

MSPO CERTIFICATION SUMMARY REPORT

MALAYSIAN PALM OIL BOARD
MPOB SPOC S21 SUKAU

SURVEILLANCE 04 AUDIT

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

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MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC S21 Sukau
Client Number: 92-084
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 S21 Sukau 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 S21 Sukau 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 S21 Sukau 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 members. The team contribute to the review of documents, assessment of the project activity and preparation of this report.

Qualification of the Lead Auditor: Mohd Nur Amin Bin Mohd Halim

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

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Requirement	Qualifications
iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	6 years 10 months of working experience in both upstream & downstream division on managing sustainability of oil palm industry.
Successfully completed MPOCC endorsed lead auditor training	Successfully completed MS2530 series of standard for Lead Auditors
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified and appointed as lead auditor for MSPO scheme.
Field working experience in the palm oil sector, or demonstrable equivalent	6 years 10 months of working experience in managing sustainability for oil palm industry for both upstream and downstream division.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	6 years 10 months of working experience in managing sustainability for oil palm industry for both upstream and downstream division.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed IMS ISO 9001, 14001, 45001 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 9001, 14001, 45001 Lead Auditor course
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Successfully completed Basic SA 8000 training.

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Requirement	Qualifications
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Successfully completed IMS ISO 9001, 14001, 45001 LA course training attended.
Completed High Conversation Value assessment	Successfully completed HCV-HCS course training.
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	Ariff Bin Lokman	Graduate in Applied Science (Major in Plantation and management).	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)	Ariff Bin Lokman	7 years working experience in oil palm plantations.	Yes
Successfully completed MPOCC endorsed lead auditor / auditor trainings	Ariff Bin Lokman	Successfully completed MS 2530 series of standards for Lead Auditors.	Yes

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Requirement	Assessor	Qualification	Compliance
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.	Ariff Bin Lokman	Qualified as auditor for MSPO scheme.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Ariff Bin Lokman	7 years working experience in oil palm plantations.	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Ariff Bin Lokman	7 years working experience in oil palm plantations.	Yes
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Ariff Bin Lokman	Successfully completed IMS ISO 9001, 14001, 45001 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	Ariff Bin Lokman	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course	Yes
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Ariff Bin Lokman	Successfully completed Basic SA 8000 training. Qualified as auditor for MSPO scheme.	Yes
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course and auditor for MSPO scheme.	Yes
Completed High Conversation Value assessment		Qualified as Auditor for MSPO scheme.	Yes

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Requirement	Assessor	Qualification	Compliance
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Ariff Bin Lokman	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, interviews SPOC personnel, contractors; 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 04 Audit:

Surveillance 04 audit conducted remotely on 23/11/2020 – 27/11/2020 covering the following activities but not limited to below:

Remote:

- Confirmation of the appropriate interactive communication tools as describe in IAF MD4
- Desk documentation assessment;
- Virtual interview management;
- Virtual stakeholders communication; If required
- Virtual interview of smallholders; phone call interview
- Virtual inspection of farm; photos observation
- Production records
- Review revised and updated documentation;
- Training records
- Assessment reporting

Remote Assessment

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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 (27 October 2020) Guidance on Remote Audits due to Covid-19 Pandemic on travelling restrictions.

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

The communication tool applied for remote audit is Zoom / WhatsApp / Telephone

MSPO guidance documents are used to guide the collection of information.

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 188 new members and 242 existing members. The total number of smallholders for this audit are 430.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size $S = 1.5\sqrt{430} = 31.11$ round up to the next integral of 32

As per OPMC 2 issue 2, from the sample size, the number of the new members are $32 \times 75\% = 24$ and number of existing members are $32 \times 25\% = 8$.

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

Table 2-1: List of Sample Smallholders

Name	GPS Coordinates
Existing member(s)	
Mohd Shariff Bin Nyompa	5.5684°N, 117.9119°E
Rafidah Binti Sarayon	5.5594°N, 118.0389°E
Awang Bin Sina	5.559489°N, 118.0411°E
Nasrun Bin Sugarah	5.4987°N, 118.2114°E
Ladang Bukit Hasil Sdn Bhd	5.54283°N, 118.1145°E
Novel Borneo Sdn Bhd	5.7147°N, 118.1796°E
Simplex Corporation Sdn Bhd	5.6005°N, 117.9887°E

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Name	GPS Coordinates
Existing member(s)	
INCOJAYA Sdn Bhd	5.6485°N, 118.2597°E
Visual Plantation Sdn Bhd	5.6588°N, 118.3219°E

Name	GPS Coordinates
New member(s)	
Andi Masnah Binti Andi Amadian	5.5642°N, 117.9137°E
Nyompa Bin Supu	5.5644°N, 117.9121°E
Abdul Rahim Bin Labadu	5.5700°N, 117.8817°E
Awang Bin Adtong	5.5696°N, 117.8790°E
Hasma Binti Abd Latif	5.5624°N, 117.9269°E
Aisyah Binti Kadir	5.5841°N, 117.8960°E
Kastiya Binti Pudding	5.5570°N, 117.9342°E
Salinah Binti Jacob	5.5624°N, 117.9132°E
Andi Lokman Bin Andi Anwar	5.5587°N, 118.0837°E
Rosdiana Binti Abd Hamid	5.5594°N, 118.0650°E
Rahman Bin Aminodin	5.5587°N, 118.0603°E
Salimalik Bin Asamara	5.5516°N, 118.0483°E
Bacho Bin Samu	5.5597°N, 118.0620°E
Samsidan Binti Dulla	5.5587°N, 118.0582°E
Mohd Rasman Bin Rasid	5.5586°N, 118.0555°E
MIJASA Sdn Bhd	5.5459°N, 118.1147°E

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Name	GPS Coordinates
New member(s)	
Faizal Bin Salleh	5.5655°N, 117.9013°E
Norazmi Bin Thomas Baran	5.5672°N, 117.8932°E
Agriculturist Incorporated Development Sdn Bhd	5.7567°N, 118.2371°E
Asmat Bin Masang	5.3880°N, 117.8921°E
Abd Gapar Bin Erak	5.4977°N, 118.2101°E
Jennyfer Binti Jouly	5.6824°N, 118.3248°E
Renny Binti Jouly	5.6819°N, 118.3248°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 S21 Sukau, is a branch of MPOB located at Blok F, Lot 12, Tingkat 1, Bangunan Perkasa Realty Sdn Bhd, 90200 Kinabatangan, Sabah, Coordinate 5.5789°N, 117.8428°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 locations for the smallholders are in Kinabatangan as shown in the below maps.

Figure 1

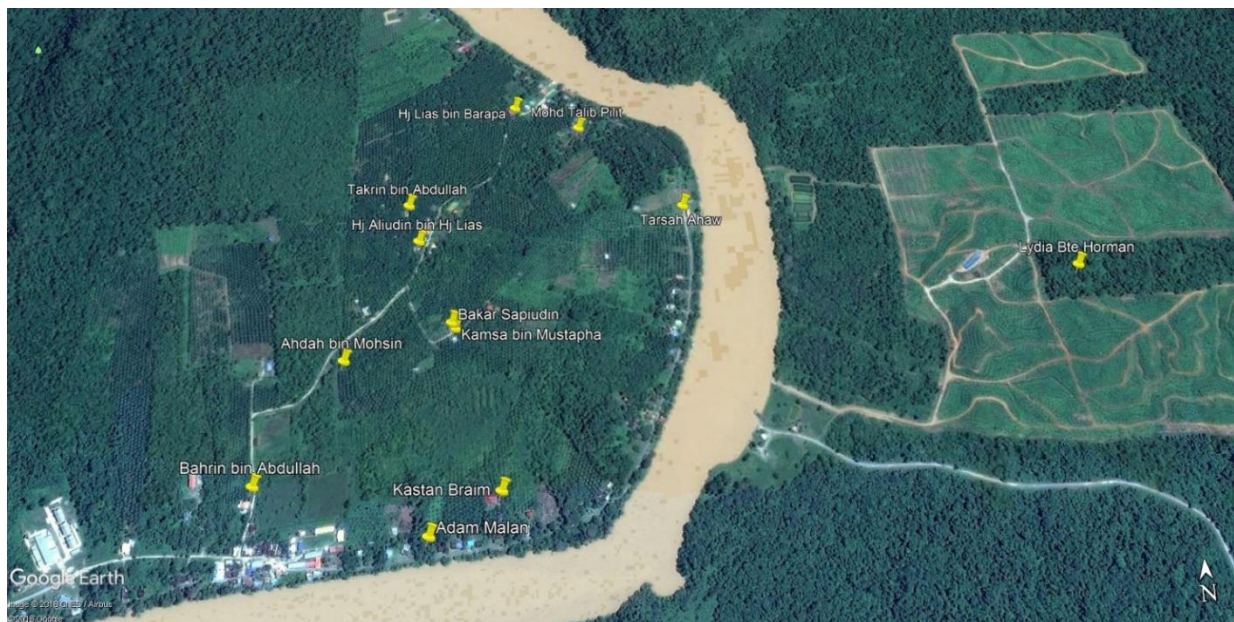


Figure 2

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Figure 3



Figure 4

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Figure 5



Figure 6

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Figure 7



Figure 8

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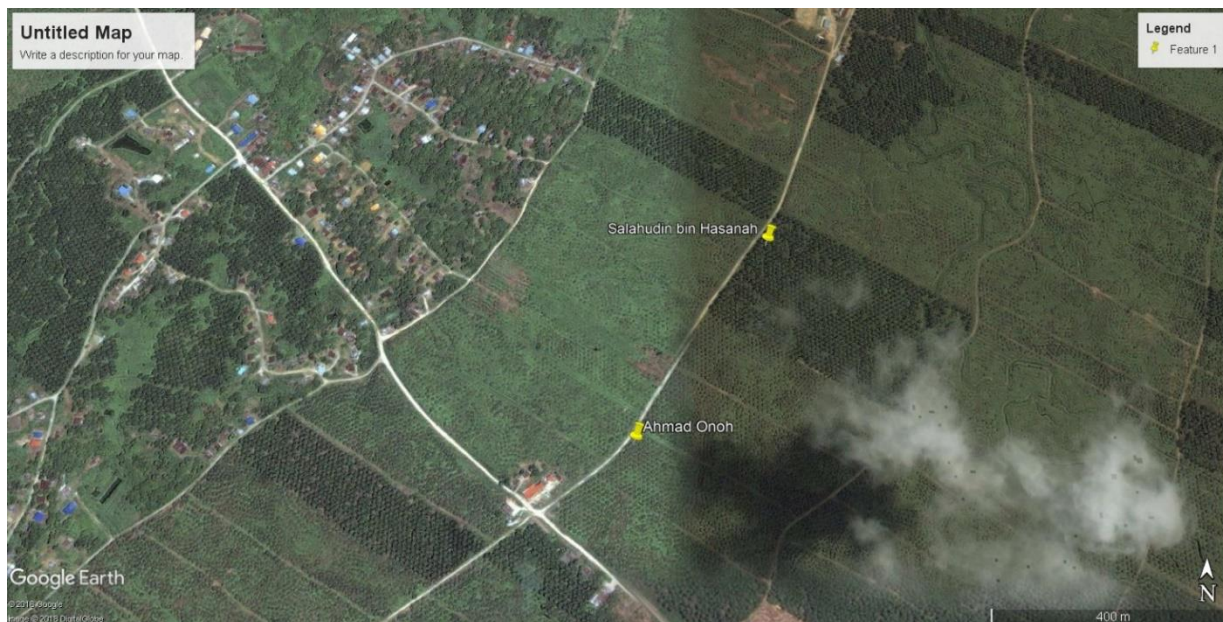


Figure 9

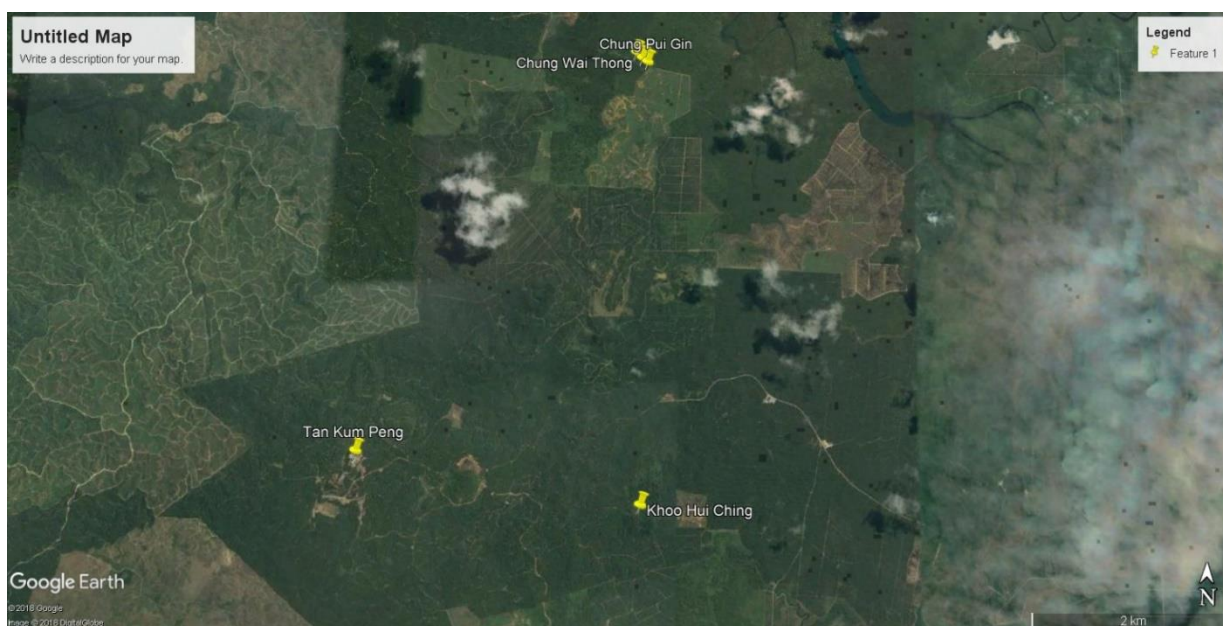


Figure 10

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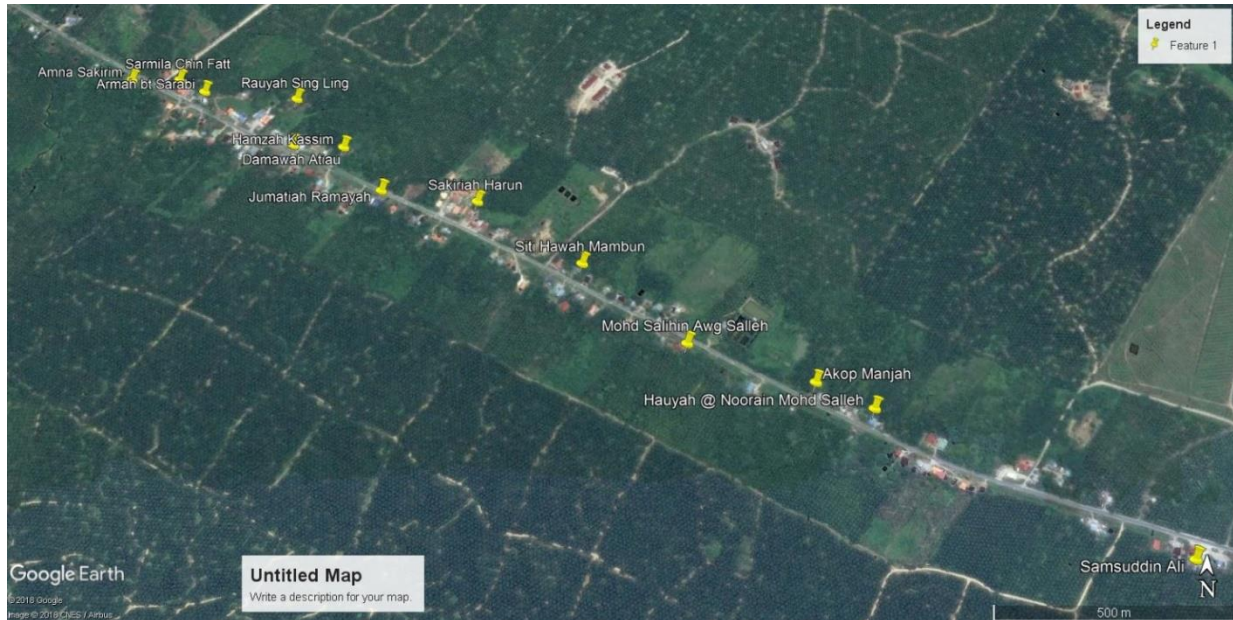


Figure 11

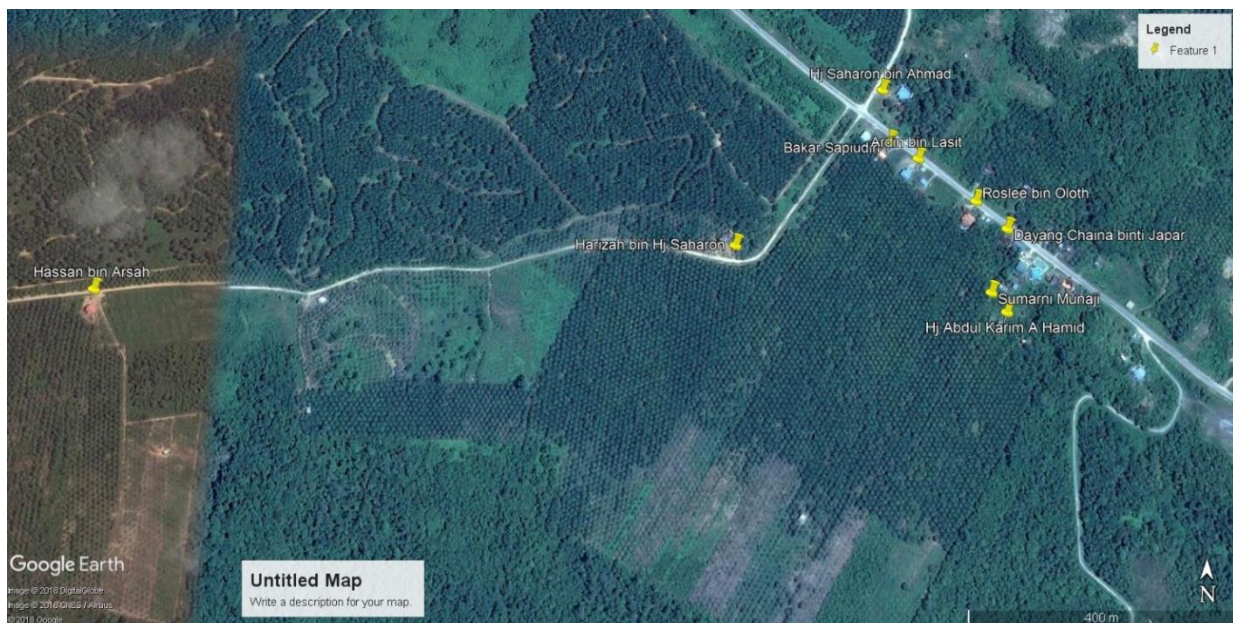


Figure 12

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Figure13



Figure 14

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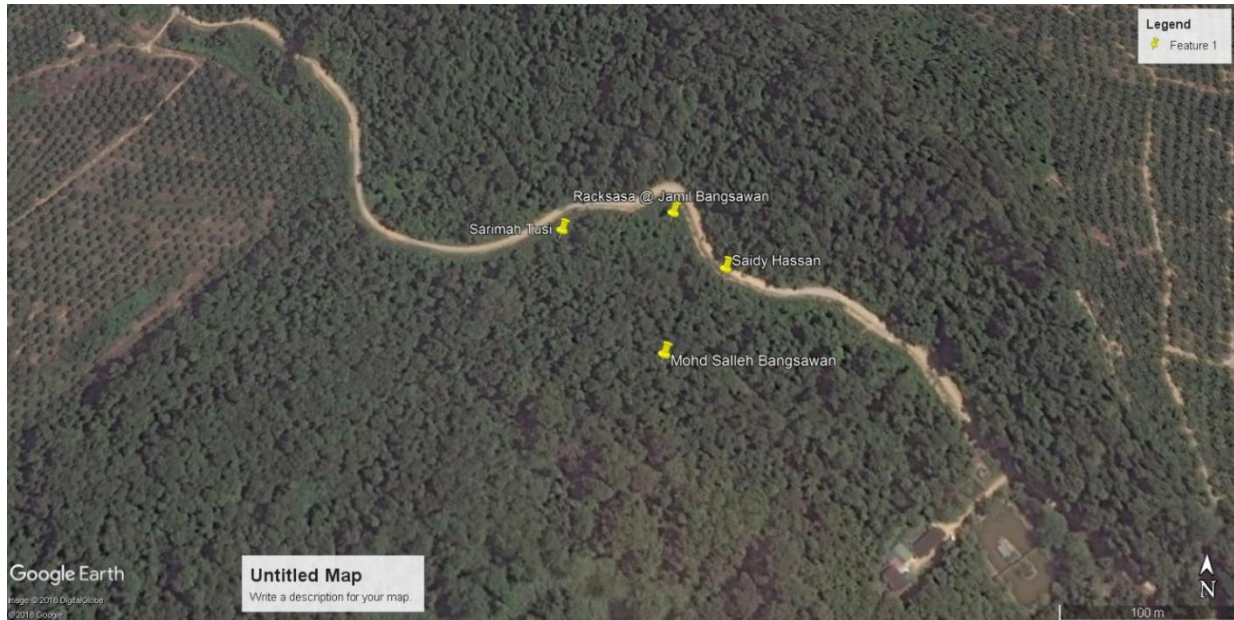


Figure 15

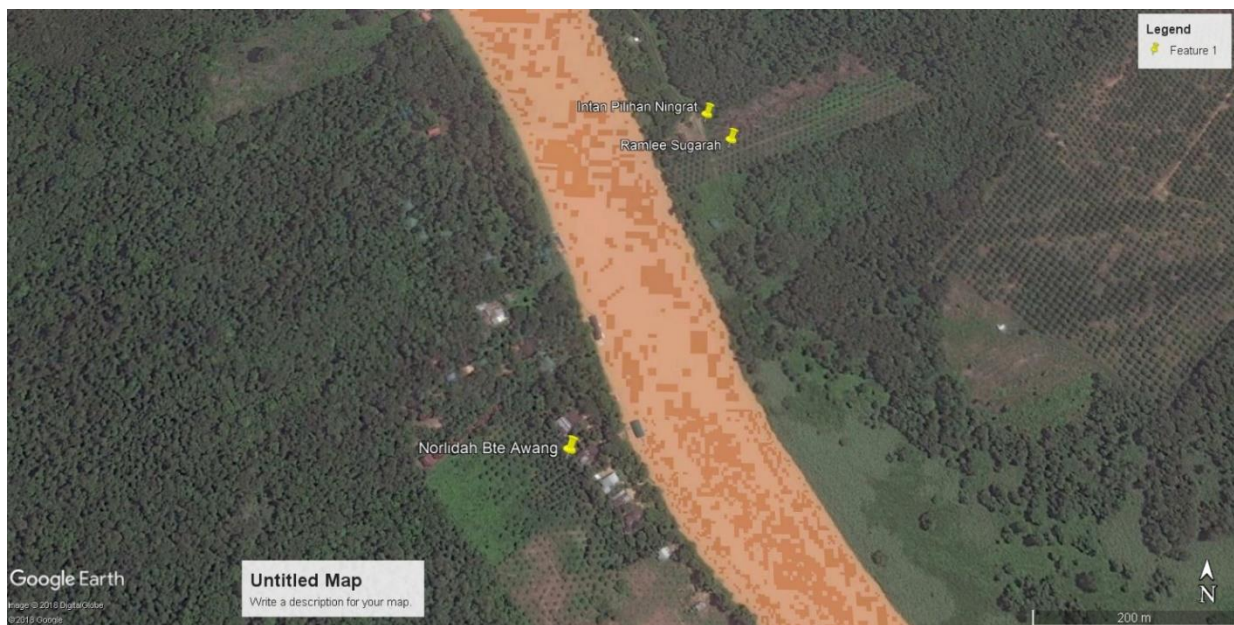


Figure 16

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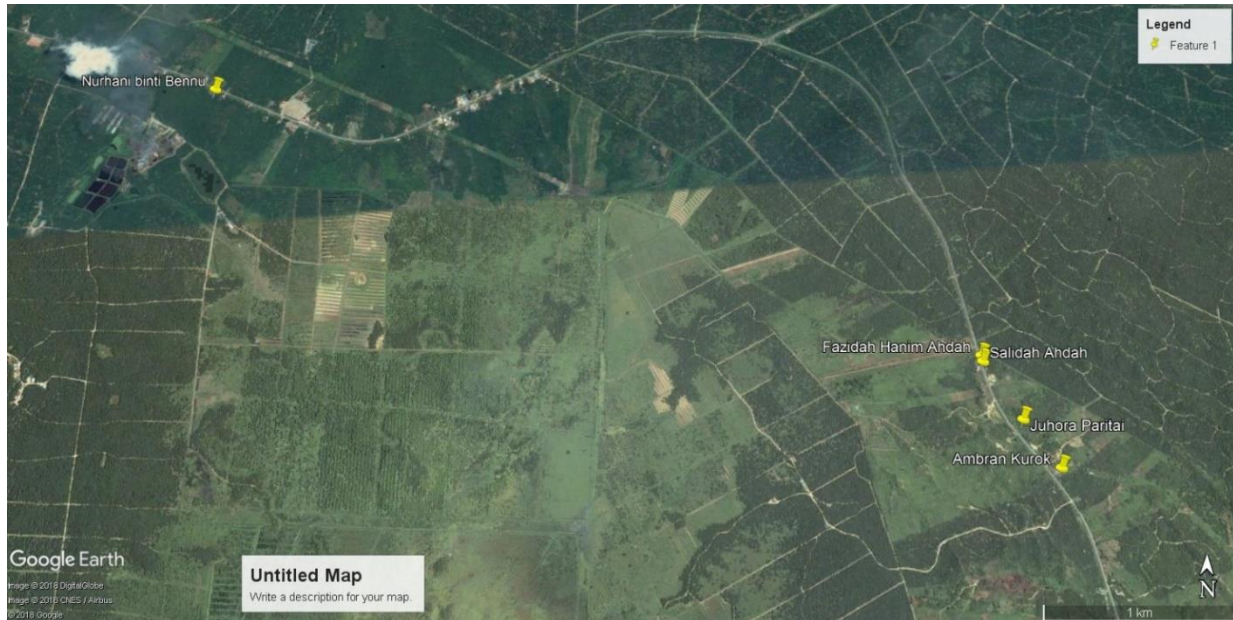


Figure 17

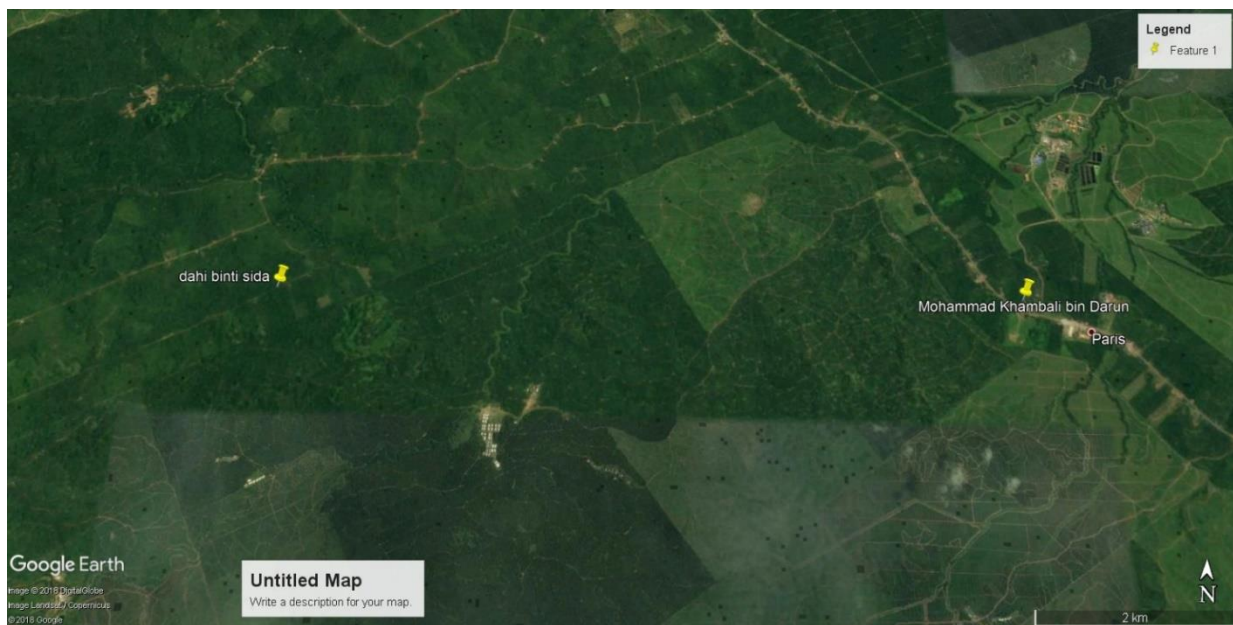


Figure 18

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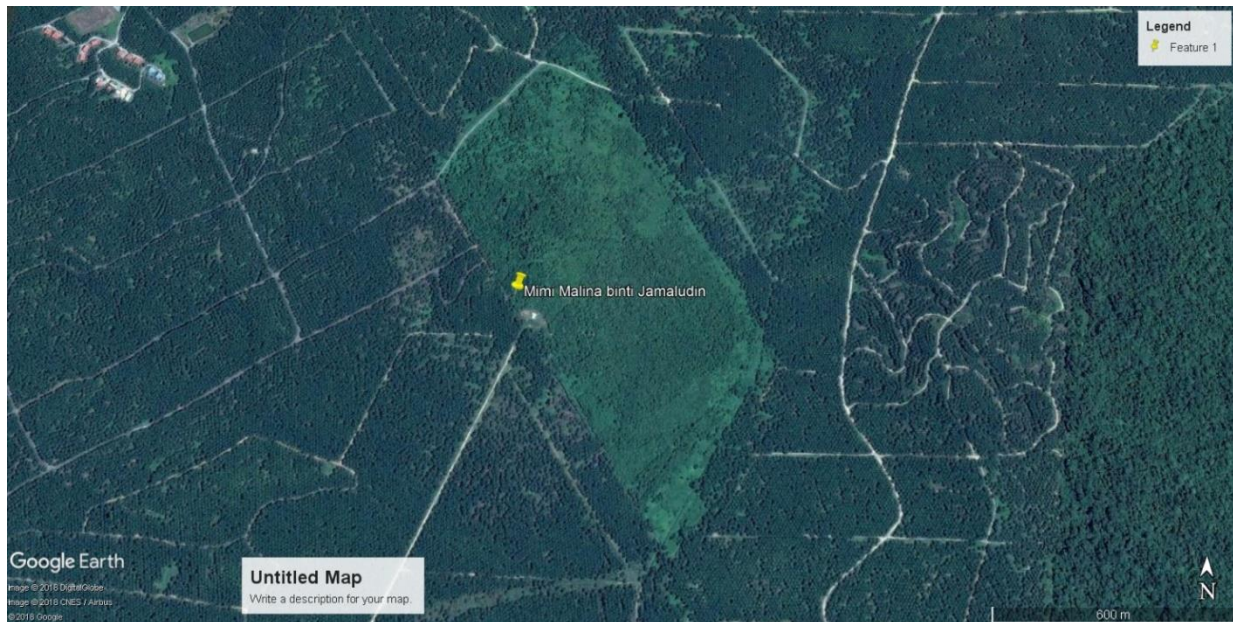


Figure 19



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4. CERTIFICATION ASSESSMENT

4.1. ASA04

The objective of the audit is to assess the activities of MPOB Cawangan SPOC S21 Sukau are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.1. Surveillance Audit:

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

The number of smallholders in this surveillance audit are 430.

The number of smallholders 242 remain the same for this surveillance audit.

The number of smallholders joined during this surveillance 04 audit are 188.

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 audit 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 03 audit, there are 1 Major and 1 Minor raised.

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. Action plan is submitted for Minor non-conformance with implementation review during the next audit.

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

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management unit, the CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

The audit team leader has reviewed 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.

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 criteria 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	SPOC S21 Sukau established MSPO policy dated 27/03/2019 signed by group manager. SPOC S21 Sukau adopted MPOB MSPO certification application with the MSPO policy included in the form duly agreed and signed by smallholders and acknowledged by the group manager. Document review confirmed, copy of application form available in smallholders file, signed and acknowledged by SPOC GM. Smallholders are briefed on MSPO Policy during MSPO awareness programme conducted on 25/08/2020, 22/09/2020 and 05/11/2020. Phone call interviewed smallholders understands and aware of MSPO requirements.	Yes
4.1.2.1	SPOC S21 Sukau adopted MPOB Manual Prosedur Kerja (MPK) 2020, Lampiran 9 "list of social and environmental impact and action plan" document no: MSPO/SPOC/L-04/ISP, issue no 3, rev 3 date effective: 01/06/2020 Example of social impact and action plan: Activity: Harvesting Social impact: FFB stolen Action plan: Report to "Majlis Pengurusan Komuniti Kampung" and Police for further action.	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>Example of environmental impact and action plan:</p> <p>Activity: Manuring and integrated farming.</p> <p>Environmental impact: Improve in soil fertility and soil structure (application of organic fertilizer)</p> <p>Action plan: Ongoing affords.</p> <p>Document review verify SPOC S21 Sukau established CIP include monitoring of the land use conversion. The status of land use conversion are in progress on approval from "Jabatan Tanah dan Ukur Sabah"</p>	
4.1.2.2	<p>SPOC S21 Sukau distribute Warta Sawit to smallholders during MSPO awareness training on 25/8/2020 and 22/09/2020.</p> <p>Phone call interview smallholders informed they received information on Warta Sawit during LKN (GAP) visit.</p> <p>Phone call interviewed with smallholders, they obtained new information from group manager and received the Warta Sawit when attend training.</p>	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S21 Sukau adopted MPOB "Manual Prosedur Kerja (MPK) Pensijilan Minyak Sawit Mampan Malaysia" (MSPO) doc no: MPK-rev03, dated review 01/06/2020.</p> <p>MPK has include:</p> <p>The procedure describes traceability process. The weighbridge tickets from smallholders are collected and recorded by SPOC Group Manager.</p> <p>Document review verify SPOC S21 Sukau Group Manager monitor smallholders FFB sales and delivery using the BRL.</p>	Yes
4.2.1.2	<p>SPOC S21 Sukau adopted MPOB MSPO form for sales and production record doc no: MSPO/SPOC/GP-01/PEK, effective date 01/06/2020.</p> <p>Document review verify records of smallholders FFB sales to respective collection centre or mills.</p> <p>Phone call interviewed smallholders confirmed FFB sales and delivery records copies are kept.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC S21 Sukau adopt MPOB List of legal, document number MSPO/SSCC/L-01/SKU, effective date 01/06/2020.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	<p>Example:</p> <p>Act 127: Environmental Quality Act 1974 update year 2006</p> <p>Act 342: Prevention and Control of Infectious Disease Act 1988</p> <p>Document review verify confirmed the copy of MPOB license kept in file and valid.</p> <p>Phone call interview smallholders' they are aware legal requirements with information received through MSPO training dated 05/11/2020 and from WhatsApp's group.</p>	
4.3.2.1	<p>SPOC S21 Sukau smallholders land titles are either country lease or native title issued by Sabah Land Department.</p> <p>Land Use: Agriculture crops of economic value.</p> <p>Document review verify on the smallholder individual file, some smallholders are in the process of 'Pengesahan PT'.</p> <p>Country lease title states the land is for cultivation of agricultural crop of economic value with tenure of 98 years.</p> <p>Document review verify the land titles of smallholders fully owned by one or more landowners.</p> <p>Document review verify on native title is issued by Sabah Lands and Survey Department for agricultural crop of economic value. The map is available in the land title with details of the land and ownership.</p> <p>Phone call interview with smallholders verify no disputed found.</p> <p>Photos review on smallholders' fields verify boundary marked with pegging, boundary stones or boundary drains..</p>	Yes
4.3.3.1	<p>SPOC S21 Sukau smallholders land titles are either native or country lease title of 99 years issued by Sabah Land Authority.</p> <p>Land title in the name of smallholder</p>	Yes
4.3.3.2	Map in land title indicate size, location and boundary marker.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	<p>SPOC S21 Sukau adopt MSPO HQ SOP of Complaint & Grievance, doc no: MSPO/SPOC/SOP-01/AR, revision: 02, issued: 03 updated on 01/06/2020.</p> <p>Document review verify on briefing record for complaint and grievance guidelines to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Document review verify complaint record book no complaint lodged by smallholder as at audit date.</p> <p>Phone call interview smallholders inform aware on grievance procedure online training conducted on 05/11/2020.</p>	
4.4.1.2	<p>SPOC S21 Sukau adopt the MSPO HQ SOP of Complaint & Grievance, doc no: MSPO/SPOC/SOP-01/AR, revision: 02, issued: 03 updated on 01/06/2020.</p> <p>The group manager is the responsible person to handle and manage any complaints.</p> <p>Document review verify the procedure has a flowchart describing the steps and timeline to manage and respond any complaint received.</p> <p>The total days to resolve is 14.</p> <p>Any complaint outside the scope of the group manager it will refer to other parties or MPOB HQ to handle the matter.</p> <p>Document review verify on briefing record for complaint and grievance guidelines to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Phone call interview smallholders inform they are aware on complaint process and timelines to resolve the complaints.</p>	Yes
4.4.2.1	<p>SPOC S21 Sukau adopted MPOB Guidelines Occupational Safety & Health, document no. MSPO/SPOC/GP-02/KKP, issue: 3, revision: 0 effective date: 01/06/2020.</p> <p>Scope of the guideline describe:</p> <p>Responsibilities of the group manager and smallholders / workers.</p> <p>Safety work practices for harvesting, chemical spraying and fertilizer application.</p> <p>Document review verify on briefing record for safety and health to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Phone call interview with smallholders confirmed they aware on safe work practice.</p> <p>Smallholders informed they use Personal Protective Equipment (PPE) during field activities such as harvesting, chemical spraying and manuring.</p>	Yes
4.4.3.1	<p>SPOC S21 Sukau adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-01 for hiring of field workers by smallholders.</p> <p>The document describe the requirements for hiring of workers.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Phone call interview smallholders inform they are aware prior commencement of work, a mutual verbal agreement on the piece rate in harvesting, manuring and chemical spraying.	
4.4.3.2	<p>SPOC S21 Sukau adopted MPOB form for hiring workers in oil palm fields, document no. MSPO/SPOC/SMP-01, rev-01 signed by the group manager and Zone Manager.</p> <p>Document review verify the MSPO application form describe with a statement "provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices.</p> <p>Document review verify on briefing record for on hiring casual worker to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Phone call interview smallholders inform they are aware about the policy on discrimination.</p>	Yes
4.4.3.3	<p>Phone call interview smallholders inform majority are using local community or hired worker for field activities.</p> <p>The payment made by smallholders to the workers are based on agreeable tonne FFB and per hectare for chemical spraying and manuring.</p>	Yes
4.4.3.4	<p>There is living quarter provided by smallholder to worker.</p> <p>Photos review on smallholders' fields, verify housing provided with basic amenities that include electricity and water.</p>	Yes
4.4.3.5	<p>SPOC S21 Sukau adopt MPOB form for hiring workers in oil palm fields, document no. MSPO/SPOC/SMP-01, rev-01 signed by GM and Zone Manager with a statement "No hiring or allow children below age of 15 years to work in the farm.</p> <p>Document review verify on briefing record for hiring child labour to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Phone call interviewed smallholders inform no child labour working in the field.</p> <p>All harvesting, fertilizing and spraying activity are carried out either by smallholder themselves, among family members or dealers' workers.</p>	Yes
4.4.4.1	<p>SPOC S21 Sukau establish annual training programme for 2020.</p> <p>The program conduct includes:-</p> <ol style="list-style-type: none"> 1. Field visit program Year 2020. 2. Monthly program Year 2020. 	Yes

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

Indicator	Summary of Assessment	Compliance
	Document review verify on briefing record for MSPO awareness to smallholders through information received from WhatsApp's group dated on 05/11/2020.	

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

Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>SPOC S21 Sukau adopt MPOB Social and Environment Impacts and Action Plan, document number MSPO/SPOC/L-04/ISP, issue 3, revision: 3 effective date 01/06/2020.</p> <p>The document include a section for Environmental Impact and Action Plan.</p> <p>Virtual field observation through photos of smallholders' fields verify there are no over chemical spray activities observed in the field.</p> <p>Phone call interview smallholders' aware on the environmental impact.</p> <p>Document review verify briefing record on environmental topics to smallholders through information received from WhatsApp's group on 05/11/2020.</p>	Yes
4.5.2.1	SPOC S21 Sukau smallholders do no use renewable energy at site.	Yes
4.5.3.1	<p>SPOC S21 Sukau adopt MPOB List of Scheduled and Domestic Wastes MSPO/SPOC/L-03/SRD Issue 3 rev 0 effective date 01/06/2020.</p> <p>Document review verify the list consists of solid, liquids and gaseous wastes</p> <p>Waste generated from agricultural inputs: Fronds</p> <p>Waste generated is not from agricultural inputs: Empty chemical containers</p> <p>Virtual field observation through photos and phone call interviewed, verify smallholder are aware that empty chemical containers can be recycle and reused after triple rinsing.</p>	Yes
4.5.3.2	<p>SPOC S21 Sukau adopted MPOB SOP for Scheduled Waste Management, doc no: MSPO/SPOC/SOP-03/BT issue 3 revision 3 effective date 01/06/2020.</p> <p>The SOP objective 'Monitor and ensure the waste management process and disposal of waste for responsible individuals can be implemented in an orderly, efficient and safe manner'.</p> <p>Document review verify flowchart describing the steps in managing and disposal of scheduled wastes.</p> <p>Document review verify on briefing record for managing and disposal of empty chemical containers to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Photos review on smallholders' field, verify no chemical containers left.</p> <p>Phone call interview smallholders inform they practice triple rinse for all empty chemical containers and reused for chemical spraying.</p> <p>Reused chemical containers properly stored in their own stores and chemical cabinet provided by MPOB.</p> <p>Field activities in smallholders' fields conducted by themselves or dealers' workers or casual workers.</p>	
4.5.4.1	<p>SPOC S21 Sukau adopted MPOB Guidelines River Buffer Zone, doc no: MSPO/SPOC/GP-03/ZPS, issue 3, revision 0 dated 01/06/2020.</p> <p>Document review verify on briefing record for restriction chemical application at buffer zone area to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Phone call interview smallholders' are aware to maintain the water quality and its importance.</p>	Yes
4.5.4.2	<p>SPOC S21 Sukau smallholders' practices rain water harvest by using drums and culverts for chemical spraying activities.</p> <p>Photo review and phone call interviewed smallholders' field verify they implement the practices.</p>	Yes
4.5.5.1	<p>SPOC S21 Sukau establish list of wildlife in and around Kinabatangan district.</p> <p>Document review verify briefing on list of wildlife in Kinabatangan District to smallholders through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Phone call interview smallholders informed there are wild boars in their fields.</p>	Yes
4.5.6.1	<p>SPOC S21 Sukau MPOB Guidelines Zero Burning Practices, doc. No. MSPO/SPOC/GP-04/APS, issue 3 rev. 01, effective date 01/06/2020.</p> <p>Document review verify briefing record on zero burning practices through information received from WhatsApp's group dated on 05/11/2020.</p> <p>Photos review on smallholders' fields, verify no open burning practices in their field.</p> <p>Phone call interview smallholders' inform they are aware no open burning practices.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC S21 Sukau adopted MPOB Manual Pekebun Kecil updated on 01/06/2020.</p> <p>Virtual field observation through photos to smallholders' field verify the implementation of good agricultural practice such as:</p> <ol style="list-style-type: none">1. Proper stacking of fronds.2. Good maintenance of harvesting path.3. Proper palm pruning. <p>Phone call interviewed smallholders' inform they aware on good agricultural practices on their fields with guidance by GM SPOC.</p> <p>Document review verify briefing record of harvesting, manuring, chemical application and PPE usage to smallholders through information received from WhatsApp's group date on 05/11/2020.</p>	No
4.6.1.2	<p>SPOC S21 Sukau establish visual identification for each smallholder.</p> <p>Photos review on smallholders' field verify visual identification contain smallholders' name, lot number, GPS coordinate, lot size and year of planting.</p>	Yes
4.6.2.1	<p>SPOC S21 Sukau adopted MPOB Guideline Economic and Financial Plan, MSPO/SPOC/GP-01/PEK, issue 3, revision 3 dated 01/06/2020.</p> <p>Verify the operation budgets and costs are under the control of MPOB HQ.</p> <p>MPOB HQ has allocated budget for MPOB Kinabatangan Branch include SPOC S21 Sukau for training and field visit.</p>	Yes
4.6.3.1	<p>SPOC S21 Sukau monitors FFB pricing on monthly basis through input from ramp / dealers for fair price.</p> <p>Document review verify payment voucher from ramp or dealers kept in smallholders' files.</p> <p>Phone call interview smallholders verify the FFB price obtain from the collecting center weighbridge through phone call or WhatsApp's group.</p>	Yes

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Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	SPOC S21 Sukau smallholders' database is review with first planting in 1988 and latest replanting in year 2018. There is no new planting or replanting in year 2019. Thus, there is no assessment on high biodiversity area.	Yes
4.7.2.1	SPOC S21 Sukau smallholders' database is review with 1 st planting in 1988 and latest replanting in year 2018. There is no new planting or replanting in year 2019. Therefore, no soil type available.	Yes
4.7.3.1	SPOC S21 Sukau smallholders' database is review with 1 st planting in 1988 and latest replanting in year 2018. There is no new planting or replanting in year 2019. 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
	1	MINOR Non-Conformities

Non Conformity Number < 1 >	
Indicator # and Description	4.2.1.1 The group management shall commit itself to implement and maintain the requirements for traceability.

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Non Conformity Number < 1 >			
Location:	Office		
Description of Finding / Objective Evidence:			
There is no internal audit conducted as a mechanism for monitoring of traceability system established.			
Classification	<input checked="" type="checkbox"/> Major		<input type="checkbox"/> Minor
Raise by:	Muhammad Khairul Anuar b. Azizul Hasan	Date Raise:	05/09/2019
Deadline for implementation		05/11/2019	
Root Cause Analysis (by company):			
No internal audit was conducted in 2019 for SPOC S21 Sukau. This is because the SCCU officers involved are more focused on the newly established SPOC as January 2020 is mandatory for all palm oil suppliers to obtain MSPO certification.			
Correction (by company):			
Internal audit was conducted on 06 Sep 2019 by Ms. Jackie Chua as a mechanism to traceability.			
Corrective / Preventive Action (by company)			
Stay in touch with the SCCU officers involved to ensure that these internal audit visits are always conducted from time to time before the actual audit is conducted. This is to ensure SPOC S21 Sukau is ready in terms of documentation and field preparation during the audit.			
Review of Correction & Corrective / Preventive Action			
SPOC S21 Sukau has conducted an internal audit on 06/09/2019 to check on members' compliance to the established traceability system. The action plan and internal audit results submitted are sufficient to close out this NC.			
The effective implementation will be review in the 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 : Muhammad Khairul Anuar bin Azizul Hasan		Date of Closure: 22/10/2019	
Review of Implementation			
Internal audit was planned on October 2020. Due to travel restriction enforced by Government to enter Sabah, review on the Internal Audit scheduled verify postponed to 30/09/2020. The new date for Internal Audit for SPOC S21 Sukau was planned on 17/12/2020.			
The implementation is appropriate.			
Name of Auditor: Ariff Bin Lokman		Date of Review: 23/11/2020	

Non Conformity Number < 2 >	
Indicator # and Description	4.4.1.2 The local system should be able to resolve disputes.

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Non Conformity Number < 2 >			
Location:	Office		
Description of Finding / Objective Evidence:			
Records of complaint lodged dated 30/10/2018 is review. Sighted the complaint is not addressed until 03/09/2019. This is against of SOP Aduan dan Rungutan that required 14 days to solve the complaint received.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	
Raise by:	Khairul Anwar bin Ismail	Date Raise:	05/09/2019
Deadline for implementation	Next surveillance audit		
Root Cause Analysis (by company):			
The group manager does not fill in the "settlement action" section in the complaint and grievance form dated 30/10/2018 made by En. Chung Kin Kong regarding the elephant attack. Although the action was actually taken a week after the report was made on 05 Nov 2018, but nothing was recorded in the complaint and grievance form.			
Correction (by company):			
The action taken is to direct the smallholder involved to meet with the government agency involve especially Department of Wildlife because this is outside the jurisdiction of MPOB.			
Corrective / Preventive Action (by company)			
Ensure that every complaint and complaint made by the smallholder is resolved and recorded within the stipulated time of 14 working days. The group manager is responsible for answering in column "B. Action Settlement" on the Complaint and Complaint form provided. The group manager must conduct monitoring or verification of the remedial action taken and liaise directly with the complainant to ensure that the remedial action taken is appropriate and effective. If the complaint received is beyond the jurisdiction and capacity of the group manager, it will be referred to the relevant parties for settlement purposes. (Inform smallholders status of complaint) Records of complaints and grievances must be kept properly for the reference of management and complainants.			
Review of Correction & Corrective / Preventive Action			
The proposed corrective and preventive action by the SPOC S21 Sukau is accepted and will further review in the next audit for effective implementation.			
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Name of Auditor: Khairul Anwar Bin Ismail	Date of Closure: 22/10/2019		
Review of Implementation			

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Non Conformity Number < 2 >

The new complaint made by smallholder dated on 02/11/2020. Complaint lodged beyond MPOB control, therefore the complaint refer to government authority to resolve.

Review on record of complaint and grievance, verify the complaint lodged was response in column B. The status of complaint communicated to smallholder on 03/11/2020.

Complaint lodged by the smallholder resolved within the stipulated time of 14 days from complaint received.

The implementation is appropriate.

Name of Lead Auditor:

Mohd Nur Amin Bin Mohd Halim

Date of Review:

23/11/2020

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
	1	MINOR Non-Conformities

Non Conformity Number <1>

Indicator # and Description 4.6.1.1 All independent smallholders oil palm farms shall implement best practices such as the MPOB Codes of Practice, Malaysian Standards, ISO Standards and the Kod Amalan Baik (GAP) Pekebun Kecil.

Location: Office.

Description of Finding / Objective Evidence:

SPOC S21 Sukau adopted MPK 2020 update 01/06/2020. However, review MSPO application forms for sample of 8 existing members, the document at part 5 of Field Management is not sufficiently filled example:-

- a. Kriteria
- b. GPS Koordinat
- c. Mukabumi
- d. Status penyediaan tanah

Classification ☐ Major ☒ Minor
Mode of Audit ☒ Remote ☐ Onsite

Raise by: Mohd Nur Amin Bin Mohd Halim **Date Raise:** 27/11/2020

Deadline for implementation 26/12/2020

Root Cause Analysis (by company):

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Non Conformity Number <1>	
The GAP visit has been done but misunderstanding to fulfil at Part 5 MSPO application forms. The GAP report was only fill in the old GAP visit forms only.	
Correction (by company):	
The information needed for Field Management was fulfil in the MSPO application forms as per process require. (Refer attachment 1)	
Corrective / Preventive Action (by company)	
For any new GAP visit, the report will fill in the MSPO application form at Part 5 of Field Management.	
Review of Correction & Corrective / Preventive Action	
Based on the revised MSPO application form of 8 smallholders, review on relevant information of Kriteria, GPS Koordinat, Mukabumi and Status penyediaan tanah are filled sufficiently. The evidence provided is sufficient to close the NC. Further review in the next recertification audit for effective implementation.	
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: Mohd Nur Amin Bin Mohd Halim	Date of Closure: 05/12/2020
Review of Implementation	
Name of Lead Auditor / Auditor:	Date of Review:

Nr.	Indicator	Description	Location	Opportunity for Improvement
1	4.4.4.1	Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management. (MINOR)	Office	SPOC S21 Sukau may consider improve on awareness training for complaints and grievances

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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 S21 Sukau consisting of 430 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

There is 1 Minor NC(s) raised with action plan submitted and accepted. Furthermore Minor NC(s) raised in this audit will be verified in the next surveillance audit.

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, implemented and continues to improve in managing the independent smallholders 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:	430
Total certified acreage of smallholders:	3,103.54 Ha
Certified FFBs output January to December 2019:	35,998.79 Mt
Certified FFBs output January to November 2020	32,853.04 Mt
Projected FFBs output December 2020:	2,986.64 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 to this summary report as annex.

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

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

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

Puchong, 23/12/2020

Mohd Nur Amin Bin Mohd Halim
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 23/12/2020

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

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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