

MSPO CERTIFICATION SUMMARY REPORT

MALAYSIAN PALM OIL BOARD
SPOC J28 SRI GADING 2
SURVEILLANCE 03

Onsite Audit Date: 16/05/2022 – 19/05/2022

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Company Name: Malaysia Palm Oil Board (MPOB)
Certifying Unit: SPOC J28 Sri Gading 2
Client Number: 92-098
Audit Type: ASA 03
Mode of Audit: Onsite



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ABBREVIATIONS

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

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1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct surveillance audit for SPOC J28 Sri Gading 2 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 J28 Sri Gading 2 as group manager managing the independent smallholders by an independent certification body for compliance of the applied standard.

1.2. Scope

The assessment is based on the documentation established by MPOB Cawangan SPOC J28 Sri Gading 2 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.

1.3. Appointment & Qualification of Audit Team Members

The audit team appointed consists of the team leader and 2 team members. The team contribute to the review of documents, assessment of the project activity and preparation of the report.

Qualification of the Lead Auditor: Chan Shi Lie

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;	Graduate in Bachelor of Media Technology (Major in Broadcasting)

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Requirement	Qualifications
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)	6 years working experience in oil palm plantations.
Successfully completed MPOCC endorsed lead auditor training	Successfully completed MS2530 series of standards for Lead Auditors
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.	Qualified as Auditor for MSPO scheme
Field working experience in the palm oil sector, or demonstrable equivalent	6 years working experience in oil palm plantations.
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	6 years working experience in oil palm plantations.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed IMS ISO 9001 Lead Auditor course.
Health and safety auditing on the farm and in processing facilities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Successfully completed IMS ISO 45001 Lead Auditor course.
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Successfully completed Basic SA 8000 training.
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Successfully completed IMS ISO 14001 Lead Auditor course.
Completed High Conversation Value assessment	Attended and completed the HCV-HCS for producer online course.

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Requirement	Qualifications
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Able to communicate in Mandarin, Bahasa Malaysia and English.

Qualification of Team Member(s)

Requirement	Name 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	Joseph Sim Siaw Seng	Graduate in Diploma in Occupational Safety and Health.	Yes
	Sheron Pui Wui Ling	Bachelor in Medical Science	Yes
	Joseph Sim Siaw Seng	4 years of working experiences in Health and Safety and 3 years of working experiences in plantations.	Yes
	Sheron Pui Wui Ling	3 years working experience in QA, QMS and internal audit, and 3.5 years working experience in MSPO audit.	Yes
	Joseph Sim Siaw Seng	Successfully completed MS2530 series of standards for Lead Auditors	Yes
	Sheron Pui Wui Ling		Yes
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Joseph Sim Siaw Seng	Qualified and appointed as auditor for MSPO scheme.	Yes

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Requirement	Name Assessor	Qualification	Compliance
auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Sheron Pui Wui Ling	Qualified and appointed as auditor for MSPO scheme.	Yes
Field working experience in the palm oil sector or demonstrable equivalent	Joseph Sim Siaw Seng	4 years of working experiences in Health and Safety and 3 years of working experiences in plantations.	Yes
	Sheron Pui Wui Ling	3 years working experience in QA, QMS and internal audit, and 3.5 years working experience in MSPO audit.	Yes
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	Joseph Sim Siaw Seng	4 years of working experiences in Health and Safety and 3 years of working experiences in plantations.	Yes
	Sheron Pui Wui Ling	3 years working experience in QA, QMS and internal audit, and 3.5 years working experience in MSPO audit.	Yes
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Joseph Sim Siaw Seng	Successfully completed ISO 9001:2015 Lead Auditor course.	Yes
	Sheron Pui Wui Ling	Successfully completed IMS ISO 9001 Lead Auditor course.	Yes
Health and safety auditing on the farms processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Joseph Sim Siaw Seng	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
	Sheron Pui Wui Ling	Successfully completed IMS ISO 45001 Lead Auditor course.	Yes
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Joseph Sim Siaw Seng	Successfully completed Basic SA 8000 training	Yes
	Sheron Pui Wui Ling		Yes

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Requirement	Name Assessor	Qualification	Compliance
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Joseph Sim Siaw Seng	Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme.	Yes
	Sheron Pui Wui Ling		Yes
Completed High Conversation Value assessment	Joseph Sim Siaw Seng	Attended and completed the HCV-HCS for producers' online course.	Yes
	Sheron Pui Wui Ling		Yes
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Joseph Sim Siaw Seng	Able to communicate in Bahasa Malaysia, Mandarin and English.	Yes
	Sheron Pui Wui Ling		Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Appointment of team members;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Latest smallholders list;
- Audit planning;
- Background investigation, desk review of submitted documents;
- Assessment, inspections, interviews SPOC personnel, review of documentation;
- Review of SPOC management system;
- Reporting;
- Draft audit reporting;
- Technical review;
- Final audit reporting;
- Final approval, certification decision and issuance of certificate.

Surveillance Audit:

The Surveillance three (03) audit carried out from 16/05/2022 – 19/05/2022 covering the following activities but not limited to below:

Onsite:

- 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;
- Review and closed out of observations raised during SA two (02) audit;
- Assessment reporting.

Onsite Assessment

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

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

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For this onsite audit, the number of selected independent smallholders are based on example table of ACB – OPMC Issue 2 dated 04/09/2020

The group of smallholders consists of 334 new members and 918 old members. The total number of smallholders for this audit are 1,252.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size $S = 1.5\sqrt{1,252} = 53.0754$ round up to the next integral of 53

As per OPMC 2 issue 2, from the sample size, the number of the new members are $53 \times 75\% = 40$ and number of existing members are $53 \times 25\% = 13$.

The list of smallholders selected for the onsite assessment and inspection listed in Table 2-1 below:

Table 2-1: List of Sample Smallholders

Name	GPS Coordinates
Existing member(s)	
Gan Jin Hao	2.5103 N, 103.2729 E
Lee Ching Seng@ Lee Ching Chin	1.8954 N, 103.1434 E
Lee Kim Leng	1.8873 N, 103.1455 E
Zuria Binti Rais	1.9502 N, 103.1771 E
Jariah Binti Sirat	1.8383 N, 103.1516 E
Jamil Bin Zainal	1.8768 N, 103.1623 E
Pejah Binti Sirat	1.8613 N, 103.1487 E
Muzaiyana Binti Othman	1.9306 N, 103.1690 E
Jemain Bin Chumiran	1.8613 N, 103.1593 E
M Sharif Bin Kasan	1.8502 N, 103.1998 E
Bakir Bin Sirat	1.8372 N, 103.1519 E
Rokiah Binti Hassan	1.8985 N, 103.1540 E
Lim Kock Peng	1.8801 N, 103.1786 E
Name	GPS Coordinates
New member(s)	

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Name	GPS Coordinates
Existing member(s)	
Lim Kim San	2.0024 N, 103.2268 E
Misia Binti Salikin	1.8655 N, 103.1648 E
Ong Ah Mun	1.95710 N, 103.1847 E
Wee Hun	2.0098 N, 103.2265 E
Tan Choong Sing	2.0047 N, 103.2261 E
Husaini Bin Ghazali	1.9214 N, 103.1647 E
Loo Wee Yang	1.9943 N, 103.2432 E
Mohd Norrodin Bin Jalil	1.9023 N, 103.1647 E
Mohd Adam Bin Norrdin	1.8343 N, 103.0960 E
Zarizah Binti Rais	1.9506 N, 103.1773 E
Ng Choo Kiat	1.8415 N, 103.1386 E
Hasani Bin Senin	1.8504 N, 103.1410 E
Nazlina Binti Sarman	1.8514 N, 103.1518 E
Mispan Bin Selamat	1.8496 N, 103.1504 E
Mohd Munjayan Bin Dasiyo	1.9934 N, 103.2435 E
Fadhilatunisa' Binti Umar	1.8626 N, 103.1593 E
Abu Bakar Bin Idris	1.9090 N, 103.1672 E
Rohana Binti M. Sharif	1.9254 N, 103.1713 E
Phatihazimmaulin Bin Mohamad	1.8756 N, 103.1892 E
Prairie Development Sdn Bhd	1.8897 N, 103.1493 E
Norazilla Binti Marsi	1.8536 N, 103.1535 E
Khaniah Binti Husin	1.8553 N, 103.1657 E
Toyedben @ Mohd Hazir Bin Senen	1.8631 N, 103.1673 E
Mohd Laili Bin Sanusi	1.8404 N, 103.0763 E

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Name	GPS Coordinates
Existing member(s)	
Misri Bin Salikin	1.8667 N, 103.1647 E
Rasimah Binti Sarmidi	1.9372 N, 103.1629 E
Nur Edlyn Binti Katni	1.8375 N, 103.1715 E
Tang King Siang	1.8398 N, 103.1779 E
Nasreen Binti Yaacob	1.8893 N, 103.1771 E
Nurul Fadhillah Binti Yaacob	1.8380 N, 103.1745 E
Umar Bin Kamari	1.87583 N, 103.1459 E
Jusiah Binti Lahuri	1.8648 N, 103.1895 E
Norlisa Binti Lahuri	1.8630 N, 103.1926 E
Hasnai Binti Lahuri	1.8630 N, 103.1922 E
Jamaluddin Bin Kayak	1.8613 N, 103.1870 E
To Aho @ Tok Aho	1.8692 N, 103.1308 E
Tan Lian Shen	1.9705 N, 103.1991 E
Mohd Zainal Abidin Bin Husin	1.8628 N, 103.1912 E
Mohd Nizam Bin Husin	1.8763 N, 103.1688 E
Khadijah Binti Hussin	1.8660 N, 103.1649 E

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 J28 Sri Gading 2, is a branch of MPOB located at No. 15A, Jalan Kelisa Utama, Taman Kelisa Utama, 86400 Batu Pahat, Johor with coordinate 1.8663 N, 103.1142 E is managed by a group manager and supported by a team officers to manage the cluster providing technical support, estate management skills and training as well as develop the independent smallholders' scheme around the Batu Pahat district.

The smallholders in Batu Pahat as shown in the below maps.

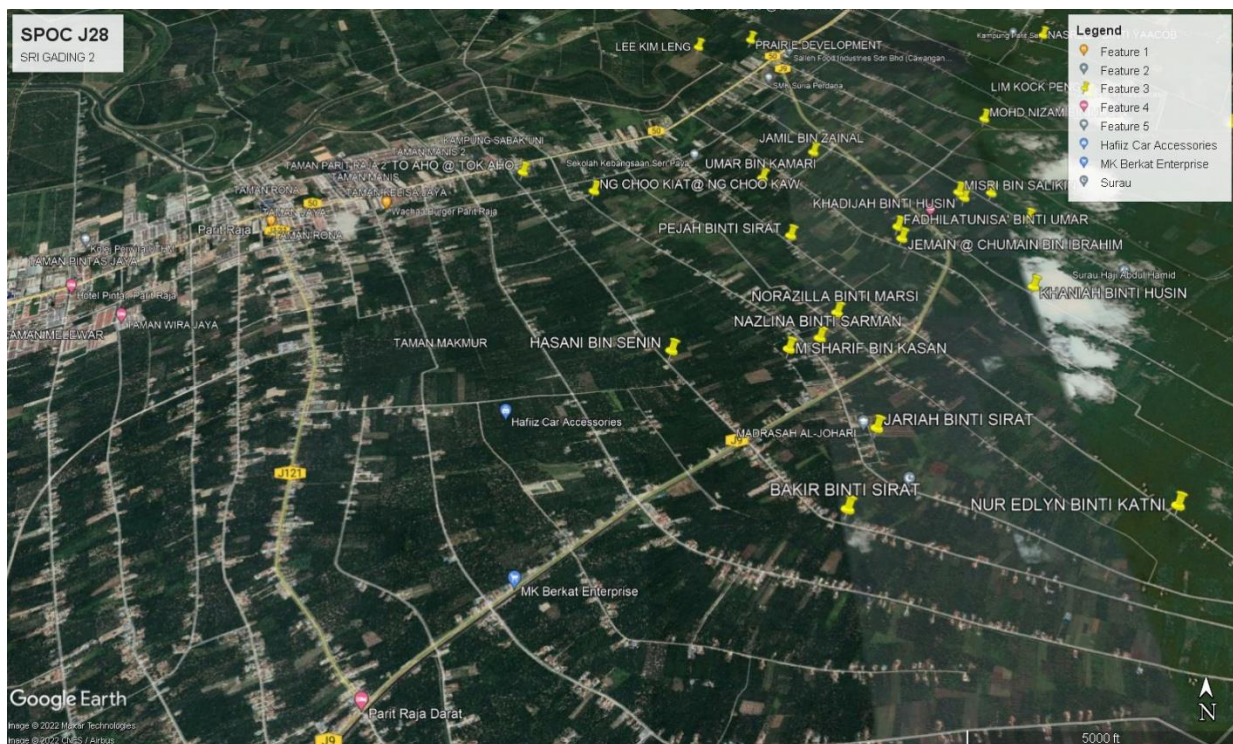


Figure 1

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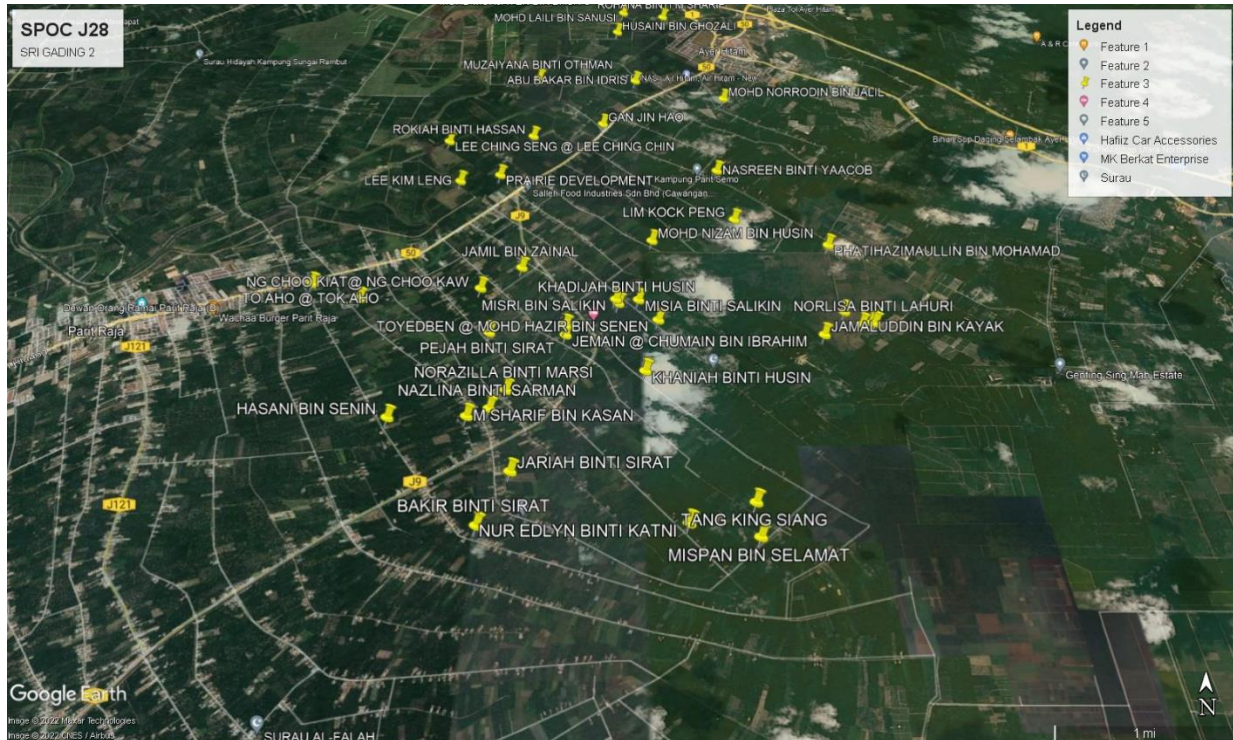


Figure 2

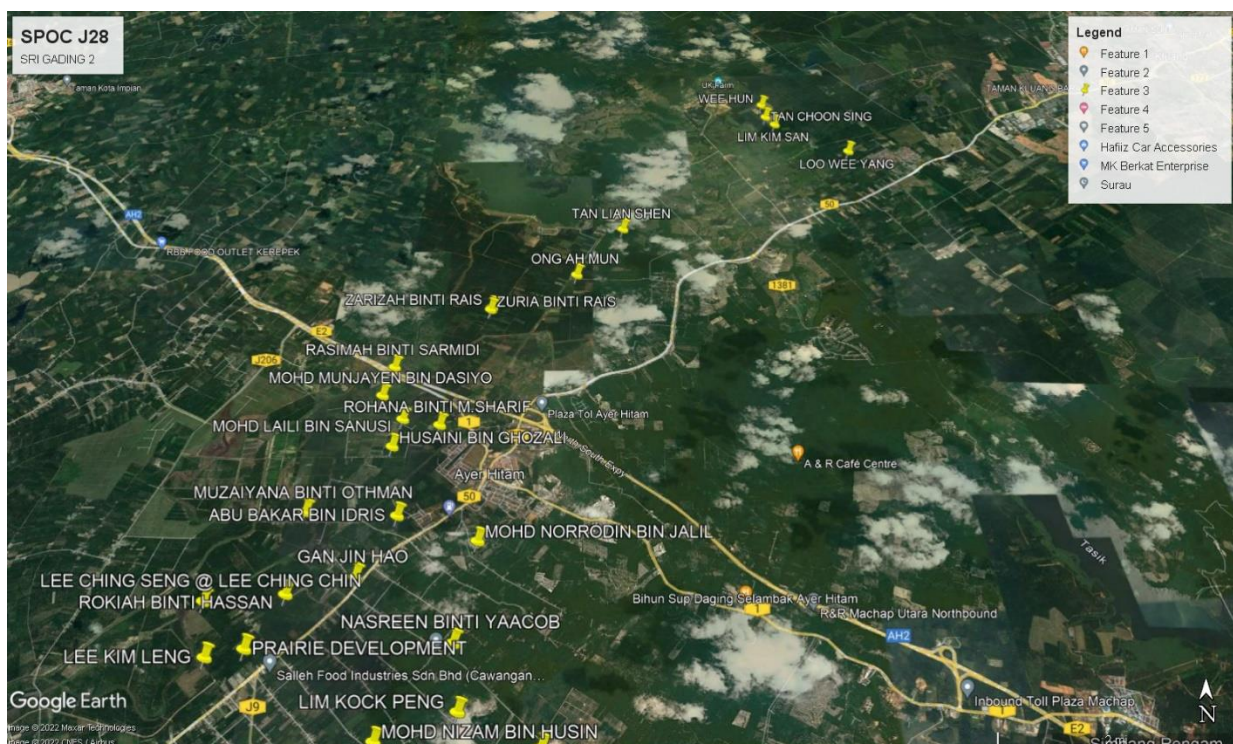


Figure 3

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4. CERTIFICATION ASSESSMENT

4.1. ASA 03

The objective of the audit is to assess the activities of MPOB Cawangan SPOC J28 Sri Gading 2 are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.1. Surveillance 03:

The surveillance audit is carried out from 16/05/2022 to 19/05/2022.

The number of smallholders in this surveillance audit are 1,250.

The number of smallholders 918 remain the same for this surveillance audit.

The number of smallholders joined during this surveillance audit are 332.

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 but not limited to below:

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. Health and safety;
6. Group Manager management system;
7. Best practice – farm management including fertilising, chemical spraying and harvesting.

During the last surveillance two (02) audit, there is one (1) OFI identified and has assessed through onsite visit for verification.

During this surveillance 03 audit, there are 0 Major or 0 Minor or 3 OFI raised.

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 4.6 of this audit report.

4.2. Stakeholders' Consultation

According to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit of the management unit, the CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

Therefore, there is no physical stakeholders consultation conducted for this surveillance audit.

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TUV NORD (Malaysia) Sdn. Bhd., has published the audit notification on 15/04/2022 to announce the audit of the certified unit. As at audit date on 16/05/2022 there are no comments received.

4.3. Summary of Assessment

Principle and Criteria Assessment Summary

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the applied MSPO 2530-2. The summary of the assessment is as below, where the "Findings/Comments" column reflects the findings in accordance with each indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below in section 4.6.

Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>SPOC J28 Sri Gading 2 adopted MPOB MSPO Policy, doc no: MSPO/SSCC/POLISI-01, revision 3, updated 01/06/2021.</p> <p>Onsite observation sighted MSPO Policy is publicly displayed at MPOB SPOC J28 Sri Gading 2 office notice board.</p> <p>Document review on smallholders' individual file, MSPO Policy include in MSPO application form signed by SPOC J28 Sri Gading 2 Group Manager and smallholders.</p> <p>Field interviews with sampled smallholders informed they have been briefed on the MSPO Policy.</p>	Yes
4.1.2.1	<p>SPOC J28 Sri Gading 2 adopted MPOB list of social and environmental impact and action plan, document no: MSPO/SPOC/L-04/ISP, issue no: 4, revision no: 4, effective date: 01/06/2021.</p> <p>Field interviews with sampled smallholders, informed they have been briefed by SPOC J28 Sri Gading GM to avoid chemical spraying activities near the waterways.</p> <p>Document review verified example of social and environmental impacts:</p> <p>Type: Social;</p> <p>Activity: Fertilizer application, chemical spraying and harvesting;</p> <p>Impact: Job opportunity for hiring local community nearby;</p> <p>Action plan: Ongoing Monitoring.</p> <p>Type: Environmental;</p> <p>Activity: Fertilizer application and chemical spraying;</p> <p>Impact: Polluting water source if the activity carry out near the water ways;</p> <p>Action plan: Continuous training and briefing by GM via LKN.</p>	Yes

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Principle 1: Management Commitment & responsibility

Indicator	Summary of Assessment	Compliance
4.1.2.2	<p>SPOC J33 Sungai Balang Group Manager provided smallholders with 'Warta Sawit' Bil. 78 (2) May – August 2021 to share new information on oil palm management.</p> <p>Field interviews with sampled smallholders informed they received the latest Warta Sawit Bil. 78 (2) May – August 2021.</p>	Yes

Principle 2: Transparency

Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC J28 Sri Gading 2 adopted MPOB 'Manual Prosedur Kerja MSPO Kelompok Minyak Sawit Mampan' document number MSPO/SPOC/GP-01/PEK revision number 04, dated 01/06/2021 which include 'Carta Alir Kebolehejekan Perbelanjaan dan Pendapatan Pekebun Kecil' as a traceability procedure.</p> <p>During field interviews with sampled smallholders informed they kept the weighbridge ticket for traceability purposes.</p> <p>Document review verify, copy of weighbridge tickets are kept by smallholders and in smallholder's individual files.</p>	Yes
4.2.1.2	<p>SPOC J28 Sri Gading 2 Group Manager maintain records of FFB production updated as at December 2021.</p> <p>Document review verify, SPOC J28 Sri Gading 2 maintained records of FFB sales and weighbridge tickets.</p> <p>During field interviews with smallholders informed FFB sales receipts and weighbridge tickets are maintained.</p>	Yes

Principle 3: Compliance to legal requirements

Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC J28 Sri Gading 2 adopted MPOB Senarai Keperluan Undang - undang, document number: MSPO/SPOC/L-01/SKU dated 01/06/2021.</p> <p>Example of Laws and Acts:</p> <ol style="list-style-type: none">1. MPOB Act 1998;2. Perintah Gaji Minimum 2022;3. Akta Kanak-kanak dan orang muda (Pekerjaan) 1966;4. Akta Pencegahan dan Pengawalan Penyakit Berjangkit 1988 pindaan 2021. <p>Smallholders MPOB licenses are valid and copy of license available at smallholder's individual files and field interviews with sample smallholders informed they are aware on legal requirement such as MPOB license.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.2.1	SPOC J28 Sri Gading 2 smallholders land titles are Geran Mukim, Geran Hak Milik Sementara or Tanah Hak Milik Tetap issued by Batu Pahat Land Office. SPOC GM have requested budget from HQ to change the land usage to oil palm cultivation dated 27/04/2022 for 158 new smallholders.	Yes
4.3.3.1	SPOC J28 Sri Gading 2 smallholders land titles are Geran Mukim, Hak Milik Sementara and Tanah Hak Milik Tetap issued by Batu Pahat Land Office. There are no customary land owned by smallholders.	Yes
4.3.3.2	SPOC J28 Sri Gading 2 smallholders land titles are either lease or freehold have maps include location, lot number, area size and boundary stone markers. There are no customary land owned by smallholders.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	SPOC J28 Sri Gading 2 adopted MPOB Guidelines Complaint and Grievance, doc no. MSPO/SPOC/SOP-01/AR, issue 04, dated 01/06/2021. The SOP describes; <ul style="list-style-type: none">• Stated in the SOP timeline for addressing the grievance and complaint are within 14 days;• Group manager is in charge in handling the complaint and grievances;• All the grievance and complaint records are documented. MSPO training conducted on 29/03/2022 include the briefing for complaint and grievances. During field interviews with sampled smallholders informed they are aware and understand the complaint and grievance procedure and process flow.	Yes
4.4.1.2	SPOC J28 Sri Gading 2 adopted MPOB Guidelines Complaint and Grievance, doc no. MSPO/SPOC/SOP-01/AR, issue 04, dated 01/06/2021. Review the SOP stated time line to resolve disputes within 14 days. The SOP stated the Group manager is person in charge to handle complaint and grievance. The Group Manager is assigned for: <ul style="list-style-type: none">• Accepting the grievances;• Analyzed and investigate on issue raised. Any complaint outside the scope of the group manager will be referred to other parties or MPOB HQ.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Complaint form is established, doc no: MSPO/SSCC/F-01/AR, date effective: 01/06/2020, no issue: 04.</p> <p>Latest complaint lodged on 17/03/2021 from smallholder for dry fronds palm issue and resolved by group manager within 14 days. Complaint record review no complaint lodged from April 2021 till the audit date.</p> <p>During site interview with smallholders informed they are aware on complaint and grievance process and timelines to resolve the complaints.</p>	
4.4.2.1	<p>SPOC J28 Sri Gading 2 adopt MPOB Guidelines Occupational Safety & Health, document no. MSPO/SPOC/GP-02/KKP, issue: 4, effective date: 01/06/2021.</p> <p>SOP describes:</p> <ul style="list-style-type: none"> Responsibility of GM and smallholders regarding safety and health; Procedure and type of PPE used for harvesting, manuring and spraying. <p>MSPO training conducted on 29/03/2022 include safety and health aspect.</p> <p>During field interviews with sampled smallholders informed they are aware importance of safety and health during working in field.</p> <p>Example:</p> <p>Wearing of PPE for chemical spraying activity: Face mask, apron, safety boot and rubber hand glove.</p>	Yes
4.4.3.1	<p>SPOC J28 Sri Gading 2 adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form has includes payment rates for operational activities such as harvesting, chemical spraying, manuring and pruning.</p> <p>Review the employment terms document for smallholders who have hired casual worker. The rate of harvesting, chemical spraying, manuring and pruning rate are states in the document and signed by both parties.</p> <p>During field interviews with sampled smallholders informed, they are working by themselves, assisted by family members or hire casual worker in carrying out field operations.</p>	Yes
4.4.3.2	<p>SPOC J28 Sri Gading 2 adopted MPOB MSPO application form with a statement "provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices.</p> <p>SPOC J28 Sri Gading 2 adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form describe:</p> <p>"Against any form of discrimination, and implying human right in terms of opportunities, disregards of races, gender, religion, political affiliation, and nationality".</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>There are no complaints related to discrimination during documents review.</p> <p>During field interviews with sampled smallholders informed no discrimination occurs.</p>	
4.4.3.3	<p>SPOC J28 Sri Gading 2 adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form has includes payment rates for operational activities such as harvesting, spraying, manuring and pruning.</p> <p>Review the employment terms document for smallholders who have hired casual worker. The rate of harvesting, chemical spraying, manuring and pruning rate are states in the document and signed by both parties.</p> <p>During field interviews with sampled smallholders informed, they are working by themselves, assisted by family members or hire casual worker in carrying out field operations.</p>	Yes
4.4.3.4	<p>During field interviews with sampled smallholders and site verification at smallholder's farm no on-site living quarters are available.</p> <p>The casual worker hired by smallholders live in the village. Therefore, no living quarters is required.</p>	Yes
4.4.3.5	<p>SPOC J28 Sri Gading 2 adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form describe:</p> <p>"Not to employ young workers below the age of 15-18 years old, for working in dangerous and heavy work".</p> <p>During field interviews with sampled smallholders informed they are aware and understand legal restriction on hiring under age workers. Field verification no children present in the field.</p>	Yes
4.4.4.1	<p>SPOC J28 Sri Gading 2 establish training programme year 2022.</p> <p>The training programme include 'Taklimat MSPO, GAP and LKN visit.</p> <p>Training and LKN conducted includes the GAP, scheduled waste and chemical handling, environmental, social, and safety and health.</p> <p>Example:</p> <ul style="list-style-type: none"> LKN for smallholder no.1246 conducted on 25/04/2022; MSPO training conducted on 29/03/2022. <p>Document review verified training has been carried out with photos and attendance list.</p> <p>Field interviews with sampled smallholders informed they attended the MSPO training. Smallholders are able to demonstrate understanding of MSPO implementation in farms.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>SPOC J28 Sri Gading 2 adopt MPOB Social and Environment Impacts and Action Plan, document no: MSPO/SPOS/L-04/ISP dated 01/06/2021.</p> <p>Environmental impact and action plan:</p> <p>Activity: Chemical spraying;</p> <p>Environmental impacts: Empty chemical containers;</p> <p>Action plan: Empty chemical container to be tripled rinse, punctured and stored;</p> <p>Review the LKN conducted by SPOC J28 Sri Gading 2 group manager to smallholder's farms include GAP checking and briefing example chemical application.</p> <p>SPOC J28 Sri Gading 2 conducted briefing to smallholders on environmental impact dated 29/03/2022.</p> <p>Field Interviews with sampled smallholders informed they understand the environmental impacts example chemical application.</p>	Yes
4.5.2.1	<p>There is no renewal energy used by SPOC J28 Sri Gading 2 smallholders. This is confirmed through field observation and interviews with smallholders.</p>	Yes
4.5.3.1	<p>SPOC J28 Sri Gading 2 adopted MPOB guidelines for Managing Scheduled Waste, document no: MSPO/SPOC//SOP-03/BT dated 01/06/2021.</p> <p>Document review verify the list consists of solid, liquids and gaseous wastes.</p> <p>Example:</p> <p>Agricultural input: Herbicides;</p> <p>Waste produced: Empty chemical containers.</p> <p>Impact: Polluting water source if the empty containers left in the field or near the water ways.</p> <p>During site interview with SPOC J28 Sri Gading 2 smallholders informed they understand on managing of wastes such as reused or recycle the empty chemical containers after triple rinsing.</p>	Yes
4.5.3.2	<p>SPOC J28 Sri Gading 2 adopted MPOB guidelines for 'Pengendalian dan Perlupusan Bahan Kimia', doc no: MSPO/SPOC/SOP-03/BT dated 01/06/2021.</p> <p>SOP describes to monitor and ensure the waste management process and disposal of waste for responsible individuals can be implemented in an orderly, efficient and safe manner.</p> <p>Briefing on disposal of empty chemical containers conducted during MSPO training dated 29/03/2022.</p> <p>During site observation and interview with SPOC J28 Sri Gading 2 smallholders informed they understand and practices triple rinsing for</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	empty chemical containers before disposed or reused and with labeled 'X' for chemical spraying activity.	
4.5.4.1	<p>SPOC J28 Sri Gading 2 adopt MPOB guidelines 'Garis Panduan Zon Penampunan Sungai', doc no: MSPO/SSCC/GP-03/ZPS, issue 3, revision 0 dated 01/06/2020.</p> <p>The procedure states:</p> <ul style="list-style-type: none"> • Identification of river or stream within smallholder's area; • Monitoring and ensuring no activities, which may cause pollution on buffer area. <p>SPOC J28 Sri Gading 2 conducted briefing to smallholders on environmental impact dated 29/03/2022.</p> <p>During field interviews with sampled smallholders informed they understand no chemical application at riparian buffer zone area.</p>	Yes
4.5.4.2	SPOC J28 Sri Gading 2 smallholders practice rain harvesting for field operations using empty drums or dug hole for chemical spraying and washing purposes.	Yes
4.5.5.1	<p>SPOC J28 Sri Gading 2 established list of wildlife in Batu Pahat district dated 04/01/2021.</p> <p>Example of wildlife:</p> <ul style="list-style-type: none"> • Wild boar; • Squirrel. <p>MSPO briefing to smallholders dated 29/03/2022 includes briefing of wildlife and environmental.</p> <p>During field interviews with sampled smallholders informed they observe monkey and snake in the farms.</p>	Yes
4.5.6.1	<p>SPOC J28 Sri Gading 2 adopted MPOB Guidelines Garis panduan Amalan Pembakaran Sifar doc no: MSPO/SPOC/GP-04/APS dated 01/06/2020.</p> <p>The SOP describe to ensure smallholders aware of environment impact by practicing zero burning.</p> <p>During field observation and interviews with sampled smallholders confirmed no sign of opening burning and they understand open burning is prohibited.</p>	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC J28 Sri Gading 2 conduct GAP briefing and LKN for harvesting, manuring, chemical application and PPE usage.</p> <p>MSPO briefing record dated 29/03/2022 include the GAP.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	<p>Field inspections at sampled smallholders farms sighted good agricultural practice has been implemented such as:</p> <ol style="list-style-type: none"> 1. Proper stacking of fronds; 2. Good maintenance of harvesting path; 3. Proper palm pruning. <p>Field interviews with sampled smallholders informed they have been briefed on good agricultural practices by Group Manager.</p>	
4.6.1.2	<p>SPOC J28 Sri Gading 2 establish visual identification for each sampled smallholder with information of name, lot no. GPS coordinates lot size and year of planting.</p> <p>During field visits at sampled smallholders farms the signages' were displayed.</p>	Yes
4.6.2.1	<p>SPOC J28 Sri Gading 2 adopted MPOB Guideline Economic and Financial Plan, MSPO/SPOC/GP-01/PEK, issue 4, revision 4 dated 01/06/2021.</p> <p>During document review, budget for MSPO training and LKN visit year 2022 has been established.</p> <p>The operation budgets includes MSPO training, MSPO auditing, PPE and miscellaneous expenses.</p> <p>All other operation budget and costs are under the control of MPOB HQ.</p>	Yes
4.6.3.1	<p>SPOC J28 Sri Gading 2 monitors FFB pricing on monthly basis through input from selected ramp / dealers for fair price.</p> <p>Field interviews with sampled smallholders informed the FFB price is display at the ramp/ dealers weighbridge.</p>	Yes

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Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	During field visits and document reviews on list of smallholders and planting statements no new planting in SPOC J28 Sri Gading 2. The first planting is in year 1990 and the latest replanting is in year 2021. There are no new plantings for existing and new members in year 2022. Thus, there is no assessment on high biodiversity area.	Yes
4.7.2.1	Documents review on list of smallholders and planting statements confirmed no new planting in SPOC J28 Sri Gading 2. The first planting is in year 1990 and the latest replanting is in the year 2021. There are no new plantings for existing and new members in the year 2022. Therefore, no soil survey or topography is required.	Yes
4.7.3.1	Document review on list of smallholders and planting statements no new planting in SPOC J28 Sri Gading 2. The first planting is in year 1990 and the latest replanting is in year 2021. There are no new plantings for existing and new members in year 2022. Therefore, no data for type of terrain available.	Yes

4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
	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.
X	No non-conformity raised in previous audit.
<i>Note 1: If a minor non-conformity raised in last audit, is not closed out, the finding will be raised to a Major non-conformity.</i> <i>Note 2: All major and minor NCs raise in last audit are required to capture in this report together with the review of the non-compliance implementation.</i>	

4.5. Detail of Audit Findings in last Audit

AUDIT OUTCOME		
During last audit	0	MAJOR Non-Conformities
	0	MINOR Non-Conformities

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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.

ON-SITE AUDIT OUTCOME		
During this onsite audit,	0	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Nr.	Indicator	Description	Location	Opportunity for Improvement
1.	4.2.1.1	The group management shall commit itself to implement and maintain the requirements for traceability.	SPOC J28 Sri Gading 2	SPOC J28 Sri Gading 2 could improve monitoring on traceability implementation.
2.	4.3.1.1	Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations.	SPOC J28 Sri Gading 2	SPOC J28 Sri Gading 2 could improve monitoring of the list of laws and regulations.
3.	4.6.1.1	All independent smallholders oil palm farms shall implement best practices such as the MPOB Codes of Practice, Malaysian Standards, ISO Standards and the Kod Amalan Baik (GAP) Pekebun Kecil.	SPOC J28 Sri Gading 2	SPOC J28 Sri Gading 2 could improve on GAP such as: <ul style="list-style-type: none">- Weed control- Pruning

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5. CONCLUSION

Malaysia Palm Oil Board has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) for SPOC Sri J28 Gading 2 consisting of 1,250 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

During this surveillance 03 audit, three (3) Opportunity For Improvement (OFIs) were identified.

From the review of the standard operating procedures, guidelines, 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 General Principles for Independent Smallholders.

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

Total certified number of independent smallholders: 1,252

Total certified acreage of smallholders: 2,057.1371 Ha

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6. RECOMMENDATION

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

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

The structure of the audit is in accordance with the audit plan included with this summary report as an 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 demonstrated state of development and maturity that the certification to be

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

Puchong, 01/06/2022

Chan Shi Lie
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 07/06/2022

Navin Baskram
TUV NORD (Malaysia) Sdn Bhd
Certifier / Approver

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7. LIST OF STAKEHOLDERS

No stakeholders' consultation conducted in accordance to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit. Therefore, no stakeholders listed.

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

This report is sent by the certification body to 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 regards to the management system.

Annex / Enclosures

Annex /
corresponding audit documentation

- ☒ P&C Audit Report / Checklist(s)
- ☒ Audit Plan