

MSPO CERTIFICATION SUMMARY REPORT

MALAYSIAN PALM OIL BOARD
SPOC S11 NABAWAN & TENOM

SURVEILLANCE 04

Remote Audit Date: 23/11/2020 – 27/11/2020

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MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



Table of Contents

1.	INTRODUCTION	4
1.1.	Objective	4
1.2.	Scope	4
1.3.	Appointment & Qualification of Audit Team Members	4
2.	METHODOLOGY.....	8
3.	ORGANISATION INFORMATION	13
4.	CERTIFICATION ASSESSMENT	16
4.1.	ASA 04	16
4.2.	Stakeholders' Consultation	16
4.3.	Summary of Assessment	17
4.4.	Status of Non-Conformities Previously Identified	25
4.5.	Detail of Audit Findings in last Audit	26
4.6.	Detail of Audit Findings Identified During This Audit	26
5.	CONCLUSION	27
6.	RECOMMENDATION	28
	Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives	29
	Annex / Enclosures	29

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct surveillance audit for SPOC S11 Nabawan & Tenom 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 S11 Nabawan & Tenom 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 MPOB Cawangan SPOC S11 Nabawan & Tenom in managing the independent smallholders' scheme.

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

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

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

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 one team member. The team contribute to the review of documents, assessment of the project activity and preparation of the report.

Qualification of the Lead Auditor: Muhammad Khairul Anuar bin Azizul Hasan

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;	Graduate in Plantation Industry and management

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Requirement	Qualifications
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 plantation.
Successfully completed MPOCC endorsed lead auditor trainings	Successfully completed MS2530 series of standard 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 Lead Auditor for MSPO scheme.
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.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.
Health and safety auditing on the estate processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and Auditor for MSPO and RSPO scheme.
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.
Attended High Conversation Value Assessment training	Qualified as Lead Auditor for MSPO scheme.

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Requirement	Qualifications
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Able to communicate in 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	Khairul Anwar bin Ismail	Graduate in Agricultural Science	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)	Khairul Anwar bin Ismail	5 years working experience in oil palm plantations.	Yes
Successfully completed MPOCC endorsed lead auditor / auditor trainings	Khairul Anwar bin Ismail	Successfully completed MS2530 series of standard for Lead Auditors	Yes
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.	Khairul Anwar bin Ismail	Qualified as Auditor for MSPO scheme	Yes
Field working experience in the palm oil sector or demonstrable equivalent	Khairul Anwar bin Ismail	5 years working experience in oil palm plantations.	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Requirement	Name Assessor	Qualification	Compliance
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	Khairul Ismail Anwar bin	5 years working experience in oil palm plantations.	Yes
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Khairul Ismail Anwar bin	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
Health and safety auditing on the farms processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Khairul Ismail Anwar bin	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Khairul Ismail Anwar bin	Successfully completed SA 8000 Basic training and Auditor for MSPO scheme.	Yes
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Khairul Ismail Anwar bin	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
Completed High Conversation Value assessment	Khairul Ismail Anwar bin	Qualified as Auditor for MSPO scheme.	Yes
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Khairul Ismail Anwar bin	Able to communicate in Bahasa Malaysia and English.	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Final approval, certification decision and issuance of certificate.

Surveillance Audit:

Surveillance audit conducted remotely on 23/11/2020 – 27/11/2020 covering the following activities but not limited to below:

Remote:

- Confirmation of the appropriate interactive communication tools as describe in IAF MD4
- Desk documentation assessment;
- Virtual interview management;
- Virtual stakeholders communication; If required
- Virtual interview of smallholders; (Describe the method apply)
- Virtual inspection of farm; (Describe the method)
- Production records
- Review revised and updated documentation;
- Training records
- Assessment reporting

Remote Assessment

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

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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

This remote audit is conducted in accordance to MPOCC Updated Circular (27 October 2020) Guidance on Remote Audits due to Covid-19 Pandemic on travelling restrictions.

The remote audit follow the IAF MD4:2018 and as guided by the ISO 9001 Auditing Practices Group Guidance on Remote Audits.

The communication tool applied for remote audit is Zoom, WhatsApp and Telephone.

For this remote 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 274 new members and 644 old members. The total number of smallholders for this audit are 918.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size $S = 1.5\sqrt{918} = 45.44$ round up to the next integral of 46.

As per OPMC 2 issue 2, from the sample size, the number of the new members are $46 \times 75\% = 34.5 @ 34$ and number of existing members are $46 \times 25\% = 11.5 @ 12$.

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

Table 2-1: List of Sample Smallholders

Name	GPS Coordinates
Existing member(s)	
Lampinon Tuladis	4.421, 116.355118
Sikana bin Antugi	4.412359, 116.352501
Daily Kondong	4.4212024, 116.2525416
Salarong Gawar	4.426222, 116.2533846
Minah binti Malasu	4.394122, 116.37054
Mini binti Ansawang	4.401003, 116.333299
Alfian bin Awong	5.065908, 116.244147
Teridolin bin Sangut	4.587261866, 116.273830094
Ampalus @ Robert Sanaron	5.13010793, 116.272372141
Chong Fui Chang	5.01062, 115.543766

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



Name	GPS Coordinates
Existing member(s)	
Chong Chin Fah @ Parker Chong	5.636036, 115.58120
Awong bin Lukap	5.09686345', 116.14513124

Name	GPS Coordinates
New member(s)	
Berry Biging	4.56164092, 115.53908675
Daibol Limbawang	4.572226631, 116.269472704
Kok Chu Ampiris	4.423567, 116.28'5467
Hairson bin Jainol	4.421784, 116.301491
Helmi bin Jainol	4.422338, 116.302153
Jaibin Kandawar	4.4257744, 116.290858
Mohd Saidi Adini	5.043824, 116.271171
Benik bin Inusam	5.054375, 116.303346
Ruddy Barnabas	5.052992, 116.303158
Bedron Salipan	4.40506, 116.29584
Mouli Atui	4.41486, 116.3321192
Nining Atui	4.4057246, 116.331677
Juleh Laminit	4.393388, 116.365906
Masito Angundi	4.4144136, 116.3529892
Siambing bin Lubis	5.03237588, 116.284116
Alex Andiman	4.592483, 116.272486
Koumpin @ Freede @ Dangar	4.595975, 116.302728

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



Name	GPS Coordinates
New member(s)	
Raimi Sapitai	4.402588196, 116.35429396
Mary Yap	5.104209, 115.583
Selutan Dawat	4.54064, 115.55142
Lester Selutan	4.54050, 115.54221
Yong Kee Chiang	5.16943327, 116.02711537
Kenny Selutan	4.54050 115.54221
Ester Selutan	4.54082, 115.55152
Amus bin Sali	4.56481067, 115.53612232
Lasat bin Salat	4.58127706 115.54106520
Kwan Tung Sang	5.7268, 115.56105
Ladang Hasil Tenom	5.05269242 115.56408513
Pertubuhan Ladang Tenom	5.03233656, 115.58254834
Juferin Binsai	4.440640, 116.285016
Olivia Biging	4.56164232, 115.53909875
Bulat Barasik	4.57018653 116.273616045
Massako Angundi	4.4144638 116.3530966
Masten Angundi	4.41705, 116.3613314

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

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



of audit for review and acceptance. Implementation of Minor NC will be review and verify during the next audit.

MSPO Certification Summary Report

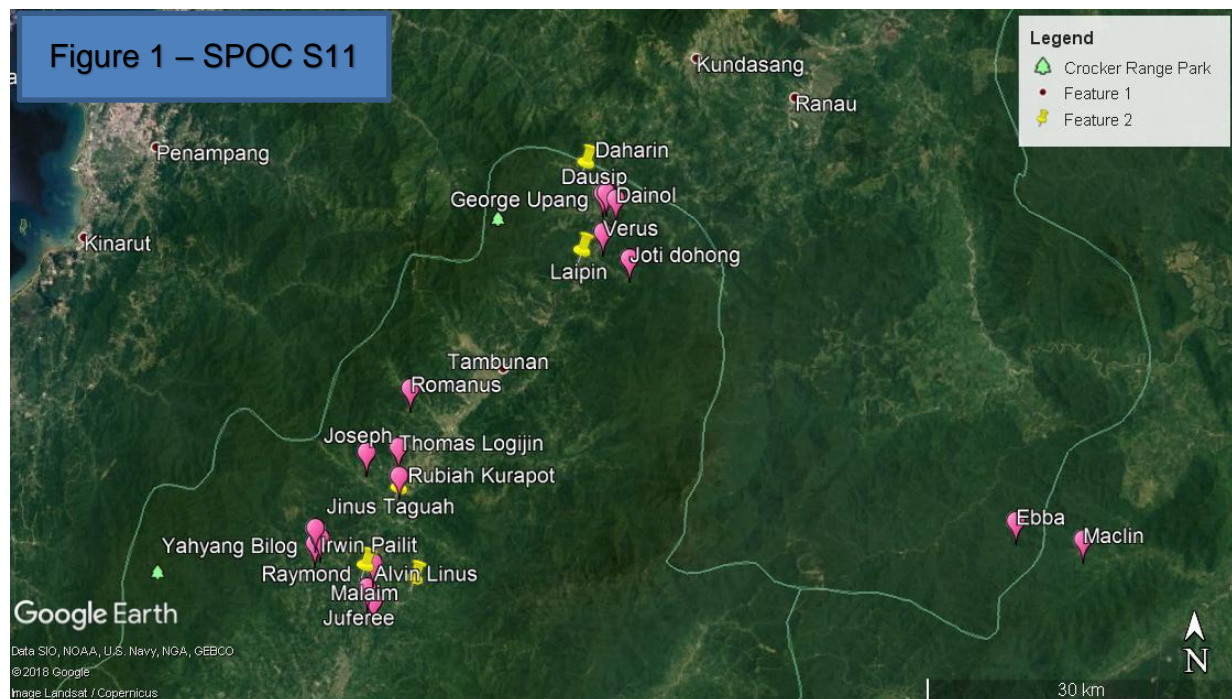
Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



3. ORGANISATION INFORMATION

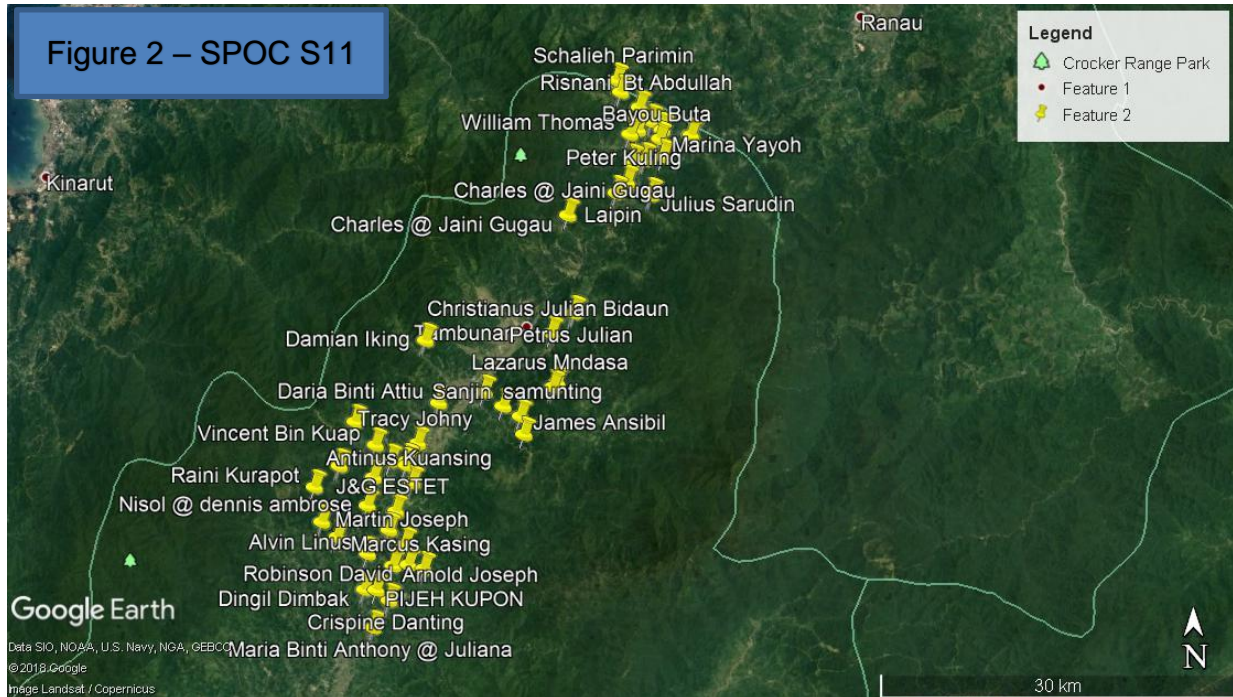
MPOB Cawangan SPOC S11 Nabawan & Tenom is a branch of MPOB located at Pejabat MPOB Caw. Keningau, Tingkat 1, Lot 13, Bariawa Shop House, Jalan Bank Bumiputera, 89008 Keningau, Sabah, coordinate 5° 19' 59.0" N, 116° 9' 20.0" E is managed by a group manager and supported by a team officers to manage the cluster providing technical support, estate management skills and training as well as develop the independent smallholders' scheme around the Nabawan & Tenom district.

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



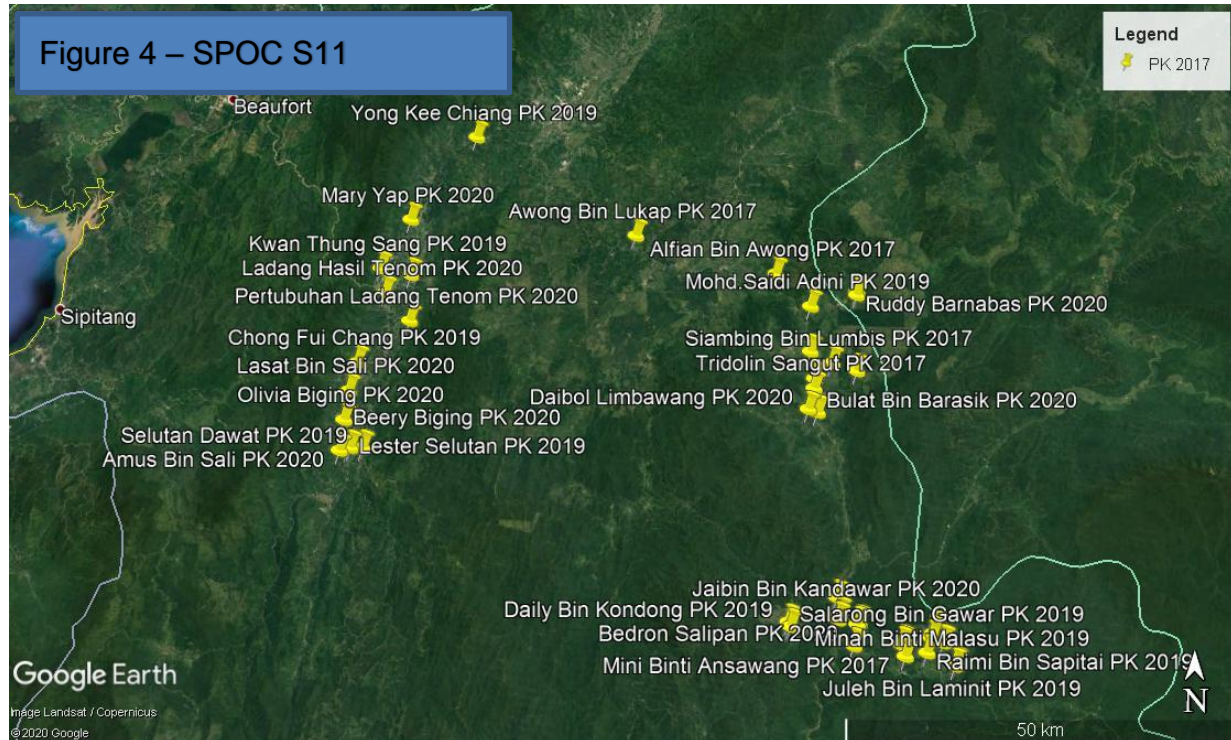
MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



4. CERTIFICATION ASSESSMENT

4.1. ASA 04

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

4.1.1. Surveillance Audit:

The surveillance 04 audit is conducted on 23/11/2020 to 27/11/2020.

The number of smallholders in this surveillance audit are 918.

The number of smallholders 644 remain the same for this surveillance audit.

The number of smallholders joined during this surveillance audit are 274.

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 this remote 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 this surveillance audit, there are 2 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.

The audit team leader has review the stakeholders' consultation feedback during the last surveillance audit and there are no concerns or complaints or disputes raised or any prior to this audit.

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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

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 S11 Nabawan & Tenom established MSPO policy dated 16/11/2018 signed by Group Manager</p> <p>SPOC S11 Nabawan & Tenom adopted MPOB MSPO certification application form with the MSPO policy included in the form duly agreed and signed by smallholders and acknowledged by GM.</p> <p>The policy is publicly displayed at MPOB office notice board.</p> <p>Remote document review indicate copy of application form in smallholders file signed by GM and smallholders..</p> <p>Phone call interviewed with smallholders informed they understand the MSPO policy requirements.</p>	Yes
4.1.2.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB List of Social and Environmental Impact and Action Plan, document number MSPO/SSCC/I-04/ISP, revision 03, issue 03 dated 01/06/2020.</p> <p>The table include topic on activity, impact and improvement plan.</p> <p>Example:</p> <p>Environmental impact</p> <p>Activity: Chemical spraying</p> <p>Impact: Generate empty chemical containers</p> <p>Action and plan: Triple rinsed and punch hole at the empty chemical container and store in designated place</p> <p>Virtual inspection with photos and recorded video confirmed the empty chemical containers are stored properly at designated place.</p> <p>Social impact</p> <p>Activity: Harvesting</p> <p>Social impact: FFB theft</p> <p>Action plan: Report to "Majlis Pengurusan Komuniti Kampung" and Police for further action.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	Phone call interviewed with smallholders informed there is no FFB theft occurred at the farms and surrounding area.	
4.1.2.2	<p>SPOC S11 Nabawan & Tenom distribute "Warta Sawit" to smallholders during LKN visit.</p> <p>Remote documents review indicate the LKN has been carried out on 09/09/2020 to distribute the 'Warta Sawit' to smallholders.</p> <p>Phone call interviewed with smallholders informed they have received 'Warta Sawit' and briefing during LKN visit.</p>	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB Guidelines for Economic and Financial Power Plans, document number MSPO /SSCC/GP-01/PEK, revision 03, issue 03 dated 01/06/2020.</p> <p>The guideline has a flow chart describing the step approach for delivery of FFB to ramp operator / collection center or mill with the type of documents.</p> <ul style="list-style-type: none"> • Sales receipt • Weighbridge ticket • Fill up into BRL • Keep Receipt • Collect records and prepare summary <p>'BRL' logbook is provided to smallholders to fill up the records of FFBs sales and delivery'.</p> <p>Remote document review of BRL FFB sales and delivery is recorded for the month of January to October 2020.</p> <p>Photos provided and phone call interview with smallholders confirmed they have received BRL logbook, update the BRL logbook and regularly monitored by SPOC group manager.</p>	Yes
4.2.1.2	<p>SPOC S11 Nabawan & Tenom maintain records of FFB production and sales of each smallholders.</p> <p>Review sales records kept by SPOC GM consist summary of sales and delivery invoice from dealer or ramp operator to smallholder.</p> <p>SPOC S11 Nabawan & Tenom monitor FFB pricing on monthly basis obtain from dealer and ramp operators.</p> <p>Phone call interview with smallholders informed FFB sales and delivery records are archived and maintained.</p> <p>Review on BRL logbook confirmed sales and delivery of FFB is recorded and maintained by smallholders.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC S11 Nabawan & Tenom established the List of legal, document number MSPO/SSCC/L-01/SKU, effective date 01/06/2020.</p> <p>Example:</p> <p>Act 127: Environmental Quality Act 1974 update year 2006</p> <p>Act 342: Prevention and Control of Infectious Disease Act 1988</p> <p>Remote document photos review confirmed the smallholders MPOB license are keep in files and valid.</p> <p>Phone call interview with smallholders informed they are aware of legal requirements with information received through MSPO training dated 22/09/2020.</p>	Yes
4.3.2.1	<p>Remotely reviewed the smallholders individual file, SPOC S11 Nabawan & Tenom smallholders land titles are either country lease or native title issue by State Land Department or in process of 'Pengesahan PT'.</p> <p>Country lease title states the land is for cultivation of agricultural crop of economic value with tenure of 99 years. The land title of smallholder sighted is fully owned or one of the listed landowners.</p> <p>The native title is issued by State Land Department for agricultural crop of economic value. The map is available in the land title with details of the land and ownership.</p> <p>The land with status 'Pengesahan PT' still in application process at the District Sabah Land and Survey Department.</p> <p>Remote photos review and phone call interview with smallholders confirmed no disputed found and boundary stones or boundary drains used to indicate boundary.</p>	Yes
4.3.3.1	<p>SPOC S11 Nabawan & Tenom, majority of the smallholders land titles country lease, native title or 'Pengesahan PT' status.</p> <p>The native title is issued by State Land Department in the smallholders name and used for agricultural crop of economic value.</p> <p>Remote photos review confirmed the map is available in the land title which show the detail of land and ownership.</p>	Yes
4.3.3.2	<p>SPOC S11 Nabawan & Tenom smallholders who hold native land title are issued by State Land Department.</p> <p>Remote photos review confirmed the map is available in the land title which show the detail of land and ownership and boundary stones used to indicate boundary.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB Guidelines Complaint and Grievance, doc no. MSPO/SPOC/SOP-01/AR, issue 03, revision 02 dated 01/06/2020.</p> <p>Document review verify briefing record on complaint and grievance guidelines to smallholders through the training conducted dated 22/09/2020.</p> <p>Document review verify complaint record on document request lodged by smallholder dated 18/11/2020 and resolved on 18/11/2020. Therefore, resolve within 14 days as describe in the guideline. . Phone call interview smallholders inform aware on grievance procedure.</p>	Yes
4.4.1.2	<p>SPOC S11 Nabawan & Tenom adopted MPOB Guidelines Complaint and Grievance, doc no. MSPO/SPOC/SOP-01/AR, issue 03, revision 02 dated 01/06/2020.</p> <p>The procedure has a table listing the activities to resolve any complaints.</p> <p>The group manager is the responsible person to handle and manage any complaints.</p> <p>Document review verify flowchart describe the steps and timeline to manage and respond any complaint received.</p> <p>The total days to resolve is 14.</p> <p>Any complaint outside the scope of the group manager it will refer to other parties or MPOB HQ to handle the matter.</p> <p>Document review verify briefing record on complaint and grievance guidelines to smallholders through the training conducted dated 22/09/2020</p> <p>Phone call interview smallholders inform they are aware on complaint process and timelines to resolve the complaints.</p>	Yes
4.4.2.1	<p>SPOC S11 Nabawan & Tenom adopt MPOB Guidelines Occupational Safety & Health, document no. MSPO/SPOC/GP-02/KKP, issue: 3, revision: 0 effective date: 01/06/2020.</p> <p>Scope of the guideline describe:</p> <p>Responsibilities of the group manager and smallholders / workers.</p> <p>Safety work practices for harvesting, chemical spraying and fertilizer application.</p> <p>Document review verify briefing record on safety and health to smallholders through the training conducted dated 22/09/2020</p> <p>Phone call interview smallholders' confirmed that they aware on safe work practices. Smallholders informed they use personnel protective equipment for field activities such as chemical spraying and manuring</p>	Yes
4.4.3.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-01 for hiring of field workers by smallholders.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>The document describe the requirements for hiring of workers.</p> <p>SPOC S11 Nabawan & Tenom adopt MPOB document Employment Agreement MSPO/SPOC/TPP-01, rev. 01, for hiring or workers.</p> <p>Phone call interview smallholders inform they are aware prior commencement of work, a mutual verbal agreement on the price rate.</p> <p>Majority of smallholders' operate on family based or subcontract to local community for FFB harvesting, chemical spraying and fertilizing activities.</p>	
4.4.3.2	<p>SPOC S11 Nabawan & Tenom 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>In addition, SPOC S11 Nabawan & Tenom adopt MPOB Conditions for hiring workers in oil palm fields, document no. MSPO/SPOC/SMP-01, rev-01 signed by the group manager and Zone Manager 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>Document review verify briefing record on hiring casual worker to smallholders through the training conducted dated 22/09/2020.</p> <p>Phone call interview smallholders inform they are aware about the policy on discrimination.</p>	Yes
4.4.3.3	<p>Majority of SPOC S11 Nabawan & Tenom MSPO smallholders' operate on family based or subcontract to local community for FFB harvesting, chemical spraying and fertilizing activities.</p> <p>Phone call interview smallholders inform all the payment rate are based on verbal agreement between smallholders and casual workers.</p>	Yes
4.4.3.4	<p>Phone call interview with smallholders, confirmed no on-site living quarters provided to workers.</p>	Yes
4.4.3.5	<p>SPOC S11 Nabawan & Tenom adopt MPOB Conditions for hiring workers in oil palm fields, document no. MSPO/SPOC/SMP-01, rev-01 signed by GM and Zone Manager with a statement "No hiring or allow children below age of 15 years to work in the farm.</p> <p>Document review verify briefing record on restriction on hiring child labour to smallholders through training conducted dated 22/09/2020</p> <p>Phone call interviewed smallholders inform no child labour working in the field. All harvesting, fertilizing and chemical spraying activities are carried out either by themselves, among family members or casual workers.</p>	Yes
4.4.4.1	<p>SPOC S11 Nabawan & Tenom establish annual training programme for 2020. The training program conducted accordingly.</p> <p>Document review verify briefing record on MSPO awareness programme conducted on 22/09/2020.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



Principle 4: Social Responsibility, health, safety and employment conditions

Indicator	Summary of Assessment	Compliance
	Phone call interviewed with smallholders inform they are aware the MSPO policy, Environment, Safety and Health, Wild Life and Good Agricultural Practices (GAP).	

Principle 5: Environment, natural resources, biodiversity and ecosystem services

Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB List of Social and Environmental Impact and Action Plan, document number MSPO/SSCC/I-04/ISP, revision 03, issue 03 dated 01/06/2020.</p> <p>Example of environmental impact and action plan:</p> <p>Activity: Chemical spraying</p> <p>Environmental impact: Empty chemical containers</p> <p>Action Plan: Empty chemical container to be triple rinse, punctured and stored at designated area.</p> <p>Virtual field observation through photos of smallholders' fields verify there are no over spray activities observed in the field.</p> <p>Phone call interview with smallholders informed they are aware the environmental impact and the environmental topics was briefed on 22/09/2020.</p>	Yes
4.5.2.1	SPOC S11 Nabawan & Tenom smallholders do not use renewable energy at site.	Yes
4.5.3.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB List of Scheduled and Domestic Wastes MSPO/SPOC/L-03/SRD Issue 3 rev 0 effective date 01/06/2020.</p> <p>Document review verify the list consists of solid, liquids and gaseous wastes</p> <p>Waste generated from agricultural inputs: Fronds</p> <p>Waste generated is not from agricultural inputs: Empty chemical containers</p> <p>Virtual field observation through photos and phone call interviewed, verify smallholder are aware of empty chemical containers can be recycle and reused after conducted triple rinsing.</p>	Yes
4.5.3.2	<p>SPOC S11 Nabawan & Tenom adopted MPOB SOP for Scheduled Waste Management, doc no: MSPO/SPOC/SOP-03/BT issue 3 revision 3 effective date 01/06/2020.</p> <p>The SOP describe:</p> <ol style="list-style-type: none">1. To conduct triple rinsing for each empty chemical container before disposed.2. To put marking on empty chemical container for chemical mixing purposes.	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>3. All scheduled waste shall be disposal according to the Environmental Quality (Scheduled waste) Regulations, 2015.</p> <p>Document "Rekod Pengurusan Bahan Buangan Terjadual Tahun 2020" established by SPOC S11 for monitoring of scheduled waste generated.</p> <p>Virtual field observation through photos on smallholders' field, confirmed there are no empty chemical containers left in farm.</p> <p>Phone call interviewed with smallholders informed empty chemical containers are use as water container for chemical spraying activity after conducted triple rinse.</p>	
4.5.4.1	<p>SPOC S11 Nabawan & Tenom adopt MPOB Guidelines River Buffer Zone, doc no: MSPO/SPOC/GP-03/ZPS, issue 3, revision 0 dated 01/06/2020.</p> <p>The SOP describes:</p> <ol style="list-style-type: none"> 1. Guideline on buffer zone length. 2. No activities such as chemical spraying and manuring. 3. Flow chart on buffer zone establishment. <p>Document review verified training on environmental to smallholders conducted on 22/09/2020. Training photos and attendance are recorded.</p> <p>Phone call interview with smallholders informed they are aware to maintain the water quality and its importance.</p>	Yes
4.5.4.2	<p>Rain harvesting is practice by smallholders to collect rainwater for chemical spraying activity.</p> <p>Site observation through photos and recorded video confirmed there is drum use for collecting rainwater in the field.</p>	Yes
4.5.5.1	<p>SPOC S11 Nabawan & Tenom provide training to smallholders on 22/09/2020 for protection of wildlife.</p> <p>SPOC S11 Nabawan & Tenom group Manger has provided SPOC members with list of totally protected plants and wildlife, by Pejabat Hidupan Liar Keningau.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. 'Beruang Madu'. 2. 'Harimau Dahan'. 3. 'Tenggiling'. <p>Remote document review ildlife posters are displayed at MPOB office notice board.</p> <p>SPOC S11 Nabawan & Tenom obtain the list from Pejabat Hidupan Liar dated 16/11/2020.</p> <p>Phone call interviewed with smallholders informed there are wild boars sighted.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



Principle 5: Environment, natural resources, biodiversity and ecosystem services

Indicator	Summary of Assessment	Compliance
4.5.6.1	<p>SPOC S11 Nabawan & Tenom adopted MPOB Guidelines Zero Burning Practices, doc. No. MSPO/SPOC/GP-04/APS, issue 3 rev. 01, effective date 01/06/2020.</p> <p>SOP describes there is no open burning of any kind on the operating unit, except those comply with the Environmental Quality Order 2003 and obtain approval from Department of Environment.</p> <p>Document review verified training on environmental to smallholders conducted on 22/09/2020. Training photos and attendance are recorded.</p> <p>Virtual field observation through photos to smallholders' fields, verified no open burning occur. Phone call interviewed with smallholders informed they are aware no open burning allowed within their farm.</p>	Yes

Principle 6: Best Practices

Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC S11 Nabawan & Tenom Smallholders document review verify briefing record on harvesting, manuring, chemical application and PPE usage as awareness to smallholders conducted on 22/09/2020.</p> <p>Virtual field observation through photos to smallholders' field verify the implementation of good agricultural practice 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>Phone call interviewed smallholders informed they aware on good agricultural practices on their fields with guidance by GM SPOC S11.</p>	Yes
4.6.1.2	<p>SPOC S11 Nabawan & Tenom establish visual identification for each smallholder with information of smallholders' name, lot number, lot size and year of planting.</p> <p>Virtual field observation through smallholders' field photos verify that field marking is available.</p>	Yes
4.6.2.1	<p>SPOC S11 Nabawan & Tenom establish Guideline Economic and Financial Plan, MSPO/SPOC/GP-01/PEK, issue 3, revision 3 dated 01/06/2020.</p> <p>Document review verify operation budgets and costs are under the control of MPOB HQ.</p> <p>Remotely reviewed the SPOC S11 Nabawan & Tenom training budget cost dated 22/09/2020.</p> <p>The budget include the training material and honorarium for the trainer.</p>	Yes
4.6.3.1	<p>Phone call interview with SPOC S11 Nabawan & Tenom GM inform FFB pricing monitored on monthly basis through input from selected ramp / dealers for fair price.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
 Certifying Unit: SPOC S11 Nabawan & Tenom
 Client Number: 92-070
 Audit Type: Annual Surveillance 04
 Mode of Audit: Remote



Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	Phone call interviewed with smallholders verify the FFB price being obtain from the collecting center weighbridge through phone call or Whatsapps Group.	

Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	Remote document review on list of smallholders and planting statements indicates no new planting in SPOC S11 Nabawan & Tenom. The 1st planting is in year 1998. The latest new planting is in year 2018. There are no new plantings for existing and new members in year 2019 and 2020. Therefore, no data captured.	Yes
4.7.2.1	Remote document review on list of smallholders and planting statements indicates no new planting in SPOC S11 Nabawan & Tenom. The 1st planting is in year 1998. The latest new planting is in year 2018. There are no new plantings for existing and new members in year 2019 and 2020. Therefore, no soil survey or topography is required.	Yes
4.7.3.1	Remote document review on list of smallholders and planting statements indicates no new planting in SPOC S11 Nabawan & Tenom. The 1 st planting is in year 1998. The latest new planting is in year 2018. 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.
<p><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></p> <p><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></p>	

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



4.5. Detail of Audit Findings in last Audit

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

4.6. Detail of Audit Findings Identified During This Audit

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

REMOTE AUDIT OUTCOME		
During this remote audit	0	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Nr.	Indicator	Description	Location	Opportunity for Improvement
1.	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.	Field	SPOC S11 Nabawan & Tenom could consider improve on smallholders understanding for empty chemical container disposal method.
2	4.5.5.1	Independent smallholders should show a basic understanding of any species or habitats of concern, together with their conservation needs. Information on protected species and their habitat with high biodiversity value may be obtained from relevant government agencies, such as the Forestry Department, Forest Research Institute of Malaysia and the Wildlife Department.	Field	SPOC S11 Nabawan & Tenom could consider improve in disseminating information list of wildlife to smallholders.

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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 S11 Nabawan & Tenom consisting of 918 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

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:	918
Total certified acreage of smallholders:	5,554.50 Ha
Certified FFBs output January to Oct 2020:	52,759.91 Mt
Projected FFBs output November to December 2020:	10,790 Mt

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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
X	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 18/12/2020

Muhammad Khairul Anuar bin Azizul
Hasan
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 18/12/2020

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

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 04
Mode of Audit: Remote



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