment by Group Manger. They are willingly involved in any of awareness training conducted by SPOC S10 Keningau.	Positive comments towards SPOC S10 Keningau.

4.3. Summary of Assessment

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

Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>SPOC S10 Keningau has established MSPO Policy, Doc no: MSPO/SSCC/POLISI-01. The policy was sign by SPOC S10 Keningau Group manager dated 13/05/2019. The policy stated:</p> <ul style="list-style-type: none"> - Commitment and responsibility of SPOC. - Openness in giving information to stakeholders. - Documentation for traceability. - Compliance to the local laws, national, international laws, and regulations. - Contribution to local sustainability development. - Resolving complaints and grievances in transparent manner. - Working environment, worker's safety and health aspects. - Preserve environment, natural resources, biodiversity and ecosystem. - Protect rare and endangered species, and high biodiversity value habitats. - Zero open burning and good agricultural practice. - Compliance to new planting for palm oil. 	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>- Respect the human right, prohibit discrimination and provide equality of opportunities regardless race, sex, religion, political opinion and nationality.</p> <p>The policy statement was available at SPOC S10 Keningau office noticeboard and smallholders individual files.</p> <p>SPOC S10 Keningau has conducted “Taklimat MSPO Bersama Pekebun Kecil SPOC S10 Keningau” dated 27/02/2019 and 25/07/2019.</p> <p>During site verification, interviewed smallholders confirmed their understanding and awareness of MSPO requirements. They are aware of the need and the compliance requirements for MSPO certification including quality, environment and safety & health.</p>	
4.1.2.1	<p>SPOC S10 Keningau has established continual improvement plan, Senarai impak social, persekitaran & pelan tindakan. Document no: MSPO/SSCC/L-04/ISP, dated effective: 04/11/2018, issue no 1 as follows;</p> <p>“Senarai Impak Sosial, Persekitaran dan Pelan Tindakan” has classified the impact to social and environment.</p> <p>Example:</p> <p>Social issue:</p> <p>Activities: Manuring, spraying and harvest</p> <p>Social impact: Job opportunity for hiring nearby people at surrounding areas.</p> <p>Action: Continuous Ongoing monitoring</p> <p>Environment issue:</p> <p>Activities: Manuring and plant integration</p> <p>Social impact: Recover the soil texture especially with the use of organic fertilizer.</p> <p>Action: Continuous improvement</p> <p>SPOC has established 2019 activities dated 19/12/2018 in regards to CIP implementation.</p> <p>Programme that has planned are GAP practices, MSPO briefing and oil palm technical course. The programme described on:</p> <ul style="list-style-type: none"> - Program Sehari bersama ahli kelab 30mt. - Kursus sehari sawit, Seminar pembagunan pekebun kecil - Lawatan sambil belajar pekebun kecil. - Program roadshow koperasi. - Program pensijilan latihan MSPO. 	Yes
4.1.2.2	<p>SPOC S10 Keningau has provided smallholders with Warta Sawit and been disseminated to smallholder’s through the “Taklimat MSPO Bersama</p>	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>Pekebun Kecil SPOC 10 Keningau dated 27/02/2019 and 25/07/2019. Latest Warta Sawit was Bil. 71 (1)/ Jan - Apr 2019.</p> <p>Internal audit was conducted by HQ officer to improve practice in line with new technology. Internal audit conducted on 02/10/2019 – 03/10/2019. Sighted that 3 NC and 2 OFI was raised. There are 3 NC raised and SPOC S10 management are required to close the non-conformity within two month after closing date.</p>	

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S10 Keningau has establish BRL log book for smallholders to record sales of FFB and other expenses. BRL logbook was given to the smallholders during Taklimat Pensijilan MSPO to fill up the records of FFBS sales and delivery.</p> <p>Sighted SOP Garis Panduan Pelan Daya Ekonomi dan Kewangan, doc no MSPO/SSCC/GP-01/PEK, revision 1 dated 10/07/2019. Records to be fill up in the BRL for traceability are as follows;</p> <ul style="list-style-type: none"> - Rekod Penjualan BTS - Rekod Penggunaan Baja/Racun - Rekod Perbelanjaan 	Yes
4.2.1.2	<p>SPOC S10 Keningau has established form for sales and production record, document no. MSPO/SSCC/GP-01/PEK.</p> <p>Sighted weighbridge tickets and delivery of fresh fruit bunch records are available during on site verification with sampled smallholders.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC S10 Keningau established Legal register, document number: MSPO/SSCC/L-01/SKU, revision 02, dated 10/07/2019. The list includes laws applicable for states of Sabah.</p> <p>Example of list:</p> <ol style="list-style-type: none"> 1. Sabah Land Ordinance (chapter 68) 2. MPOB Act 1998. 3. Minimum Wages Order 2018. <p>Copy of MPOB license for all smallholders' members was available and valid.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	Awareness training on legal requirement was conducted with involvement of smallholders. Interview with smallholders indicates they are aware and understand the legal requirement.	
4.3.2.1	<p>Smallholders either having Native title or Permohonan tanah status.</p> <p>Native title were given for those form ethnic Kadazan, Dusun, Murut and Rungus (KDMR).</p> <p>Land title was issued by Pejabat Tanah dan Galian Sabah and most of smallholders land title was for use of rubber cultivation.</p> <p>SPOC S10 Keningau has established Reminder for MSPO member regarding land use change issue that the smallholders need to sign on letter as commitment to change the land right use to agricultural or palm oil.</p> <p>Other type of land ownership was:</p> <ol style="list-style-type: none"> 1. Lease title. 2. Permohonan tanah /land application status. 	Yes
4.3.3.1	<p>There are no customary right land for smallholders under SPOC S10 Keningau. There are three type of land ownership by SPOC S10 Keningau members:</p> <ol style="list-style-type: none"> 1. Country lease 2. Native title 3. Land Application/ Permohonan Tanah. <p>Interview with stakeholders, group manager, and smallholders indicates no land dispute occurs within SPOC S10 Keningau areas</p>	Yes
4.3.3.2	<p>There are no customary right land available for SPOC S10 Keningau. Smallholder either having native title or country lease. Both have maps showing their land ownership.</p> <p>Smallholders having Land application status was pending for mapping of their land by Jabatan tanah dan Galian Sabah.</p>	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	<p>SPOC S10 Keningau has reviewed SOP 'Aduan dan rungutan', doc no: MSPO/SSCC/SOP-01/AR, no. issue: 2, no. revision: 1 and date effective: 10/07/2019.</p> <p>SOP stated of objective 'Memantau dan memastikan aduan dan rungutan yang diterima daripada pihak berkepentingan diselidik dan diambil tindakan dalam tempoh yang telah ditetapkan dengan efektif.</p> <p>The flow chart in the SOP state the normal complaint process is to be resolved within 14 days. If the complainant is not satisfied with the action taken the complaint will be extended for another 10 days for the response.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>SOP stated that if the complaint received not under the jurisdiction of group manager it will refer to the relevant party to resolve.</p> <p>Interview during site visit, smallholders understand the procedure to lodge the complaint to the SPOC Group manager.</p>	
4.4.1.2	<p>SPOC S10 Keningau has reviewed SOP 'Aduan dan Rungutan', doc no: MSPO/SSCC/SOP-01/AR, No. Issue: 2, no. revision: 1 and date effective: 10/07/2019.</p> <p>Sighted SOP had stated timeline to resolve disputes within 14 days.</p> <p>If the complaint is beyond the GM control, it will be referred to MPOB headquarters.</p> <p>Flow chart stated the received complaint to the complaint resolved within 14 days.</p> <p>Sighted briefing record dated 25/07/2019 conducted by Group manager SPOC S10 Keningau, topic of briefing including process and procedure of complaint.</p>	Yes
4.4.2.1	<p>SPOC S10 Keningau has established Manual Prosedur Kerja MSPO: Garis Panduan Keselamatan dan Kesihatan Pekerjaan, document no. MSPO/SSCC/GP-02/KKP, no. issue: 2, no revision: 0, dated 10/07/2019.</p> <p>SOP scope described that "tanggungjawab semua pihak dalam perkara berkaitan keselamatan dan kesihatan pekerjaan serta tatakerja selamat di kebun kelapa sawit.</p> <p>Site interviewed with smallholder confirmed that they aware on safe work practices. They will use rubber glove and face mask when conducting the spraying and fertilizing activity.</p>	Yes
4.4.3.1	<p>SPOC S10 Keningau had established Syarat Mengupah pekerja (document no: MSPO/SSCC/SMP-01, Rev-01) dan Terma Perjanjian pekerja (MSPO/SSCC/TPP-01).</p> <p>Syarat mengupah pekerja stated that :-</p> <ol style="list-style-type: none"> 1. Mempunyai permit kerja bagi pekerja asing. 2. Tidak sama sekali membenarkan/ mengupahkan kanak-kanak di bawah umur 15 tahun. 3. Tidak sama sekali membenarkan/ mengupah orang muda di bawah umur 15 -18 tahun untuk membuat kerja berat dan merbahaya di kawasan kebun sawit. 4. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarnegaraan dan politik. 5. Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yang telah disyorkan oleh pengurus SPOC. 6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja. 	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>7. Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang dan ditandatangani oleh pekerja.</p> <p>8. Pekerja perlu mengutamakan aspek-aspek keselamatan dan kesihatan semasa menjalankan kerja-kerja di dalam kebun.</p> <p>Site interviewed with smallholder confirmed that they aware that prior commence of work, casual worker and smallholder will have mutual verbal agreement on price rate. For SPOC S10 Keningau, all harvesting, spraying and fertilizing activity are carried out either by own or assist by family members. Thus, no hiring on casual worker in SPOC S10 Keningau.</p>	
4.4.3.2	<p>SPOC S10 Keningau has been established Form of hiring to meet wages requirement. Form “Terma Penggajian Pekerja” states below point to take note during hiring:</p> <p>Tidak mengamalkan sikap diskriminasi terhadap agama, kaum,jantina, warna kulit, kewarganegaraan dan politik.</p> <p>There is no discrimination grievance lodge as at audit date.</p> <p>Site visit and interviews with smallholders indicates there is no discrimination occurs and no negative feedback for related issue.</p>	Yes
4.4.3.3	<p>Form of hiring to meet wages requirement is established. Form “Terma Penggajian Pekerja” states below points to take note during hiring:</p> <ol style="list-style-type: none"> Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yang disyorkan oleh pengurus SPOC Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja. <p>Interview with smallholders indicate that all operations such as harvesting, spraying and fertilizing activity are carried out either by own or among the family members. Thus, no hiring on casual worker in SPOC S10 Keningau.</p>	Yes
4.4.3.4	<p>SPOC S10 Keningau smallholder did not engage with any casual worker, all harvesting, fertilizing and spraying activity are carried out either by own or among family members. Thus, living quarters is not applicable for SPOC S10 Keningau.</p>	Yes
4.4.3.5	<p>SPOC S10 Keningau had revised the document ‘Syarat Mengupah Pekerja di Kebun Sawit’ document number MSPO/SSCC/SMP-01, rev-01, document checked by HOD of Sustainability Standard Certification & Centre (SSCC) and approved by HOU Sustainability, Conserve and Certification Unit (SCCU) on 10/07/2019.</p> <p>The document mention:</p> <p>‘Tidak sama sekali membenarkan / mengupah kanak – kanak di bawah umur 15 tahun untuk bekerja’. And ‘ tidak sama sekali membenarkan / mengupahkan orang muda di bawah umur 15-18 tahun untuk membuat kerja berat dan merbahaya di kawasan kebun sawit’.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	There is no hiring of children as worker from the interview with group manager and smallholders and no child labour found during the field visit. All harvesting, fertilizing and spraying activity are carried out either by own or among family members.	
4.4.4.1	<p>SPOC 10 Keningau had established calendar activity 2019 - Tunas Zon: Sabah 1 (Keningau) dated 19/12/2019 which the training / briefing activity start from February until October 2019. There are 5 training/briefing had been planned for SPOC 10 which is:-</p> <ul style="list-style-type: none"> • Program Sehari bersama ahli kelab 30 tan MPOB • Kursus Sehari Sawit, Seminar Pembangunan Pekebun Kecil • Lawatan Sambil Belajar Pekebun Kecil • Program Roadshow Keperasi dan ITA/ITE • Program Pensijilan Latihan GAP/KPSM/MSPO <p>SPOC S10 Keningau has conducted training “Taklimat & Latihan MSPO” on 27/02/2019 by Group Manager.</p> <p>Topic highlighted :-</p> <ul style="list-style-type: none"> • Introduction on MSPO (Objective, principles, criteria,& indicator), Requirement of MSPO standard. • Safety and Health (Eg. Used of PPE) • Environmental (protection of wildlife, prohibition on open burning, protection and conserved riparian and buffer zone area) <p>During site interviewed with smallholder, they able to explained that importance of using PPE for spraying and fertilizing activity. They are aware that buffer zone or riparian area is prohibited to carry any spraying or fertilizing activity to avoid any pollution to the environment and living ecosystem in the water source.</p> <p>Minor NC :</p> <p>During site interviewed with smallholder with regards to SOP complaints, most of the smallholder does not aware on the SOP. Training/briefing had been conducted 2 times in Y2019, however smallholder still unable to addressed the procedure. This indicator had been raised as OFI on last ear audit (ASA02), thus it was elevated to minor conformity.</p>	Minor NC No. 1

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	SPOC S10 Keningau has established list of social impact, environmental impact and action plan, document number: MSPO/SSCC/L-04/ISP, revision 02, dated 10/07/2019. Example of action plan:	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Activity: Biodiversity conservation Environmental impact: Create better environment for biodiversity. Action plan: Ongoing. Interview with smallholders indicates that they are aware on environmental of their activities.	
4.5.2.1	Observation on field indicates no renewal energy was used by smallholders.	Yes
4.5.3.1	SPOC S10 Keningau has established SOP 'Pengurusan Bahan Buangan Terjadual', doc no: MSPO/SSCC/SOP-03/BT, date effective: 10/07/2019, issue no2. The SOP has described on: SOP stated 'senarai semua jenis bahan buangan seperti bekas racun kosong, beg baja, dan minyak hitam SPOC S10 Keningau established list of waste generated form farms, document number MSPO SSCC/L-03/SRD. Example list of waste generated: 1. Empty chemicals containers. 2. Used fertilizer bags. Interview with smallholders indicates they aware on waste generated on their farm.	Yes
4.5.3.2	SPOC S10 Keningau established list of Senarai Bahan Buangan yang dihasilkan oleh pekebun kecil S10 year 2019. The list has included: 1. Empty chemical waste. 2. Used fertilizer bags. Observation on field indicates smallholders does marking X on their used empty chemical container. All empty chemical container are stacked properly. Empty fertilizer bags are reused to collect loose fruit. Major Non conformity: Observation on sampled smallholder, one of smallholder field found out empty chemical container are scattered. There is no labelled and punched on the containers to indicate either to be reused or disposed. This is against the SOP Pengurusan Bahan Buangan Terjadual document no: MSPO/SSCC/SOP-03/BT, revision 2, dated 10/07/2019.	Major NC No. 1
4.5.4.1	SPOC S10 Keningau has established Guideline Riparian Zone, document number MSPO/SSCC/GP-03/ZPS, issue 02 dated 10/07/2019. The SOP describes: 1. Guideline on buffer zone length 2. Non permitted activities are spraying, manuring. 3. Flow chart on buffer zone establishment.	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Visit on smallholder A area indicates it was neighbouring with Ulu Ambual river. There are no sign of activities such as spraying or manuring conducted at the buffer zone area.	
4.5.4.2	Observation on field indicates smallholder are collecting rain water for the use of chemical spraying.	Yes
4.5.5.1	<p>SPOC S10 Keningau was using Senarai Species Binatang yang terdapat di Kawasan Pedalaman. The list was prepared by Pejabat Hidupan Liar Keningau, sign by Pegawai Penguatkuasa, Pejabat Hidupan Liar Keningau, dated 17/10/2019. The list of animals was differentiated base schedule, which are:</p> <ol style="list-style-type: none"> 1. Schedule one: totally protected species. 2. Schedule two: animal species which was protected: hunting are limited under license. 3. Schedule three: animal species which required hunting license. <p>Example of species stated on the list:</p> <ol style="list-style-type: none"> 1. Musang spp. 2. Keluang spp. 3. Pangolin <p>Field observation and interview indicates no sites of any wild any wild animals.</p> <p>Awareness training regarding wildlife animals was conducted by times to times for smallholders with participation of Sabah wildlife department.</p>	Yes
4.5.6.1	<p>SPOC S10 Keningau established Guideline for Zero Open burning, document number MSPO/SSCC/GP-04/APS dated 17/10/2019. The guidelines describes on:</p> <ol style="list-style-type: none"> 1. Open burning are unlawful act which stated on Perintah Kualiti Alam Sekeliling(Aktiviti Yang Diisytiharkan) (Pembakaran Terbuka) (2003). 2. Smallholders are not permitted to do any open burning in their area. 3. No open burning allow accept for those permitted by Department of Environment. (DOE). <p>Observation on smallholder area indicates no open burning. Smallholder are aware that they cannot do open burning.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC S10 Keningau had conducted briefing on 27/02/2019 and 25/07/2019 by Group Manager, information and knowledge on GAP was briefed to all attended smallholder. Topic included:-</p> <ul style="list-style-type: none"> • Identification of own land boundary • Preservation on soft grass • Disposal of empty chemical container • Method and standard of Spraying and fertilizing for smallholder <p>On site visit observed that the smallholder is practising the GAP accordingly. Smallholder practise on minimize the use of chemical spraying by using the grass cutter.</p>	Yes
4.6.1.2	<p>During on site verification at smallholder's field, sighted visual identification or signage. The signage with details as below</p> <ul style="list-style-type: none"> • Name of smallholder • Lot Number • GPS Coordinate • Lot size 	Yes
4.6.2.1	<p>SPOC S10 Keningau has established SOP, 'Garis Panduan Pelan Daya Ekonomi dan Kewangan', dokumen number MSPO/SSCC/GP-01/PEK, no issue : 2, no revised 1, effective date : 10/07/2019.</p> <p>Topic no: 1</p> <p>Review on the flow chart of 'Garis Panduan Pelan Daya Ekonomi dan Kewangan' as aguideline for smallholders in term of expenses and income. Calculation as in example below</p> <p>The flow chart has describe:</p> <p>Expenses:</p> <ol style="list-style-type: none"> 1. Purchase of tools. 2. Keep purchase receipts and records in BRL. 3. SPOC Group Manager will review the records periodically. <p>Income:</p> <ol style="list-style-type: none"> 1. FFB to FFB dealer. 2. Receive sales receipts. 3. Keep sales receipts and incomes in BRL. 4. SPOC Group Manager will review the records periodically. 	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	SPOC S10 Keningau has establish year 2020 budget that include costs for training, MSPO certification, SPOC documentations and PPEs for, smallholders.	
4.6.3.1	<p>Smallholders are informed on FFB price via phone call, WhatsApp group and messages.</p> <p>SPOC S10 Keningau has conducted meeting between FFB dealers dated 01/08/2018. Statement related to FFB prices was as describe in discussion:</p> <ol style="list-style-type: none"> 1. Payment will be made before 20th each month, and balance payment will be abuse on MPOB price. 2. Schedule one of agreement states on FFB price formula. <p>Interview with smallholders indicates they are aware on FFB price through phone call with dealers, ticket statement and FFB price display on weighbridge on mill or dealers.</p>	Yes

Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	<p>SPOC S10 Keningau has established smallholders planting statement. Sighted first planting on the list on year 2000 and latest planting on year 2017. Site verification confirmed there are no new planting observed except the planting in year 2017.</p> <p>Group Manager has been conducted site assessment using MPOB form “Borang Pensijilan Kod Amalan Baik (GAP) Pekebun Kecil”.</p>	Yes
4.7.2.1	<p>SPOC S10 Keningau has been establish “Borang Pensijilan Kod Amalan Baik (GAP) Pekebun Kecil that describe type of soil:</p> <ol style="list-style-type: none"> 1. Lanar (Sandy Soil) 2. Pendalaman (Mineral soil) 3. Gambut (Peat soil) <p>Reviewing “Borang Pensijilan Kod Amalan Pertanian Baik (GAP) Pekebun Kecil” for the planting in 2017 states soil type is mineral.</p>	Yes
4.7.3.1	<p>SPOC S10 Keningau has been establish “Borang Pensijilan Kod Amalan Baik (GAP) Pekebun Kecil. Kriteria Penilaian GAP manditori :</p> <p>Topografi tanah:</p> <ol style="list-style-type: none"> 1. Rata (flat) 2. <25° beralun (undulating) 3. >25° bukit (hilly) <p>Review “Borang Pensijilan Kod Amalan Pertanian Baik (GAP) Pekebun Kecil” for the planting in 2017 states undulating area.</p>	Yes

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4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
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.
<i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i> <i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i>	

4.5. Detail of Audit Findings in last Audit

AUDIT OUTCOME		
During last Audit	3	MAJOR Non-Conformities
	1	MINOR Non-Conformities

Non Conformity Number <01>			
Indicator # and Description	Indicator: 4.1.2.1 The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholder's group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement.		
Location:	SPOC S10 Keningau		
Description of Finding / Objective Evidence:			
The internal audit is conducted on 16/01/2018. Review of the internal audit found at the time of the internal audit new members are not included.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
Raise by:	Terence Ang Wai Sheng	Date Raise:	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)			

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Non Conformity Number <01>	
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 / Auditor: Terence Ang Wai Sheng	Date of Closure: 28/01/2019
Review of Implementation	
Latest internal audit has been conducted on 02/10/2019 – 03/10/2019 for SPOC S10 Keningau. Reviewed the internal audit has included old and new members SPOC S10 Keningau. Thus, the correction and preventive action was implemented properly.	
Name of Lead Auditor : Ariff Bin Lokman	Date of Review: 18/10/2019

Non Conformity Number <02>	
Indicator # and Description	Indicator: 4.2.1.2 To keep records of sales and delivery or transportation of fresh fruit bunches.
Location:	SPOC S10 Keningau
Description of Finding / Objective Evidence:	
During the field visit, record of sales in FFBs are not available for 4 of the smallholder visited. "Buku Record Ladang" was not updated for year 2018 and there are no ticket records available for review.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by: Terence Ang Wai Sheng	Date Raise: 03/11/2018
Deadline for implementation	02/01/2019
Root Cause Analysis (by company):	
Lack of knowledge among smallholder in keeping record of FFB sale.	
Correction (by company):	
Group manager advise the smallholder during LKN (Lawatan Khidmat nasihat) to maintain the receipt of FFB sale, keep the receipt in their individual file and update in BRL. (Appendix 3)	
Corrective / Preventive Action (by company)	
Reminder will be given during scheduling training program for smallholder maintain their FFB sale record.	
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

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Non Conformity Number <02>	
Name of Lead Auditor / Auditor: Terence Ang Wai Sheng	Date of Closure: 28/01/2019
Review of Implementation	
Observation on field indicates smallholders are keeping the weighbridge ticket (monthly) until September 2019. The FFB ticket information was transfer to BRL. Thus, the correction and corrective action was implemented effectively.	
Name of Lead Auditor: Ariff Bin Lokman	Date of Review: 18/10/2019

Non Conformity Number <03>	
Indicator # and Description	Indicator: 4.4.3.3 Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements.
Location:	SPOC S10 Keningau
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
Raise by:	Sheron Pui Ling Wui Date Raise: 03/11/2018
Deadline for implementation	02/01/2019
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 4) 2. Reminder letter was given to the smallholder to make sure they pay their workers based on minimum wages requirement (Appendix 5)	
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	
Evidence provided adequate to address the NC and closed out. This will be further assess in the next surveillance.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor: Terence Ang Wai Sheng	Date of Closure: 28/01/2019
Review of Implementation	

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Non Conformity Number <03>	
Observation on sampled smallholders indicated that there are conducting field operation by their own or/and assist by family members. Thus, the major non conformity was not applicable.	
Name of Lead Auditor: Ariff Bin Lokman	Date of Review: 18/10/2019

Non Conformity Number <04>	
Indicator # and Description	Indicator: 4.3.3.2 Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.
Location:	SPOC S10 Keningau
Description of Finding / Objective Evidence:	
Native titles are provided with map by Jabatan Tanah dan Ukur. However those with acknowledgement letters do not have any maps acknowledged by the village head or relevant authority.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by: Terence Ang Wai Sheng	Date Raise: 03/11/2018
Deadline for implementation	02/12/2019
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 6)	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor: Terence Ang Wai Sheng	Date of Closure: 28/01/2019
Review of Implementation	
Surat pengesahan tanah for land application issue by land and survey department was available. The status of land application was pending for approval by Director of land and survey department. Land survey and official maps will be issues by authority after the approval. Thus, the corrective action and preventive action was close properly.	
Name of Lead Auditor / Auditor: Ariff Bin Lokman	Date of Review: 18/10/2019

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4.6. Detail of Audit Findings Identified During This Audit

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

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

Non Conformity Number <01>	
Indicator # and Description	4.5.3.2 Independent smallholders shall ensure that waste from the smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers.
Location:	SPOC S10 Keningau
Description of Finding / Objective Evidence:	
<p>Observation on sampled smallholder, one of smallholder field found out empty chemical container are scattered. There is no labelled and punched on the containers to indicate either to be reused or disposed. This is against the SOP Pengurusan Bahan Buangan Terjadual document no: MSPO/SSCC/SOP-03/BT, revision 2, dated 10/07/2019.</p> <p>Point no 7; Bekas racun kosong hendaklah disimpan di tempat yang selamat bagi mengelakkan ianya digunakan untuk tujuan lain.</p> <p>Point no 11; Bekas racun kosong tidak boleh digunakan semula melainkan hanya dibenarkan untuk digunakan semula dengan meletakkan tanda amaran yang sesuai bagi tujuan bancuhan air racun sahaja.</p>	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by:	Mohamad Norhisham Bin Mohd Salleh
Date Raise:	18/10/2019
Deadline for implementation	17/12/2019
Root Cause Analysis (by company):	
Lack of understanding by individual in term of empty chemical container or disposal management.	
Correction (by company):	
Group Manager advise the smallholder by giving notification letter and annually training.	
Corrective / Preventive Action (by company)	
Reminder will be given during scheduling training program for smallholder understanding of empty chemical container and disposal management.	
Review of Correction & Corrective / Preventive Action	

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Non Conformity Number <01>	
<p>Review document attachment 1a and 1b submitted that the group manager has visited and conducted Latihan Khidmat Nasihat (LKN) to smallholders regarding empty chemical containers left in the field without any sign or mark. Group manager provides evidence all the empty containers has been mark with X symbol for empty containers use for spraying operation only.</p> <p>The submitted attachment 2 of Kalendar Aktiviti Tahunan 2019 for SPOC S10 Keningau for smallholders SPOC S10 Keningau to ensure smallholders are aware on MSPO requirements. The evidence provided is sufficient to close the NC. Further verification will be conducted in the 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: Ariff Bin Lokman	Date of Closure: 21/11/2019
Review of Implementation	
Name of Lead Auditor / Auditor:	Date of Review:

Non Conformity Number <02>	
Indicator # and Description	4.4.4.1 Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.
Location:	SPOC S10 Keningau
Description of Finding / Objective Evidence:	
<p>During site verification it was found out most of smallholders are not aware on complaint procedure. SPOC S10 Keningau has conducted training on 27/02/2019 and 25/07/2019. However, this indicator has been raised as OFI on last year audit (ASA02). Thus, it was elevated to minor non conformity.</p>	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by: Ariff Bin Lokman	Date Raise: 18/10/2019
Deadline for implementation	17/11/2019
Root Cause Analysis (by company):	
<p>Lack of information given by Group Manager and misunderstanding among smallholder about complaint procedure even though most of them had been attending training.</p>	
Correction (by company):	
<p>Group Manager advise the smallholder by giving complaint form and SOP on how to raise a proper complaint.</p>	
Corrective / Preventive Action (by company)	
<p>Reminder will be given during scheduling training program for smallholder understanding of how to raise a proper complaint.</p>	
Review of Correction & Corrective / Preventive Action	
<p>Group Manager has provided evidence of LKN conducted to smallholders and the training material of complaint procedure. The evidence provided in attachment 1a and 1b is sufficient to close the NC. Further verification will be conducted in the next surveillance audit.</p>	

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Non Conformity Number <02>	
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 : Ariff Bin Lokman	Date of Closure: 13/11/2019
Review of Implementation	
Name of Lead Auditor / Auditor:	Date of Review:

Nr.	Indicator	Location	Opportunity for Improvement
-	-	-	-

5. CONCLUSION

Malaysia Palm Oil Board has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) for SPOC S10 Keningau consisting of 741 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

There is 1 Major NC raised in this audit and closed out successfully. There is 1 Minor NC(s) raise with action plan submitted and accepted. Furthermore Minor NC(s) raised in this audit will be verify 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 TUV 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:	741	Smallholders
Total certified acreage of smallholders:	3724.66	Ha
Certified FFBS output January to December 2018:	5,875.56	Mt
Certified FFBS output January to September 2019:	11,275.98	mt
Projection FFBS output October to December 2019:	5,586	mt
Projection FFBS output January to December 2020:	19,209	mt

6. RECOMMENDATION

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

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

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

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

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

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

Puchong, 30/12/2019



Arif Bin Lokman
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 30/12/2019



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

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7. LIST OF INTERVIEWEES

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

No.	Name	Organization / Function
1.	Sherene Lee	Wonder Chase Sdn. Bhd.

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

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

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

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

Salvo clause:

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

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

Annex / Enclosures

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