

MSPO CERTIFICATION SUMMARY REPORT

MALAYSIAN PALM OIL BOARD
SPOC S19 BUKIT GARAM

SURVEILLANCE 04

Remote Audit Date: 02/11/2020 – 06/11/2020

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Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S19 Bukit Garam
Client Number: 92-089
Audit Type: ASA 04
Mode of Audit: Remote



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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 S19 Bukit Garam 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 S19 Bukit Garam 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 S19 Bukit Garam 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: Mohamad Norhisham Bin Mohd Salleh

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 Applied Science (Major In Agrobiology).

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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)	5 years working experience in oil palm plantations.
Successfully completed MPOCC endorsed lead auditor training	Successfully completed MS2530 series Lead Auditors training.
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified and appointed as lead auditor for MSPO scheme.
Field working experience in the palm oil sector, or demonstrable equivalent	5 years working experience in oil palm plantations.
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	5 years working experience in oil palm plantations.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed ISO 9001:2015 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 ISO 45001:2018 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 14001:2015 Lead auditor course and auditor for MSPO scheme.
Completed High Conversation Value assessment	Qualified and appointed as lead auditor for MSPO scheme.

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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	Sheron Pui Ling Wui	Bachelor in Medical 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)	Sheron Pui Ling Wui	4 years working experience in QA, QMS and internal audit, and 2 years working experience in MSPO audit experience.	Yes
Successfully completed MPOCC endorsed lead auditor / auditor trainings	Sheron Pui Ling Wui	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.	Sheron Pui Ling Wui	Qualified and appointed as auditor for MSPO scheme.	Yes
Field working experience in the palm oil sector or demonstrable equivalent	Sheron Pui Ling Wui	Qualified and appointed as auditor for MSPO scheme.	Yes

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Requirement	Name Assessor	Qualification	Compliance
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	Sheron Pui Ling Wui	Qualified and appointed as auditor for MSPO scheme.	Yes
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Sheron Pui Ling Wui	Successfully completed ISO 9001:2015 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	Sheron Pui Ling Wui	Successfully completed IMS ISO 45001:2018 Lead Auditor course.	Yes
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Sheron Pui Ling Wui	Successfully completed Basic SA 8000 training.	Yes
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Sheron Pui Ling Wui	Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme.	Yes
Completed High Conversation Value assessment	Sheron Pui Ling Wui	Successfully completed HCV-HCS training.	Yes
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Sheron Pui Ling Wui	Able to communicate in Bahasa Malaysia and English.	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
- 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 02/11/2020 – 06/11/2020 covers 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; method of communication phone calls and WhatsApp
- Virtual inspection of farm; objective evidences field photos.
- 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.

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

The communication tool applied for Remote audit is WhatsApp and telephone.

For this 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 301 new members and 510 old members. The total number of smallholders for this audit are 811.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size $S = 1.5\sqrt{n} = 42.71$ round up to the next integral 43.

As per OPMC 2 issue 2, from the sample size, the number of the new members are $43 \times 75\%$ = and number of existing members are $43 \times 25\%$.

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	Geo coordinates
Huslah Binti Kahar	513317 N, 117.8236 E
Jumariah Bte Ambang	5.60525 N, 117.8515 E
Roslawati Bte Harun	5.615206 N, 117.8619 E
Chai Jean Shyong	5.542808 N, 117.8129 E
Amir Sah Bin Samsudin	5.613992 N, 117.867 E
Abdul Rahman Bin Hasan	5.614231 N, 117.8628 E
Kristinah Bte Boong	5.526406 N, 117.8281 E
Mimah @Ainah Bte Aloysus	5.510328 N , 117.8554 E
Martin Bin Hassan	5.569353 N, 117.8276 E
Jupri Bin Musi	5.611875 N, 117.8599 E
Jarry Bin Boong	5.510281 N, 117.8556 E
Saharuddin Bin Jukin	5.540108 N, 117.8553 E
Henry Bin Kumil	5.522647 N, 117.8309 E

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Name	Geo coordinates
Anwar Bin Badang	5.640817 N , 117.8264 E
Norlila Bte Awang Damit	5.560033 N, 117.8371 E
Ariffin Bin Chachai	5.518139 N, 117.8455 E
Rukiah Bte Jahaya	5.571336 N, 117.8277 E
Mohd Salleh Bin Sadayar	5.497006 N , 117.8181 E
Langga Bte Rahim	5.599253 N, 117.8442 E
Samia Bte Bulot	5.604536 N , 117.8506 E
Hamidah Bte Baharuddin	5.616306 N, 117.864 E
Nor Fasiha Bte Basir	5.600586 N, 117.8405 E
Sharuddin Bin Abd Samad	5.608097 N, 117.8541 E
Abd Hakim Bin Katta	5.574594 N , 117.8073 E
Abd Rahman Bin Dullah	5.565722 N , 117.8143 E
Siti Abeng Bte Mansur	5.570211 N , 117.8108 E
Fatimah Bte Dipong@Saripal	5.50795 N, 117.8587 E
Kahar bin Abd Asis	5.518761 N , 117.8616 E
Jom Bin Mansur	5.568969 N , 117.8062 E
Hasanuddin Bin Nurdin	5.567833 N, 117.8249 E
Nurhasanah Bte Abd Samad	5.564575 N, 117.8103 E
Abdullah Bin Jamaludin	5.565378 N, 117.8203 E
Maslinah Bte Ismail	5.506594 N, 117.8202 E
Hernawati Bte Beddu	5.534756 N, 117.8151 E
Suriani Bte Ardin	5.521486 N, 117.8395 E

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Name	Geo coordinates
Patrick Bin Suanan	5.390258 N, 117.7277 E
Amdan Bin Asim	5.626297 N, 117.8244 E
Asnan Bin Basar	5.534014 N, 117.8373
Asmadi Bin Mainan	5.391861 N, 117.7224 E
Mohamad Bin Baagun	5.567244 N, 117.8392 E
Minah Bte Emba	5.60185 N, 117.8459 E
Nurhana @Norhaya Bte Bennu	5.538328 N, 117.822 E
Kasran Bin Kasirun	5.534314 N, 117.8488 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 S19 Bukit Garam, is a branch of MPOB located at Blok F, Lot 12, Tingkat 1, Bangunan Perkasa Realty Sdn Bhd, 90200 Kinabatangan, Sabah. Geo Coordinates: 5.579139 N, 117.842886 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 Kinabatangan district.

The smallholders are in Bukit Garam and Kinabatangan as shown in the below maps.



Figure 1: Smallholders area.

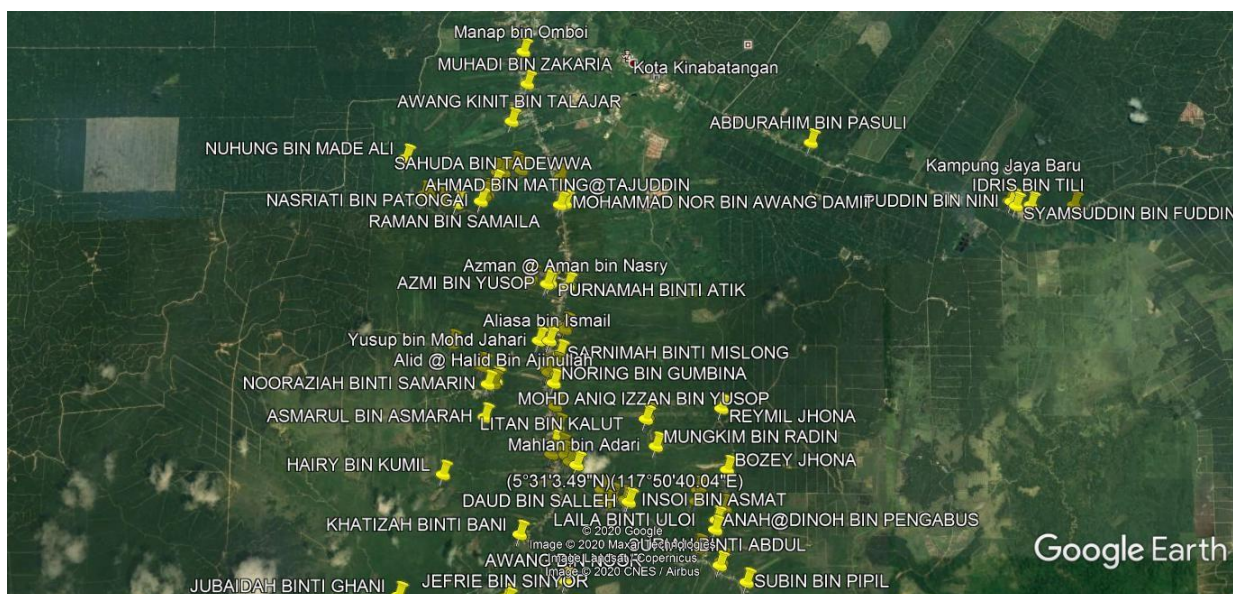


Figure 2: Smallholders area.

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Figure 3: Smallholders area.

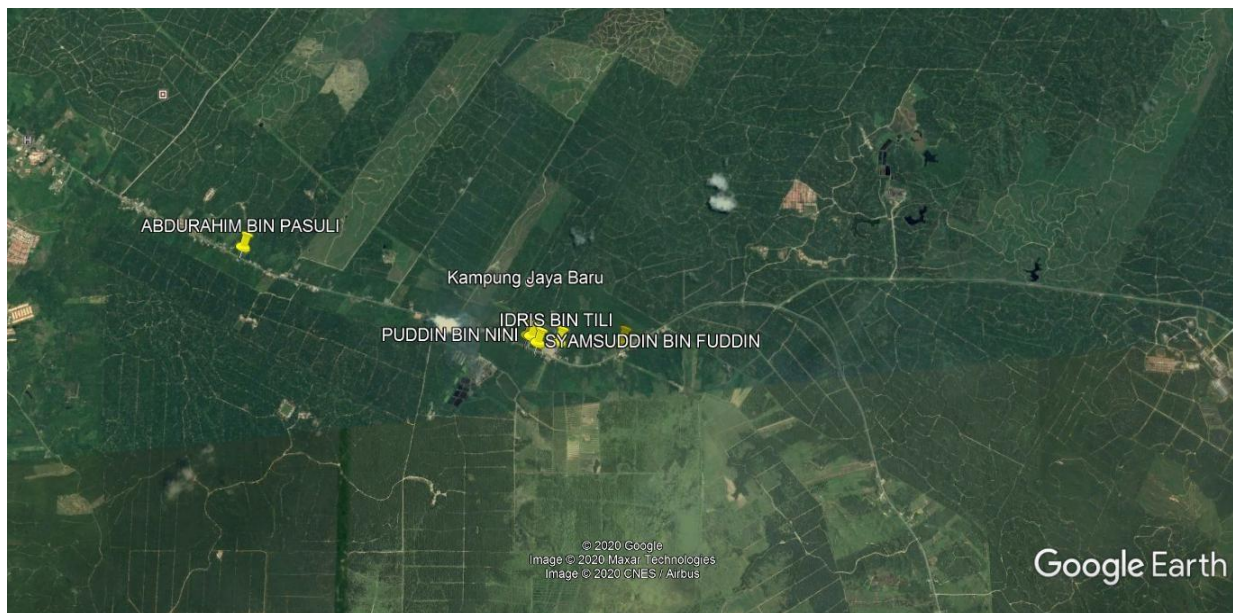


Figure 4: Smallholders area.

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4. CERTIFICATION ASSESSMENT

4.1. ASA 04

The objective of the audit is to assess the activities of MPOB Cawangan SPOC S19 Bukit Garam are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.1. Surveillance:

The surveillance audit is conducted on 02/11/2020 to 06/11/2020.

The number of smallholders in this surveillance audit are 811.

The number of smallholders 510 remain the same for this surveillance audit.

The number of smallholders joined during this surveillance audit are 301.

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 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 the previous surveillance audit, there is one Major.

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

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

The number of audit findings raised in this audit refer to Section 4.6 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.

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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.

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

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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 S19 Bukit Garam established MSPO policy dated 24/07/2019 signed by Group Manager</p> <p>SPOC S19 Bukit Garam adopted MPOB MSPO certification application form with the MSPO policy included in the form duly agreed and signed by smallholders and acknowledged by Group Manager.</p> <p>The policy is publicly available at MPOB office board.</p> <p>Copy of application form available in smallholder file signed on 08/01/2020.</p> <p>During phone interview with smallholders confirm they understand on the MSPO policy.</p>	Yes
4.1.2.1	<p>SPOC S19 Bukit Garam adopted MPOB List of Social and Environmental Impact and Action Plan, document number MSPO/SSCC/I-04/ISP dated 01/06/2020.</p> <p>The table include topic on activity, impact and improvement plan.</p> <p>Example:</p> <p>Activity: 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>During phone interview with smallholders informed they understand the triple rinsing and punch hold for empty chemical containers.</p> <p>Field photo review all empty chemical containers are mark with 'x' and reused for spraying activity.</p>	Yes
4.1.2.2	<p>SPOC S19 Bukit Garam distribute "Warta Sawit" to smallholders during LKN visit.</p> <p>Interviewed smallholders by phone calls informed they obtain new information on oil palm management during LKN visit or MSPO training.</p> <p>Example:</p> <p>MSPO training conducted on 22/09/2020.</p>	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S19 Bukit Garam adopted MPOB Guidelines for Economic and Financial Power Plans, document number MSPO/SSCC/GP-01/PEK, 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> <ol style="list-style-type: none">1. Sales receipt2. Weighbridge ticket3. Enter to BRL4. Keep Receipt5. Collect records and prepare summary	Yes
4.2.1.2	<p>SPOC S19 Bukit Garam maintain records of FFB production and sales of each smallholder.</p> <p>Review sales records kept by SPOC GM consist of summary of deliveries and sales record from dealer or ramp operator to smallholder.</p> <p>SPOC S19 Bukit Garam monitor FFB pricing on monthly basis obtain from dealer and ramp operators.</p> <p>Interview with smallholders by phone calls informed FFB sales and delivery records available and kept.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC S19 Bukit Garam adopted MPOB “Senarai Keperluan Undang – Undang” document dated 20/10/2020.</p> <p>The list includes laws applicable for the state of Sabah.</p> <p>Example:</p> <ol style="list-style-type: none">1. Sabah Labour Ordinance Cap 672. MPOB Act 1998. <p>Smallholders MPOB licenses are within validity period and copy available on the individual file.</p> <p>Phone interview confirm smallholders aware of compliance to legal requirements.</p>	Yes
4.3.2.1	<p>SPOC S19 Bukit Garam smallholders land titles are country lease title, native title or PT land.</p> <p>The land is to be used only for agricultural purposes.</p> <p>The CL land titles issue by Sabah Land Authority with tenure of 99 years.</p> <p>The native land titles are freehold status.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	All members with PT land obtain the "Surat Pengesahan PT" from Lands and Surveys Department. There are no dispute recorded lodged for SPOC S19 Bukit Garam.	
4.3.3.1	SPOC S19 Bukit Garam smallholders land titles are country lease title, native title or PT land. The Native land titles issue by Sabah Land Authority with freehold status. All members with PT land in SPOC S19 Bukit Garam obtain the "Surat Pengesahan PT" from Lands and Surveys Department. The status of PT states under technical process from Lands and Surveys Department.	Yes
4.3.3.2	Maps provided indicate land size, location and boundary marker.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	SPOC S19 Bukit Garam adopted MPOB Complaint & Grievance guideline and flow chart, doc. no. MSPO/SPOC/SOP-01/AR dated 01/06/2020. The SOP has describe on timeline in handling grievances: <ol style="list-style-type: none">1. Person in charge of handling complaint and grievance was group manager.2. The timeline to accept and resolve grievance was within 14 days.3. Group manager to acknowledge complainer any pending of issue which was not resolved after 14 days.4. Group manager to refer to suitable in charge if the issue was beyond their ability to solve. Complaint and grievance file is review. There are no complain lodge by smallholders or stakeholders in year 2020. Interview with smallholders by phone calls informed they are aware of complaint and grievances process brief by SPOC Group Manager during LKN visit and MSPO training dated 11/03/2020 and 22/09/2020.	Yes
4.4.1.2	SPOC S19 Bukit Garam adopted MPOB Complaint & Grievance guideline and flow chart, doc. no. MSPO/SPOC/SOP-01/AR dated 01/06/2020. The complaint and grievance has a table listing the activities to resolve any complaints. The group manager is the responsible person to handle and resolve any complaints. The flow chart in the SOP describe the normal complaint process is to be resolved within 14 days. If the complainant is not satisfied with the action taken the complaint will extend another 10 days for the response.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>SOP describe if complaint received not under the jurisdiction of group manager it will refer to relevant party or MPOB HQ to handle the matter.</p> <p>Interview with smallholders by phone calls informed they are aware of complaint and grievances process to MPOB GM.</p>	
4.4.2.1	<p>SPOC S19 Bukit Garam adopted MPOB Complaint & Grievance guideline and flow chart, doc. no. MSPO/SPOC/SOP-01/AR dated 01/06/2020.</p> <p>SOP describes responsibility of smallholders and guidelines when having field activities such as spraying, harvesting and manuring.</p> <p>Training of safety and health conducted 11/03/2020 and 22/09/2020 by SPOC Group Manager.</p> <p>Interview with smallholders by phone calls informed they aware of importance to use PPE during working at field.</p> <p>Example of PPE use in farm are mask, apron, glove, goggle and safety helmet.</p>	Yes
4.4.3.1	<p>SPOC S19 Bukit Garam adopted MPOB Employment Terms guideline document no: MSPO/SPOC/SMP-01 for hiring of field workers by smallholders.</p> <p>Example of requirement listed:</p> <ol style="list-style-type: none"> Workers must having valid work permit. Non-permitted to hired children below 15 years old and young workers between 15-18 years old. The payment rate are agreeable by both parties. Workers must always focus on safety aspect during conducting. <p>Smallholders hire worker by verbal agreement or by using Employment Term form whichever agree by both parties.</p> <p>Example of Employment guideline form signed by smallholder's no. 239 and worker dated 28/11/2019.</p> <p>The payment made by smallholders to the workers are based on agreeable rate per tonne FFB and per hectare for chemical spraying and manuring. During phone interview with smallholders feedback majority are operate in family basis however smallholder that hired casual worker feedback will paid the casual worker as per rate agreed by both parties.</p>	Yes
4.4.3.2	<p>SPOC S19 Bukit Garam adopted MPOB Terms of Employment form, document no: MSPO/SPOC/TPP-01, rev-01 describes to provide equal opportunity and treatment regardless of race, religion, colour, sex, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices.</p> <p>Awareness on MSPO Policy was conducted via MSPO training dated 11/03/2020 and 22/09/2020.</p> <p>During phone interview with smallholders informed they understand the policy and no discriminatory practices.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.3.3	<p>SPOC S19 Bukit Garam adopted MPOB Terms of Employment form, document no: MSPO/SPOC/TPP-01, rev-01 describe the payment method to the casual workers.</p> <ol style="list-style-type: none">1. Payment of wage are according to type of work as recommended by Group manager.2. Payment rate must be mutual agreed between smallholders and casual workers.3. Every payment performed must be recorded and signed by casual workers. <p>Review the Employment guideline form signed by smallholder's no. 239 and worker dated 28/11/2019. The document states the pay rate of RM 40 / Tonnage which agree and signed by both parties.</p>	Yes
4.4.3.4	<p>SPOC S19 Bukit Garam smallholders carried out their farm operation on family basis or hire for casual worker. Thus, there is no living quarters available in the farm.</p> <p>During field photo observation and phone interview informed no living quarters available in the farm as majority operate in family basis and for smallholder who hired casual worker feedback the worker live at their own house in the village.</p>	Yes
4.4.3.5	<p>SPOC S19 Bukit Garam adopted MPOB Employment Terms guideline document no: MSPO/SPOC/SMP-01 for hiring of field workers by smallholders.</p> <p>The guideline document describes the requirement for children and young person as follows:</p> <p>Point no 2. Not at all allow/hire children under the age of 15 years.</p> <p>Point no 3. Does not at all allow/hire young people under the age of 15-18 years old to perform heavy work in the field.</p> <p>"Akta Kanak-Kanak dan Orang Muda (Pekerjaan) 1966" is included in updated Legal Register, dated 01/06/2020.</p> <p>Interviewed smallholders by phone calls informed they understand of no hiring of underage workers in the field.</p>	Yes
4.4.4.1	<p>SPOC S19 Bukit Garam established training program year 2020. The training programme includes;</p> <ol style="list-style-type: none">1. MSPO Training for new members2. "Lawatan Khidmat Nasihat" (LKN) <p>Training has been conducted to old and new smallholders on 11/03/2020 and 22/09/2020 by SPOC S19 Bukit Garam and other Government agencies.</p> <p>During phone interview with smallholders feedback they attended the MSPO training or briefed by Group manager during the LKN and aware the MSPO requirement.</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 S19 Bukit Garam adopted MPOB List of Social, Environmental impacts and action plan, document number: MSPO/SPOC/L-05/ISP, version: 03, dated 01/06/2020.</p> <p>Environmental impact and action plan:</p> <p>Activity: Fertilizer application and integrated farming.</p> <p>Environmental impacts: Improve on soil fertility.</p> <p>Action plan: Continuous.</p> <p>Activity: Chemical spraying.</p> <p>Environmental impacts: Disposal of scheduled wastes.</p> <p>Action plan: Following SOP; triple rinse, puncturing bottom of containers and stored at designated area.</p> <p>Interviewed smallholders by phone calls informed they understand and aware on environmental impact of their activities in field.</p>	Yes
4.5.2.1	<p>There are no renewal energy apply by smallholders. Theses is confirmed through interviewed smallholders by phone calls and pictures verification.</p>	Yes
4.5.3.1	<p>SPOC S19 Bukit Garam adopted MPOB List of chemical and domestic waste, document number: MSPO/SPOC/L-03/SRD, version: 0 dated 01/06/2020.</p> <p>List of waste generate from Agricultural input:</p> <ol style="list-style-type: none"> 1. Empty chemical containers. 2. Used fertilizer bags. <p>List of waste (others)</p> <ol style="list-style-type: none"> 1. Domestic waste. <p>SPOC S19 established list of waste generated by smallholders. Type of waste generated are chemical containers and fertilizer bag.</p> <p>Interviewed smallholders by phone calls informed they aware and understand on managing wastes.</p>	Yes
4.5.3.2	<p>SPOC S19 Bukit Garam adopted MPOB SOP on Pengurusan Bahan Buangan Terjadual, document number: MSPO/SPOC/SOP-03/BT, no. Issue: 3, no. revision: 3 and effective dated: 01/06/2020.</p> <p>The SOP described that:</p> <p>Point no. 2: All empty chemical container shall be tripled rinsed before kept and disposed.</p> <p>Point no. 5: After triple rinsed, empty chemical container are no longer categorized as scheduled waste as per stated in Environmental Quality Act (Scheduled waste) 2005. Additional letter from DOE dated 24 May 2018 reference number: JAS/91/110/619) are made available to support the definition of point no.5 of the SOP.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Point no. 6: After triple rinsed empty container must be punctured to avoid to be reused for other purposed except if involve with existent recycling program or approval letter from authorized body.</p> <p>Point no. 11: Empty chemical container is prohibit to be reused except for the purposed of chemical premix provided, the container shall be labelled accordingly.</p> <p>Group manager informed smallholders on generated waste and disposal method during the LKN visit.</p>	
4.5.4.1	<p>SPOC S19 Bukit Garam adopted MPOB SOP Buffer zone, Document number: MSPO/SPOC/GP-03/ZPS, version: 0 dated 01/06/2020.</p> <p>The procedure states on:</p> <ul style="list-style-type: none"> • Identification of river or stream within smallholders area • Monitoring and ensuring no activities, which may cause pollution on buffer area. <p>Interview smallholders via phone calls confirmed they are aware and understand the need to preserved buffer zone areas. Pictures of buffer zone area within smallholders field indicates they are preserving the buffer zone area.</p>	Yes
4.5.4.2	<p>Interview smallholders via phone calls and review on field pictures indicates smallholders practice rain harvesting to collect chemical spraying or washing purposes.</p>	Yes
4.5.5.1	<p>SPOC S19 Bukit Garam adopted MPOB SOP, Manual Prosedur kerja MSPO Kelompok Minyak Sawit Mampan (SPOC), Senarai Impak Sosial, Persekitaran & Pelan Tindakan. Doc no MSPO/SPOC/L-04/ISP, no. Issue: 3, no. revision: 3, effective dated 01/06/2020.</p> <p>Environmental Impact and action plan.</p> <p>Opening forest area for palm oil cultivation.</p> <p>Environmental impact:</p> <p>Deforestation and disruption on natural habitats.</p> <p>Action plan;</p> <p>Report to authorities and monitoring on boundary areas.</p> <p>SPOC S19 Bukit Garam established list of Wildlife, updated until October 2020.</p> <p>Example of animals sighted in field:</p> <p>Mamalia:</p> <p>Totally protected</p> <ul style="list-style-type: none"> • Harimau Belang • Beruang matahari 	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<ul style="list-style-type: none"> • Ungka Protected • Kera • Kancil • Napuh Reptilian • Totally protected • Biawak tikus • Buaya Protected • Biawak air • Labi-labi 	
4.5.6.1	<p>SPOC S19 Bukit Garam MSPO Policy, document number: MSPO/SSCC/POLISI-01. March 2019 sign by group manager.</p> <p>Policy states on zero burning and good agricultural practise.</p> <p>Interview smallholders via phone calls informed they aware and do not conduct open burning in their field.</p> <p>Review on picture evidences on smallholder's field indicates no open burning practised.</p>	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC S19 Bukit Garam conducted MSPO training for smallholders.</p> <ol style="list-style-type: none"> 1. MSPO Awareness conducted on 11/03/2020 at Kg Sangau. 2. MSPO Awareness conducted on 22/09/2020 at Dewan Kg Kembara Jaya. <p>Interviewed smallholders by phone calls confirmed they have attended training and awareness conducted by MPOB and they do implement GAP in their field.</p> <p>Review on pictures evidence on smallholder's field indicates they are implementing GAP on field.</p>	Yes
4.6.1.2	<p>Pictures evidences verify during audit. Signage display at smallholder's field include owners' name, lot number, area, planting year, and geo coordinate</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.2.1	<p>SPOC S19 Bukit Garam adopted MPOB SOP, 'Garis Panduan Pelan Daya Ekonomi dan Kewangan', doc no: MSPO/SSCC/GP-01/PEK, issue no: 3, date effective: 01/06/2020.</p> <p>The procedure described the expenses and income management for smallholders.</p> <p>Sighted letter for budget allocated for training and opening ceremony of KPSM FFB collecting center dated 10/07/2020.</p>	Yes
4.6.3.1	<p>SPOC S19 Bukit Garam established monthly MPOB FFB mill price at office notice board.</p> <p>It is verify via phone call with Group Manager and picture evidence..</p> <p>Interview with smallholders by phone calls indicates they have access to the FFB prices via phone call, WhatsApp group, MPOB portal and FFB price display on mill or dealer's weighbridge.</p>	Yes

Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	<p>SPOC S19 Bukit Garam established smallholders planting statement. Sighted first planting on the list on year 1992 and latest planting on year 2018.</p> <p>Review on planting statement and interviews smallholders by phone calls confirmed no new planting.</p>	Yes
4.7.2.1	<p>SPOC S19 Bukit Garam established smallholders planting statement. Sighted first planting on the list on year 1992 and latest planting on year 2018.</p>	Yes
4.7.3.1	<p>SPOC S19 Bukit Garam established smallholders planting statement with first planting in year 1992 and latest planting in year 2018.</p> <p>SPOC J32 S19 Bukit Garam established Borang Permohonan Pensijilan Minyak Sawit Mampan Malaysia (MSPO). Criteria for land topography are:</p> <ul style="list-style-type: none"> • 0° to 6° (Flat –undulating). • 6° to 25° (Undulating-steep). • More than 25° (steep). • Review on MSPO application forms and picture evidences provided by SPOC S19 Bukit Garam indicates most of land terrain are undulating to steep or within 6° to 25° degree. 	Yes

4.4. Status of Non-Conformities Previously Identified

	<p>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.</p>
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X	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS NOT been implemented effectively. Non-conformity will be re-raised.
	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	1	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Non Conformity Number < >						
Indicator # and Description	Indicator 4.4.3.1 For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.					
Location:	SPOC S19 Bukit Garam					
Description of Finding / Objective Evidence:						
Interviewed smallholders are hiring casual workers and the established form is not used. The non-conformity is repeated for this audit, therefore is upgraded to a major non-compliance.						
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor					
Raise by:	Khairul Anwar Bin Ismail	Date Raise:	12/09/20219			
Deadline for implementation		11/11/2019				
Root Cause Analysis (by company):						
Template (Terma Penggajian Pekerja) telah diedarkan dan Pekebun Kecil juga diberikan penerangan berkaitan Mengupah Pekerja namun pekebun kecil tidak mengambil tindakan.						
Correction (by company):						
Taklimat akan diadakan untuk sentiasa memberikan kesedaran kepada Pekebun kecil berkaitan penggunaan template (Terma Penggajian Pekerja) agar isu ini tidak akan berulang lagi masa akan datang.						
Corrective / Preventive Action (by company)						
Mengadakan taklimat dan memantau setiap ahli MSPO untuk sentiasa memberikan kesedaran berkaitan dengan MSPO terutama sekali penggunaan template (Terma Penggajian Pekerja) agar isu ini tidak berulang lagi.						
Review of Correction & Corrective / Preventive Action						

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Non Conformity Number < >	
Traing for smallholders on form Terma Penggajian Pekerja conducted on 25/10/2019. Sample for is submitted. Based on correction made, the manor non conformity is closed. Further review in next audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor : Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 06/11/2019
Review of Implementation	
Review the sample Terma Penggajian Pekerja dated 28/11/2019 sign by both worker and smallholder. SPOC S19 training conducted on 11/03/2020 and 22/09/2020 included briefing on Terma Penggajian Pekerja. During interview with smallholders via phone call, informed that they can applied the 'Terma Penggajian Pekerja' when they hired worker for field operation.	
Name of Auditor: Sheron Pui Ling Wui	Date of Review: 06/11/2020

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

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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 S19 Bukit Garam consisting of 811 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:	811
Total certified acreage of smallholders:	4,334.32 Ha
Certified FFBs output January to September 2020:	22,761.83 Mt
Projected FFBs output January to December 2021:	26,039.71 Mt

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6. RECOMMENDATION

The audit team conducted a process-based audit focussing on significant aspects / risks and objectives required by the standard(s). The audit methods used 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, 22/12/2020

Mohamad Norhisham Bin Mohd Salleh
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 22/12/2020

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

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7. LIST OF STAKEHOLDERS

Table 7-1: List of Interviewed Stakeholders

No.	Organisation
NIL	NIL

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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