



MSPO CERTIFICATION SUMMARY REPORT

SPOC S20 BATU PUTEH

RECERTIFICATION

Remote Audit Date: 06/09/2021 - 09/09/2021

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MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S20 Batu Puteh
Client Number: 92-083
Audit Type: Recertification
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 recertification audit for SPOC S20 Batu Puteh 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 S20 Batu Puteh 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 S20 Batu Puteh in managing the independent smallholders' scheme.

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

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

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

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

1. Kod Amalan Baik (GAP) Perkebun Kecil, Malaysia Palm Oil Board
2. Guidelines for Development of a Standard Operating Procedure for Oil Palm Cultivation on Peat.

1.3. Appointment & Qualification of Audit Team Members

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

Qualification of the Lead Auditor: Khairul Anwar Bin Ismail

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology;	Graduate in Agricultural Science

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Requirement	Qualifications
vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	5 years working experience in oil palm plantations
Successfully completed MPOCC endorsed lead auditor training	Successfully completed MS 2530 series standards for Lead Auditors.
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as Lead auditor for MSPO scheme.
Field working experience in the palm oil sector, or demonstrable equivalent	5 years working experience in oil palm plantation.
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	5 years working experience in oil palm plantation.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed IMS ISO 9001 Lead Auditor course.
Health and safety auditing on the farm and in processing facilities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Successfully completed IMS ISO 45001 Lead Auditor course.
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training.
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Successfully completed IMS ISO 14001 Lead Auditor course.
Completed High Conversation Value assessment	Attended and completed the HCV-HCS for producers online course.

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

Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Muhammad Khairul Anuar Bin Azizul Hasan	Graduate in Plantation Industry and Management	Yes
	Ariff Bin Lokman	Graduate in Plantation Industry and Management	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in oil palm plantation	Yes
	Ariff Bin Lokman	7 years working experience in oil palm plantation	
Successfully completed MPOCC endorsed lead auditor training	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed MS2530 series of standards for Lead Auditors	Yes
	Ariff Bin Lokman	Successfully completed MS2530 series of standards for Lead Auditors.	
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.	Muhammad Khairul Anuar Bin Azizul Hasan	Qualified as Lead Auditor for MSPO scheme.	Yes
	Ariff Bin Lokman	Qualified as Lead Auditor for MSPO scheme.	

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Requirement	Assessor	Qualification	Compliance
Field working experience in the palm oil sector or demonstrable equivalent Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in oil palm plantations.	Yes
	Ariff Bin Lokman	7 years working experience in oil palm plantations..	
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	Yes
	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	
Health and safety auditing on the farms processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	Yes
	Ariff Bin Lokman	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	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed SA 8000 Basic training and Auditor for MSPO and RSPO scheme.	Yes
	Ariff Bin Lokman	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	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	Yes
	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	
Completed High Conversation Value assessment	Muhammad Khairul Anuar Bin Azizul Hasan	Attended and completed the HCV-HCS for producers online course.	Yes

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Requirement	Assessor	Qualification	Compliance
	Ariff Bin Lokman	Attended and completed the HCV-HCS for producers online course.	
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Muhammad Khairul Anuar Azizul Hasan	Able to communicate in both Bahasa Malaysia and English.	Yes
	Ariff Bin Lokman	Able to communicate in both Bahasa Malaysia and English.	Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review
- 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, stakeholders, contractors; review of documentation;
- Review of SPOC management system;
- Reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Peer review
- Address Peer Review Comments (if any)
- Final audit reporting
- Final approval, certification decision and issuance of certificate.

Recertification Audit:

The recertification audit conducted remotely 06/09/2021 – 09/09/2021 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;
- Virtual interview of smallholders via Google Meet, WhatsApp's and Telephone
- Virtual inspection of farm via photos and video
- Production records
- Review revised and updated documentation;
- Training records

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- 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.

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 Guidance on Remote Audits due to Covid-19 Pandemic Restrictions Version 3.2 extension of Updated Circular (30 August 2021).

The remote audit shall be guided by ICT Tools as per IAF MD4:2018 and ISO 9001 Auditing Practices Group on Remote Audits 2020.

The communication tool applied for remote audit is Google meet, WhatsApp and Telephone

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

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 227 new members and 757 existing members. The total number of smallholders for this audit are 984.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size $S = 1.5\sqrt{984} = 47.05$ round up to the next integral of 48

As per OPMC 2 issue 2, from the sample size, the number of the new members are $48 \times 75\% = 36$ and number of existing members are $48 \times 25\% = 12$.

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 Smallholder	
Ramlahnor Binti Ramli	5°20'56.52"N 117°58'27.04"E
Nursiah Binti Rasyid	5°19'43.01"N 117°59'15.99"E
Frans Bin Edires @ Junaidi Lecha	5°19'33.72"N 117°59'24.31"E
Abdul Gani Bin Lado	5°19'28.46"N 117°59'27.29"E
Lasamuda Bin Gani	5°19'31.06"N 117°59'25.71"E
Baru Binti Lahun	5°19'32.16"N 117°59'25.11"E
Mohd Kenit Bin Kamis	5°23'60.50"N 117°55'59.84"E
Jauyah Binti Tawang	5°25'21.76"N 117°56'26.18"E
Saayah Bte Surokan	5°26'80.11"N 117°56'43.57"E

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Name	GPS Coordinates
Hassan Bin Asmat	5°25'53.22"N 117°56'39.20"E
Amit Bin John	5°26'15.28"N 117°56'42.07"E
Aripin Bin Lapaung	5°33'10.18"N 117°56'35.68"E
New Smallholder	
Zulnazwan Bin Nasir	5°21'25.81"N 118° 3'35.17"E
Zainuddin Bin Willy	5°27'58.35"N 117°57'14.18"E
Yusuf Bin Maka	5°11'52.36"N 117°55'07.08"E
Yong Vui Kong	5°21'59.92"N 118°03'22.47"E
Vera Binti Patrick	5°17'47.39"N 118°08'23.24"E
Tan Kian Tat	5°14'17.71"N 118°04'09.49"E
Sunarti Binti Arsad	5°18'14.50"N 118°00'19.68"E
Sima Binti Labourer	5°11'51.15"N 117°55'04.31"E
Siam Malan Binti Madiah	5°11'52.88"N 117°55'11.32"E
Shamsuri Bin Tukachil	5°11'50.06"N 117°55'00.16"E
Rusnah Binti Bacho	5°14'14.94"N 118°04'12.99"E
Rosmi Binti Willy	5°27'53.15"N 117°57'12.52"E
Richard Matulis	5°17'46.54"N 118°08'26.07"E
Patlih Bin Tumpang	5°17'46.95"N 118°08'56.76"E
Norhaisah Binti Salleh	5°11'47.71"N 117°54'54.39"E
Noorazizah Binti Shaikh Esmail	5°31'34.53"N 117°57'04.99"E
Moksan Bin Ahmad	5°18'11.54"N 118°00'22.33"E
Mohammad Bin Raha	5°24'09.82"N 117°54'26.25"E
Maria Regina Pinghing	5°17'45.76"N 118°08'29.12"E
Mahnah @ Maziah Binti Hussin	5°16'14.14"N 118°00'15.78"E
Lee Seng Geak	5°21'26.50"N 118°03'38.40"E
Lee Bee Yen	5°21'25.81"N 118°03'35.17"E
Lee Bee Kin	5°21'25.14"N 118°03'32.45"E
Jimmy Chong Vun Bin	5°21'57.25"N 118°03'26.59"E
Hasnah Binti Sandere	5°11'46.60"N 117°54'48.66"E
Harun Bin Awang	5°27'35.54"N 117°57'10.02"E
Hanizah Binti Sipin	5°27'27.30"N 117°57'06.58"E
Hamemih Binti Omar	5°18'08.41"N 118°00'24.53"E
Halena Binti Lemang	5°11'44.03"N 117°54'45.09"E

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Name	GPS Coordinates
Edysharil Bin Roslan	5°32'21.27"N 117°56'54.97"E
Chong Kon Yen	5°21'54.16"N 118°03'29.41"E
Aliah Binti Shamsuri	5°11'41.72"N 117°54'41.66"E
Aliah Binti Shamsuri	5°25'53.22"N 117°56'39.20"E
Yusuf Bin Maka	5°26'15.28"N 117°56'42.07"E
Masrun Bin Sihrun	5°16'33.31"N 118°01'13.19"E
Hasnah Binti Sandere	5°17'15.38"N 118°00'58.62"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 S20 Batu Puteh, is a branch of MPOB located at Blok F, Lot 12, Tingkat 1, Bangunan Perkasa Realty Sdn Bhd, 90200 Kinabatangan, Sabah, Coordinate 5°34' 45" N 117°50'35" 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 Kinabatangan as shown in the below maps.



Figure 1

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Figure 2

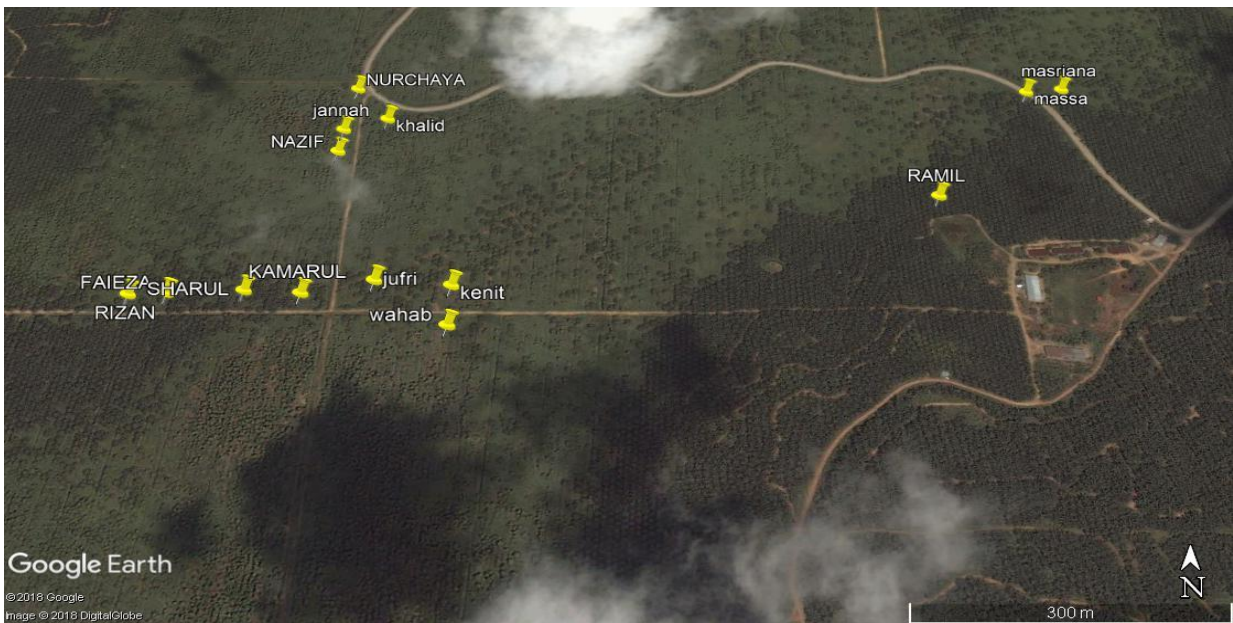


Figure 3

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Figure 4



Figure 5

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Figure 6



Figure 7

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Figure 8

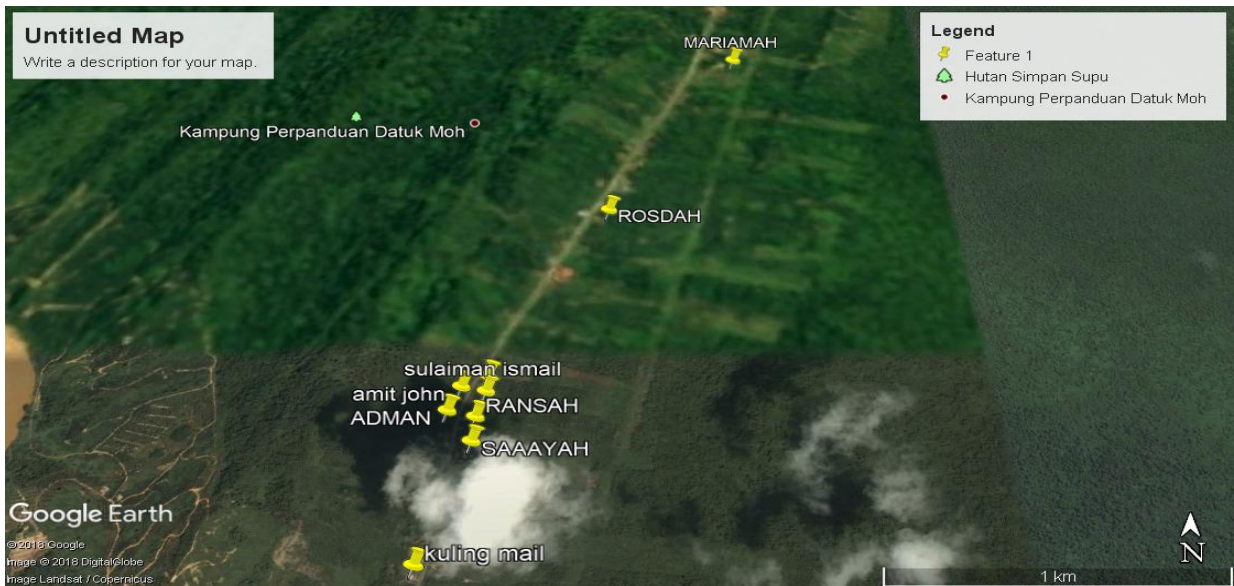


Figure 9

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Figure 10

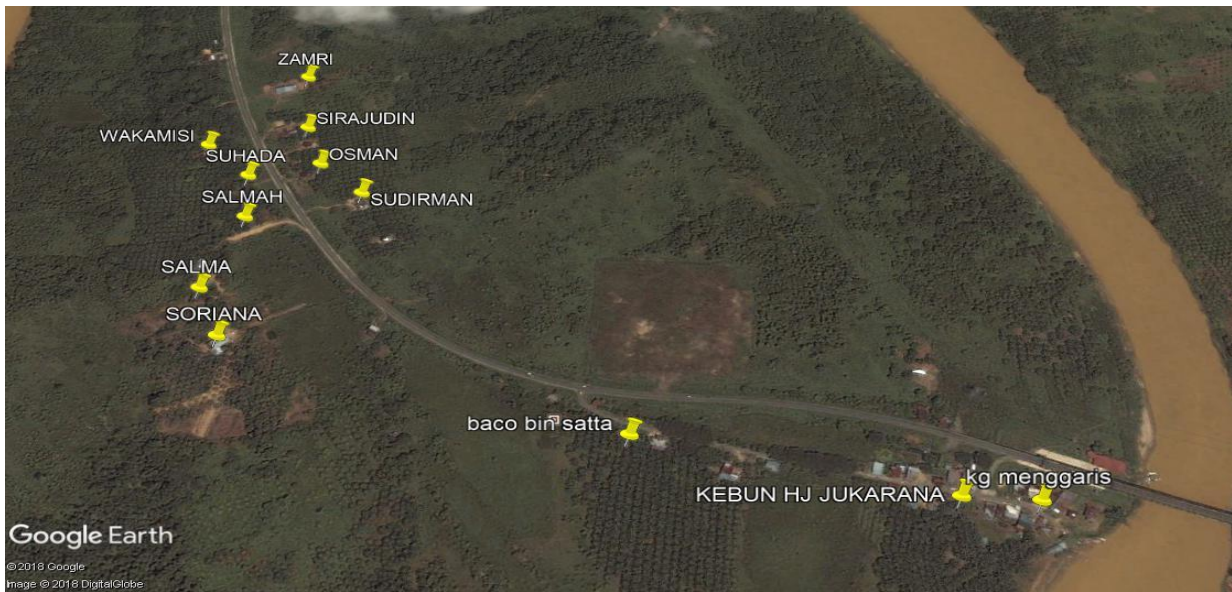


Figure 11

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Figure 12



Figure 13

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Figure 14

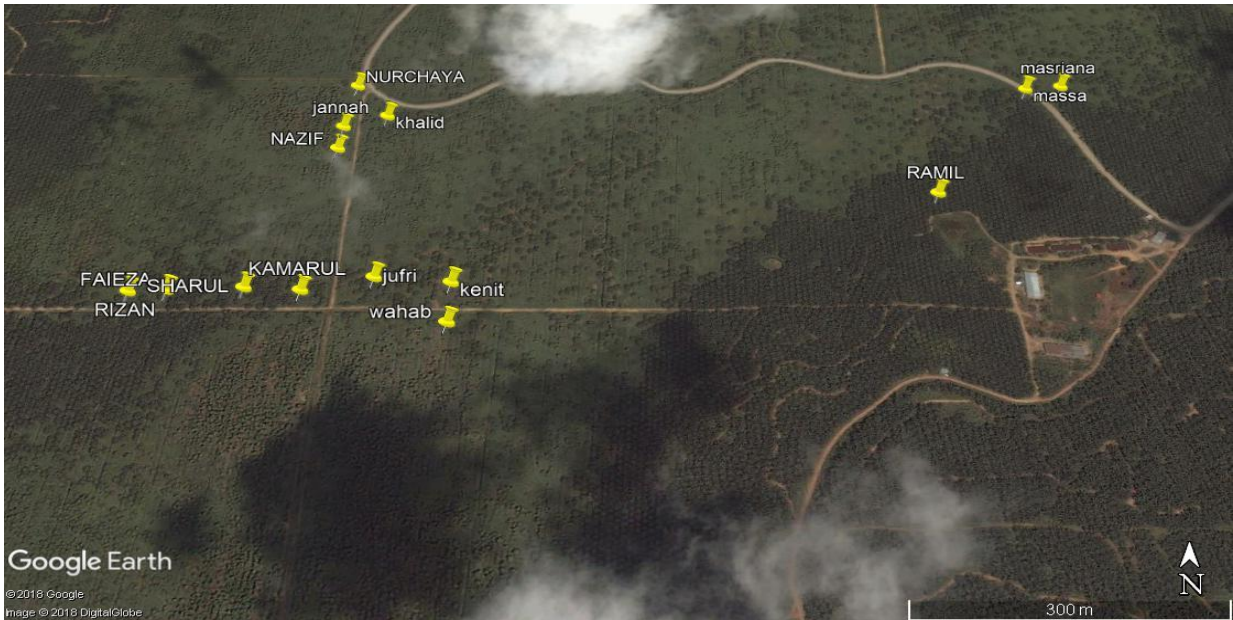


Figure 15

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4. CERTIFICATION ASSESSMENT

4.1. Recertification Audit

The objective of the audit is to assess the activities of MPOB Cawangan SPOC S20 Batu Puteh are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.1. Recertification:

The recertification audit is conducted on 06/09/2021 to 09/09/2021.

The number of smallholders in this surveillance audit are 986.

The number of smallholders 759 remain the same for this surveillance audit.

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

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

During the 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 surveillance audit 04, there are 1 Major and 1 OFI raised.

For this recertification audit, the major 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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During this recertification audit stakeholders consultation had been conducted.

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 09/08/2021 as to accommodate stakeholder’s consultation meeting for SPOC S20 Batu Puteh to provide comments. As at audit date on 09/09/2021 there are no comments received.

Invitation letters are sent on 09/08/2021 to invite relevant stakeholders to participate local stakeholders’ consultation via phone call on 06/09/2021 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

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

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

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

The list of stakeholders who participated in the interview by telephone refer to table 7.1.

Item	Subject discussed	Audit team finding	Comments or Feedback to SPOC
1	Any information from Group Manager for MSPO audit?	Stakeholders informed the MSPO audit through the invitation letter received.	No action required
2	Social issues	Stakeholders are not local communities. Therefore, no input on this topic.	No action required
3	Understanding of Land Title – Native, Customary Land, Freehold, Leased, Land application (LA)	Stakeholders informed they understand the land title categories especially the Land title application status	No action required
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholders informed smallholders FFB quality had been improved especially reducing numbers of unripe bunches	No action required
5	Does MSPO largely benefits the local communities?	Stakeholders informed MSPO has bring benefits the local communities especially knowledge of good agricultural practices and legal requirements.	No action required

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6	Any environment awareness provided by SPOC	Stakeholders informed SPCO S20 Batu Puteh provide the environment awareness such as no open burning activities and protection of river & waterways via WhatsApp	No action required
7	Any awareness of wildlife conducted by SPOC	Stakeholders informed SPCO S20 Batu Puteh provide the wildlife awareness such as list of protected animals via WhatsApp	No action required
8	Is the FFB quality improved with MS2530 certification	Stakeholders informed smallholder FFB quality had been improved especially reducing numbers of unripe bunches	No action required
9	Are there any smallholders practices affect you?	Stakeholders informed no issue regarding to smallholder practices.	No action required
10	Do you consider any management conflict with the MS2530 principles and criteria?	Stakeholders informed no management conflict with MSPO implementation.	No action required
11	Do you have any suggestions for SPOC management?	No suggestion.	No action required

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 S20 Batu Puteh established MSPO policy doc number MSPO/SSCC/POLISI-01 signed by group manager and display at SPOC office notice board.</p> <p>During remote document review MSPO Policy is included in smallholder individual file and signed by smallholders.</p> <p>MSPO training conducted on 06/04/2021 has brief on MSPO policy.</p> <p>Phone call interviewed with sampled smallholders informed, they had been briefed on MSPO Policy dated on 06/04/2021.</p>	Yes
4.1.2.1	SPOC S20 Batu Puteh established List of Social and Environmental Impact and action plan, document number MSPO/SSCC/I-04/ISP dated 01/06/2020.	Yes

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Principle 1: Management Commitment & responsibility																		
Indicator	Summary of Assessment	Compliance																
	<p>The table include topics on activity, impact and improvement plan.</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Activity</th> <th>Impact</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>Social</td> <td>Manuring, spraying</td> <td>Theft of fertilizer and pesticide</td> <td>Stored in the designated store.</td> </tr> <tr> <td>Environment</td> <td>Manuring, spraying</td> <td>Polluting water source if activities conducted near the waterways</td> <td>Avoid activities near the waterways.</td> </tr> <tr> <td>Legal</td> <td>Land ownership status for applicants who have land status PT (land application) / LA (Land Application)</td> <td>Legal issue for land use right</td> <td>GM SPOC is responsible for updating the record of the list of MSPO applicants with PT/LA land status on an annual basis and sent to the MPOB HQ.</td> </tr> </tbody> </table> <p>Review the MPOB MSPO Implementation progress report dated 31/05/2021, the listed existing and new smallholders with LA are updated and in progress for approval.</p> <p>Phone call interview with sampled smallholders informed they had been briefed on LA status progress.</p>	Type	Activity	Impact	Action Plan	Social	Manuring, spraying	Theft of fertilizer and pesticide	Stored in the designated store.	Environment	Manuring, spraying	Polluting water source if activities conducted near the waterways	Avoid activities near the waterways.	Legal	Land ownership status for applicants who have land status PT (land application) / LA (Land Application)	Legal issue for land use right	GM SPOC is responsible for updating the record of the list of MSPO applicants with PT/LA land status on an annual basis and sent to the MPOB HQ.	
Type	Activity	Impact	Action Plan															
Social	Manuring, spraying	Theft of fertilizer and pesticide	Stored in the designated store.															
Environment	Manuring, spraying	Polluting water source if activities conducted near the waterways	Avoid activities near the waterways.															
Legal	Land ownership status for applicants who have land status PT (land application) / LA (Land Application)	Legal issue for land use right	GM SPOC is responsible for updating the record of the list of MSPO applicants with PT/LA land status on an annual basis and sent to the MPOB HQ.															
4.1.2.2	<p>SPOC S20 Batu Puteh Group Manager provide smallholders Warta Sawit and share the MSPO information via WhatsApp's group as tools to disseminate new information and techniques</p> <p>Remotely document reviewed the Latest Warta Sawit distribute is Bil. 77 (1) January – April 2021.</p> <p>Phone call interview with sampled smallholders informed they obtained new information from WhatsApp's group and received the latest Warta Sawit dated April 2021.</p>	Yes																

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S20 Batu Puteh adopted MPOB Guidelines for Economic and Financial Power Plans doc no MSPO/SSCC/GP-01/PEK, issue no.: 4, rev: 4 dated 01/06/2021.</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"> Sales receipt Weighbridge ticket 	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	3. Enter to BRL 4. Keep Receipt 5. SPOC will collect records and prepare summary Remote document review verify, weighbridge tickets are kept by smallholders. Phone call interview with smallholders informed they kept the weighbridge ticket for traceability purposes.	
4.2.1.2	SPOC S20 Batu Puteh group manager maintain records of FFB production and sales of each smallholder. Records of individual sales and delivery of FFB are recorded for all smallholders and well maintained. During remote document review, SPOC S20 Batu Puteh maintain copy of FFB sales and weighbridge ticket in smallholders' individual file. Phone call interview with smallholders informed FFB sales receipts and weighbridge tickets are maintained.	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	SPOC S20 Batu Puteh adopted MPOB Senarai Keperluan Undang-Undang (Semenanjung Malaysia), document no: MSPO/SPOC/L-01/SKU, version: 5, dated 01/06/2021. Example of laws listed: 1. Akta 139: Akta Kilang dan Jentera 1967 2. Akta 265: Akta Pekerjaan 1955 3. Akta 149: AKta Racun Makhluk Perosak 1974 4. Perintah Gaji Minimum 2020. 5. Akta 342: Akta Pencegahan dan Pengawalan Penyakit Berjangkit 1988. Briefing on legal compliance has been conducted on 06/04/2021. Remote document review on sample smallholders verify, copy of MPOB license is maintained in the smallholder's individual file with validity until 31/07/2025. Phone call interview with sampled smallholders informed they have been briefed on legal requirement.	Yes
4.3.2.1	SPOC S20 Batu Puteh smallholders land titles are country lease or native title issued by State Land Department. Document review verify on the smallholder individual file, some smallholders are in the process of 'Pengesahan PT'.	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	<p>Country lease title states the land is for cultivation of agricultural crop of economic value with tenure of 99 years.</p> <p>During remote document review, the land title of smallholders is fully owned or one of the listed landowners.</p> <p>The native title issued by State Land Department for agricultural crop of economic value purpose. The map is available in the land title with details of the land and ownership.</p> <p>Phone call interview with sampled smallholders, there are no disputes found and boundary stones or boundary drains used to indicate the boundary.</p>	
4.3.3.1	<p>SPOC S20 Batu Puteh smallholders land titles are country lease, native title or 'Pengesahan PT' status.</p> <p>The native title issued by State Land Department in the smallholders name and used for agricultural crop of economic value.</p> <p>During remote photo review, the map is available in the land title that show details of land and ownership.</p>	Yes
4.3.3.2	<p>SPOC S20 Batu Puteh smallholders who hold native land title are issued by State Land Department.</p> <p>During remote photo review, the land title map show the details of land, ownership and boundary stones or boundary drains used to indicate their boundary.</p>	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	<p>SPOC S20 Batu Puteh adopted MPOB Guidelines Complaint and Grievance, document number MSPO/SPOC/SOP-01/AR, issue 04, revision 02 dated 01/06/2021.</p> <p>The SOP describes;</p> <ol style="list-style-type: none"> 1. The flow chart in the SOP describes grievance and complaint process is to be resolved within 14 days. 2. Group manager is in charge in handling the complaint and grievances. 3. Grievance and complaint records are archived and maintained. <p>During remote document review on 'Taklimat MSPO' report, complaint and grievances procedure has been briefed to smallholders dated 06/04/2021.</p> <p>Phone call interview with sampled smallholders informed they have been briefed on complaint and grievance procedure and process flow.</p>	Yes
4.4.1.2	<p>SPOC S20 Batu Puteh adopted MPOB Guidelines Complaint and Grievance, document number MSPO/SPOC/SOP-01/AR, issue 04, revision 02 dated 01/06/2021.</p> <p>Review the SOP stated time line to resolve disputes within 14 days.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Stated in the SOP person in charge is Group Manager. The Group Manager is assigned for:</p> <ol style="list-style-type: none"> 1. Accepting the grievances 2. Analyzed and investigate on issue raised <p>Any complaint outside the scope of the group manager it will refer to other parties or MPOB HQ.</p> <p>Phone call interview with sampled smallholders informed they have been briefed on complaint and grievance process and timelines to resolve the complaints dated 06/04/2021.</p>	
4.4.2.1	<p>SPOC S20 Batu Puteh adopt MPOB Guidelines Occupational Safety & Health, document number MSPO/SPOC/GP-02/KKP, issue: 4, revision: 0 effective date: 01/06/2021.</p> <p>SOP describes:</p> <ol style="list-style-type: none"> 1. Responsibility of GM and smallholders regarding safety and health. 2. Procedure and type of PPE used for harvesting, manuring and spraying. <p>During remote document review on safety and health training has been conducted on 06/04/2021.</p> <p>Phone call interview with sampled smallholders informed they have been briefed on importance of safety and health during working in farm.</p> <p>Example:</p> <p>Wearing of PPE for chemical spraying activity: Apron, face mask, goggle, safety boot, rubber hand glove and safety helmet.</p>	Yes
4.4.3.1	<p>SPOC S20 Batu Puteh adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form has includes payment rates for operational activities such as harvesting, chemical spraying, manuring and pruning.</p> <p>Phone call interview with sampled smallholders informed, they working by themselves or assisted by family members in carrying out field operations.</p>	Yes
4.4.3.2	<p>SPOC S20 Batu Puteh adopted MPOB MSPO application form with a statement 'provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices'.</p> <p>There are no complaints related to discrimination during remote documents review.</p> <p>Phone call interview with sampled smallholders informed no discrimination occurs.</p>	Yes
4.4.3.3	<p>SPOC S20 Batu Puteh adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>The form includes payment rates for operational activities such as harvesting, chemical spraying, manuring and pruning.</p> <p>Phone call interview with sampled smallholders informed, they are working by themselves or assisted by family members in carrying out field operations.</p>	
4.4.3.4	Phone call interview and photos verification of sampled smallholders SPOC S20 Batu Puteh, there are no on-site living quarters provided.	Yes
4.4.3.5	<p>SPOC S20 Batu Puteh adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form describe:</p> <ul style="list-style-type: none"> Not to employ young workers below the age of 15-18 years old for working in dangerous and heavy work. <p>Phone call interview with sampled smallholders informed they have been briefed on legal restriction on hiring child workers dated 06/04/2021.</p>	Yes
4.4.4.1	<p>SPOC S20 Batu Puteh established training programme year 2021. The training programme include 'Taklimat MSPO', GAP and LKN visit.</p> <p>Remote document review on training record year 2021 verified there is training carried out for smallholders.</p> <p>Example:</p> <p>Title: 'Taklimat MSPO'</p> <p>Date: 06/04/2021</p> <p>Phone call interview with sampled smallholders informed they have attend MSPO training. Smallholders are able to demonstrate understanding on farm management.</p>	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>SPOC S20 Batu Puteh adopted MPOB List of Social and Environmental Impact and Action Plan, document number MSPO/SSCC/I-04/ISP, revision 04, issue 04 dated 01/06/2021.</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.</p> <p>During remote document review, environmental training has been conducted on 06/04/2021.</p> <p>During phone call interview, sampled smallholders informed they have been briefed on environmental impacts.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	During remote photos review, there are no over spray activities observed in the smallholders' farm.	
4.5.2.1	<p>During remote photos review, there is no renewal energy use by SPOC S20 Batu Puteh smallholders' farm.</p> <p>During phone call interview, sampled smallholders informed they are not using any renewable energy at farm.</p>	Yes
4.5.3.1	<p>SPOC S20 Batu Puteh adopted MPOB List of Scheduled and Domestic Wastes MSPO/SPOC/L-03/SRD Issue 4, rev 01 effective date 01/06/2021.</p> <p>Remote document review, list of scheduled and domestic waste consists of solid, liquids and gaseous wastes.</p> <p>Example:</p> <p>Waste generated is not from agricultural inputs: Chemical Applications</p> <p>Waste produced: Empty chemical containers</p> <p>Impact: Breeding ground for mosquito if the empty chemical container not stored properly.</p> <p>During remote document review, briefing on waste management and disposal conducted on 06/04/2021 at Kg Sri Takala.</p> <p>During phone call interview, sampled smallholders informed they have been briefed on empty chemical containers can be recycle and reused after conducted triple rinsing.</p> <p>Phone interviews with smallholders informed empty chemical containers will be recycle and reused after triple rinsing.</p>	Yes
4.5.3.2	<p>SPOC S20 Batu Puteh adopted MPOB SOP for Scheduled Waste Management, doc no: MSPO/SPOC/SOP-03/BT issue 04 revision 04 effective date 01/06/2021.</p> <p>The SOP describes:</p> <ol style="list-style-type: none"> To conduct triple rinsing for each empty chemical container before disposed. To put marking on empty chemical container for chemical mixing purposes. All scheduled waste shall be disposal according to the Environmental Quality (Scheduled waste) Regulations, 2015. <p>During remote document review 'Rekod Pengurusan Bahan Buangan Terjadual 2021' established by SPOC S20 Batu Puteh for monitoring of scheduled waste generated such as empty chemical containers and fertilizer bags.</p> <p>During remote photo review, there are no the empty chemical containers left in the farm.</p> <p>During phone call interview, sampled smallholders informed they recycled and reused the empty chemical containers.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.4.1	<p>SPOC S20 Batu Puteh adopt MPOB Guidelines River Buffer Zone, doc no: MSPO/SPOC/GP-03/ZPS, issue 4, revision 0 dated 01/06/2021.</p> <p>The SOP describes:</p> <ol style="list-style-type: none"> Guideline on buffer zone length. No activities such as chemical spraying and manuring. Flow chart on buffer zone establishment. <p>During remote document review, briefing on environmental conducted on 06/04/2021.</p> <p>During phone call interview, sampled smallholders informed they understand the need to conserve the buffer zone areas and not to carry out any chemical spraying or manuring activity near the waterways.</p>	Yes
4.5.4.2	<p>During remote photo review on sampled smallholders SPOC S20 Batu Puteh practice rain harvesting using drum for chemical spraying and washing purposes.</p>	
4.5.5.1	<p>SPOC S20 Batu Puteh adopted MPOB List of Social and Environmental Impact and Action Plan, document number MSPO/SSCC/I-04/ISP, revision 04, issue 04 dated 01/06/2021.</p> <p>SPOC S20 Batu Puteh established list of wildlife identified by Hidupan Liar Kinabatangan Sabah.</p> <p>Example of wildlife:</p> <ul style="list-style-type: none"> Wild boar Squirrel Monkey <p>During remote document review, briefing of wildlife, environmental, safety and no hunting of wildlife conducted on 06/04/2021.</p> <p>During phone call interview, sampled smallholders informed they sighted wild boar and monkey within their farm.</p>	Yes
4.5.6.1	<p>SPOC S20 Batu Puteh adopted MPOB Guidelines Zero Burning Practices, document number MSPO/SPOC/GP-04/APS, issue 3, rev. 02, effective date 01/06/2021.</p> <p>SOP describes there is no open burning of any kind on the operation unit, except those comply with the Environment Quality Order 2003 and obtain approval from Department of Environment.</p> <p>During remote document review, briefing on zero burning has been conducted on 06/04/2021.</p> <p>During remote photo review, there is no open burning practice within the smallholders' farm.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>During remote document review, SPOC S20 Batu Puteh conducted Lawatan Khidmat Nasihat (LKN) covering GAP to sampled smallholders dated 17/03/2021.</p> <p>During remote photo review, sampled smallholders implement 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>During phone call interview, sampled smallholders informed they have been briefed on good agricultural practices by SPOC S20 Batu Puteh Group Manager.</p>	Yes
4.6.1.2	<p>During remote photo review, SPOC S20 Batu Puteh established visual identification for each smallholder with information of smallholders' name, field address, GPS coordinates, lot size and year of planting.</p>	Yes
4.6.2.1	<p>SPOC S20 Batu Puteh adopt MPOB Guideline Economic and Financial Plan, MSPO/SPOC/GP-01/PEK, issue 4, revision 4 dated 01/06/2021.</p> <p>During remote document review, budget for MSPO training and LKN visit year 2021 has been approved.</p> <p>The operation budgets includes MSPO training, MSPO auditing, PPE and miscellaneous expenses.</p>	Yes
4.6.3.1	<p>During remote document review SPOC S20 Batu Puteh, briefing on FFB price has been conducted at Kg Sri Takala dated 06/04/2021. Briefing photos and attendance are documented and maintained.</p> <p>During phone call interview, sampled smallholders informed the FFB pricing is displayed at collecting centre notice board.</p>	Yes

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Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	SPOC S20 Batu Puteh database is review with first planting in 1989 and latest replanting in year 2019. There are no new plantings for existing and new members. Therefore, no assessment on high biodiversity value area.	Yes
4.7.2.1	SPOC S20 Batu Puteh database is review with first planting in 1989 and latest replanting in year 2019. There are no new plantings for existing and new members. Therefore, no assessment on type of soil.	Yes
4.7.3.1	SPOC S20 Batu Puteh database is review with first planting in 1989 and latest replanting in year 2019. There are no new plantings for existing and new members. 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.
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 < 1 >	
Indicator # and Description	4.1.2.1 The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholder’s group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement. (MAJOR)

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Non Conformity Number < 1 >			
Location:	Office		
Description of Finding / Objective Evidence:			
The continual improvement plan (CIP) does not indicate the monitoring of land with Land Application (LA) status.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
Raise by:	Khairul Anwar Bin Ismail	Date Raise:	13/11/2020
Deadline for implementation		13/01/2020	
Root Cause Analysis (by company):			
Lack of information to improve the MSPO document management system at SPOC S20 Batu Puteh.			
Correction (by company):			
A continuous improvement plan (CIP) has been developed by the PIC and ICS MSPO SPOC S20 Batu Puteh.			
Corrective / Preventive Action (by company)			
The CIP documents developed will be used and monitored periodically to ensure the smooth operation of the MSPO documentation system in SPOC S20 Batu Puteh.			
Review of Correction & Corrective / Preventive Action			
Review documents submitted, the group manager has included in the continuous improvement plan (CIP) dated 24/12/2020 to monitor land with Land Application (LA) status.			
The evidence provided sufficient to close the NC.			
Further verification will be conducted in the next surveillance audit.			
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Name of Lead Auditor:		Date of Closure:	
Khairul Anwar Bin Ismail		24/12/2020	
Review of Implementation			
The group manager updated the continuous improvement plan (CIP) dated 02/08/2021 to monitor land with Land Application (LA) status.			
Review the MPOB MSPO Implementation progress report dated 31/05/2021, the listed existing and new smallholders with LA are updated and in progress for approval.			
Therefore, the implementation is considered acceptable.			
Name of Auditor:		Date of Review	
Khairul Anwar Bin Ismail		09/09/2021	

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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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 S20 Batu Puteh could improve on 'Rekod Pengurusan Bahan Buangan Terjadual' generated by smallholders.
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	S20 Batu Puteh could improve in disseminating list of wildlife to smallholders.

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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 SPOC S20 Batu Puteh consisting of 986 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:	984
Total certified acreage of smallholders:	5,862.571 Ha

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6. RECOMMENDATION

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

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

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

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

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

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

Puchong, 27/09/2021

Khairul Anwar Bin Ismail
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 06/10/2021

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

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7. LIST OF STAKEHOLDERS

Stakeholders' consultation conducted in accordance to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1:

Table 7-1: List of Interviewed Stakeholders

No.	Organisation
1.	Pejabat Daerah Kinabatangan
2.	Pejabat Pertubuhan Peladang Kinabatangan
3.	Abedon Oil Mill Sdn. Bhd.
4.	Melewar Palm Oil Mill
5.	Jabatan Pertanian Kinabatangan

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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