

MSPO CERTIFICATION SUMMARY REPORT

SPOC KUALA LIPIS C9

STAGE 2 – CERTIFICATION AUDIT

Date: 03/04/2018

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MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board
Certifying Unit: SPOC Kuala Lipis C9
Client Number: 92-037
Audit Type: Stage 2 – Certification Audit



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ABBREVIATIONS

GAP	Good Agricultural Practice
MPOB	Malaysia Palm Oil Board
MS	Malaysian Standard
MSPO	Malaysia Sustainable Palm Oil
MNC	Major Non Conformance
OBS	Observations
P&C	Principles & Criteria
PPP	Plant Protection Product
SOP	Standard Operating Procedure
SPOC	Sustainable Palm Oil Cluster

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1. INTRODUCTION

SPOC C9 Kuala Lipis has commissioned TÜV NORD Malaysia Sdn Bhd to conduct an initial certification audit for its 50 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

1.1. Objective

The objective of this stage 2- certification audit is to assess the MPOB Cawangan SPOC of Kuala Lipis C9 as group manager managing the independent smallholders by an independent certification body for compliance of the applied standard.

1.2. Scope

The certification is based on the documentation established by MPOB Cawangan SPOC of Kuala Lipis C9 in managing the independent smallholders' scheme.

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

The documents and information were 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.

In addition, the following reference was 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.
3. Malaysian Sustainable Palm Oil Part 2: General Principles for Independent Smallholders Audit Guidance.

1.3. Appointment & Qualification of Audit Team Members

A certification team consisting of one team leader was appointed. The onsite team members contributed to the review of documents, the assessment of the project activity and to the preparation of this report under the leadership of the team leader.

Qualification of the Lead Auditor: Ang Wai Sheng

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;	Diploma and Advance Diploma in Tourism Management

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Requirement	Qualifications
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)	More than 8 years in sustainable related field
Attended the MS 2530 series of standards training	Successfully completed MSPO, RSPO P & C LA, SCC, RSPO Next and ISCC-EU training.
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Has conducted 3 MSPO and equivalent sustainability certification (RSPO) as lead auditor in training
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Able to communicate in Bahasa Malaysia, English, and Chinese languages.
Field working experience in the palm oil sector, or demonstrable equivalent	1 year as Certifier and Reviewer for RSPO P&C and SCC schemes 1 year as Wildlife (Biodiversity) and Ecotourism Consultant (EMS &HCV) 3 years as Wildlife Guide (Licensed issued by Ministry of Tourism, Malaysia) 6 months as Field Technician for University of Montana on HC
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	1 year auditor for RSPO and MSPO schemes
Health and safety auditing on the farm and in processing facilities, for example OHSAS 18001 or Occupational, Health & Safety Assurance System	1 year auditor for RSPO and MSPO schemes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully complete SA8000 Basic Training and 1 year auditor for RSPO and MSPO scheme
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value	1 year auditor for RSPO and MSPO scheme

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Requirement	Qualifications
(HCV)	
Good Milling Practices for example palm oil milling working experience or demonstrate equivalent.	Trainee auditor for RSPO and ISCC in refinery and mill.

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	Joanne Wan	Graduate in Environment Management Technology	Yes
	Zul Hairi Bin Abu Hassan	Graduate in Plantation Industry 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)	Joanne Wan	5 years working experience as auditor in palm oil sector.	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	
Attended the MS 2530 series of standards training	Joanne Wan	Successfully complete MSPO Lead auditor training course.	Yes
	Zul Hairi Bin Abu Hassan	Successfully complete MSPO Lead auditor training course	
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	Joanne Wan	Qualified as auditor base on audit log for MSPO, RSPO and ISCC.	Yes

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Requirement	Assessor	Qualification	Compliance
and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Zul Hairi Bin Abu Hassan	Trainee auditor	
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Joanne Wan	Bahasa Malaysia, English and Mandarin.	Yes
	Zul Hairi Bin Abu Hassan	Bahasa Malaysia and English.	
Field working experience in the palm oil sector, or demonstrable equivalent	Joanne Wan	5 years working experience as auditor in palm oil sector. Has been auditing RSPO and ISCC prior to auditing MSPO certification standard.	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Joanne Wan	5 years working experience as auditor in palm oil sector. Has been auditing in both RSPO and ISCC standard.	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	
Health and safety auditing on the farm and in processing facilities, for example OHSAS 18001 or Occupational, Health & Safety Assurance System	Joanne Wan	5 years working experience as auditor in palm oil sector. Has been auditing in both RSPO and ISCC standard.	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Joanne Wan	5 years working experience as auditor in palm oil sector. Has been auditing in both RSPO and ISCC standard. Has attended SA 8000 training in social auditing.	Yes

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Requirement	Assessor	Qualification	Compliance
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Joanne Wan	5 years working experience as auditor in palm oil sector. Has been auditing in both RSPO and ISCC standard.	Yes
	Zul Hairi Bin Abu Hassan	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.	
Good Milling Practices for example palm oil milling working experience or demonstrate equivalent.	Joanne Wan	5 years working experience as auditor in palm oil sector. Has been auditing in both RSPO and ISCC standard.	Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and reviewer / certifier;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Certifying, final approval and issuance of certificate.

The certification audit was conducted in 2 stages in accordance to the certification procedure.

Stage 2 Certification Audit:

Stage 2 certification audit was conducted on 14/12/2017 to 15/12/2017 covers the following activities but not limited to below:

- Onsite visit, observations and inspections of farms management and activities;
- Interview smallholders;
- Reviewed revised and updated documentation established and implemented;
- FFB production records;
- Training records;
- Land titles and land application approvals;
- Work plans established;
- Stakeholders consultation meeting;
- Review and closed out of observations raised during stage 1 audit;
- Assessment reporting;

For list of all reviewed documents refer to Chapter 7, Table 7-1

For list of personnel participated in the audits refer attendance sheet and Table 7-3.

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On-site Assessment

The audit of the farms was conducted according to the MS 2530-2:2013 Part 2 for Independent Smallholders.

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

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

For this certification audit, the selected independent smallholders were based on the formula $S = \sqrt{n}$ where S = sample size and n = number of group members which is in accordance to MSPO certification procedure.

The group of smallholders consists of 50 members.

Based on the formula, the sample size $S = 10.6$, therefore round up to the next integral of 11 smallholders. Thus, a total of 11 smallholders were selected for the onsite assessment and inspection as listed in Table 2-1 below:

Table 2-1: List Of Independent Smallholders

Name of independent smallholders	Specific Address / site
Tan Chu Liong	208/lot2865, Jerkoh
Ah Kau @ Loo Kwong Loong	132/Lot2025, Jerkoh
Ling Chock Kee	H.S.M 591/Lot31875, Jerkoh
Siti Esah Bt Harun	PM 82 & 83, BATU YON
Tan Ai Mei	82/lot5285, 83/Lot4662, Kg Chegar Perah
Hassan B Da	GM 1669/Lot1723, Merapoh
Chong Ching	GM 1747/Lot2026 GM 1434/Lot2049, Jerkoh
Leong Hon Sung	GM 151/Lot1724 GM 176/Lot2780, Jerkoh
Isa Ibrahim	HSM 3333, Merapoh
Abdullah B. Mohamed	HSM 3337, Kg Salak
Mohd Pozi B Ahmad	PM 851 GM 362 GM 771 PM 616, Kg Gua Bekong Merapoh

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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 and Minor as well as Observations (OBS) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from date of audit. Minor NCs and OBS will be reviewed and verified during the next audit. All minor non conformances and observations shall be included with action plan and accepted by the Lead Auditor prior to the certificate issuance.

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3. ORGANISATION INFORMATION

MPOB Cawangan SPOC Kuala Lipis C9, is a branch of MPOB located at Raub, Pahang to provide technical support as well as develop the independent smallholders' scheme around the Raug-Merapoh-Kuala Lipis district.

The SPOC is managed by a MPOB SPOC group manager, Mr Iqbal, supported by team officers to manage the cluster providing technical support, estate management skills and training.

The location of the SPOC office is located at No 30, Tingkat 1, Pusat Perniagaan Raub, 27600 Raub.

The locations for the smallholders are shown in the below maps.



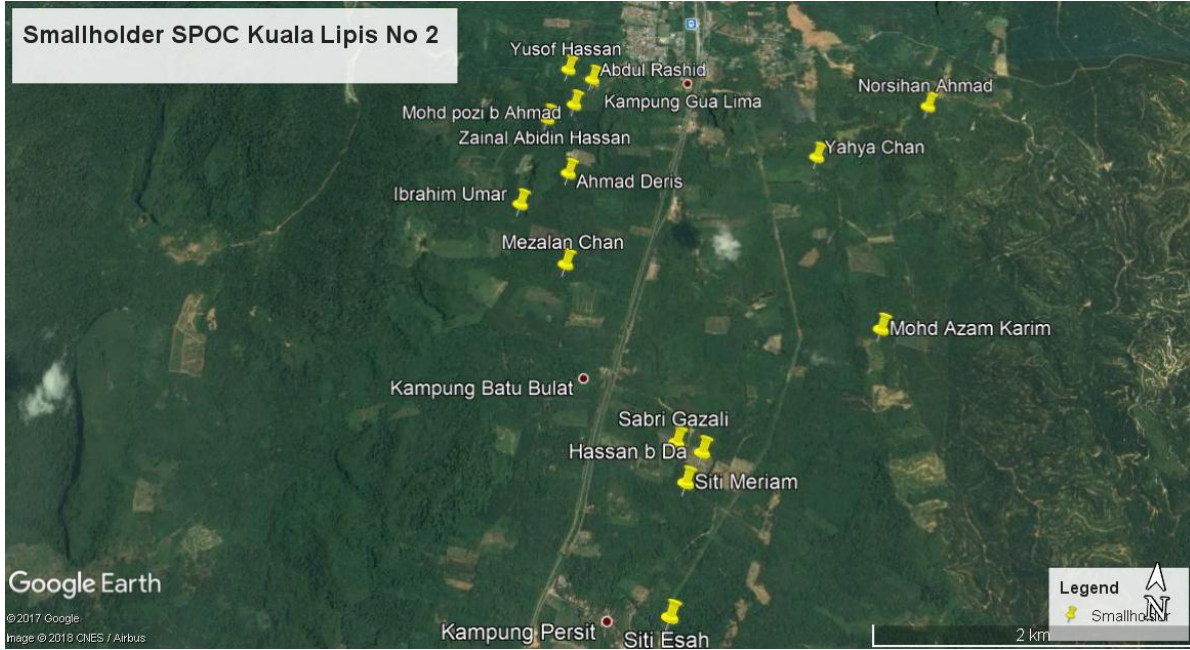
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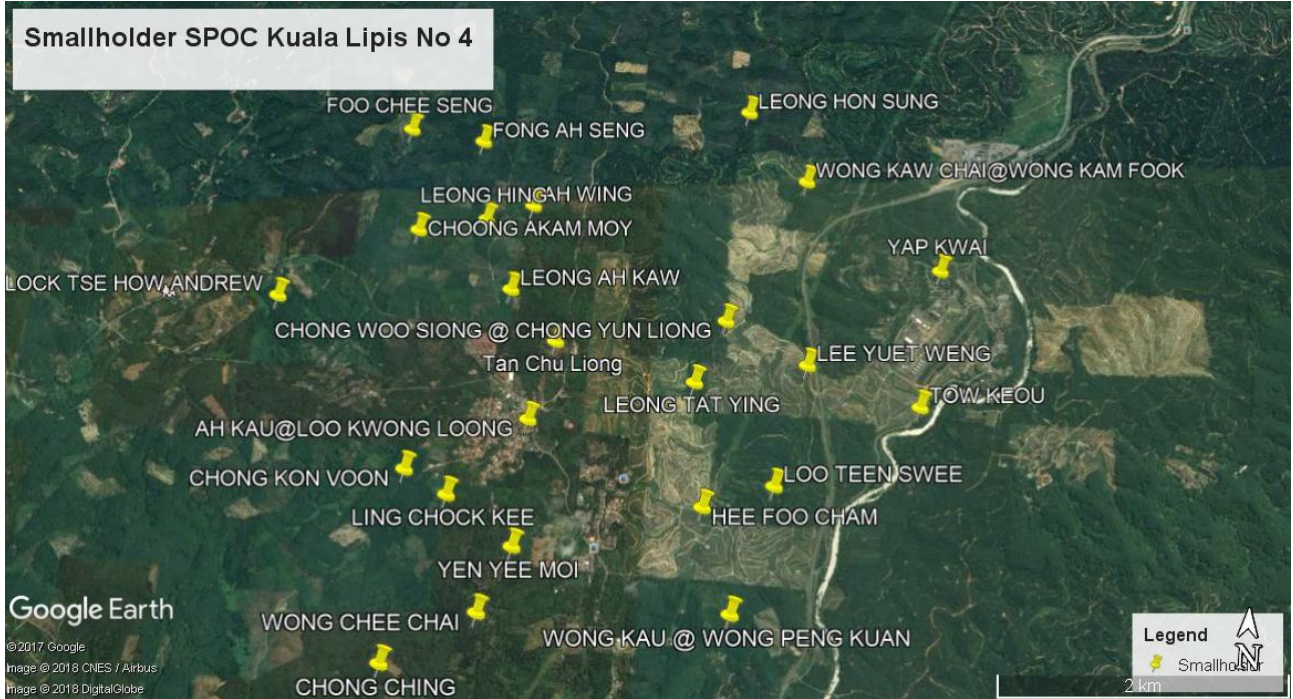
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4. CERTIFICATION ASSESSMENT

4.1. Stage 2 – Certification Audit

The objective of the certification audit is to assess the activities of MPOB Cawangan SPOC Kuala Lipis C9 is in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

There are 50 smallholders joined the certification during stage 1 audit. The total number of smallholders remain the same during stage 2 certification audit.

The certification audit was conducted on 14/12/2017 to 15/12/2017 that include inspection of the smallholders farms, farms boundary, interviews, conduct stakeholders' consultation and review of the observations raised in the last audit.

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

The details assessment of the Principles & Criteria, refer to P & C audit report attached to this summary report.

During the onsite the following were verified.

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. Best practice – farm management including fertilizing, chemical spraying and harvesting.

During the stage 1 audit, there were six observations raised. The audit team has reviewed and closed out the observations raised by means of 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 and the observations were closed out.

There are several indicators that could not be verified during stage 1 audit, have been verified after onsite observations, inspection conducted, interview of personnel and further reviewed of revised and updated procedures and documents established. It can be concluded the P & C requirements are met.

The number of audit findings raised in this audit been addressed in Section 4.3 of this audit report. For details of the assessment, refer to the P & C audit report attached to this summary report.

A public announcement of this SPOC initial certification was made available at the CB website on 31/10/2017 for a period of 30 days prior to the onsite audit to obtain stakeholders comments. There were no comments received as of onsite audit date on 14/12/2017.

In addition, local stakeholders' invitation was send on 22/11/2017 to invite relevant stakeholder to attend a consultation on 14/12/2017 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:

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- a. Introduction of SPOC Kuala Lipis objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in Kuala Lipis area;
- c. Wildlife management area and impact to the smallholders;

There were 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 attended the meeting refer to table 6.3.

For details of the assessment, refer to the P & C audit report attached to this summary report.

Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Group Manager / Company [thereafter known as GM] in regards to the MSPO/RSPO audit?	Interviewed stakeholders are aware of MSPO and the involvement of the group manager. Group manager who is MPOB officer visit them regularly and explain MSPO certification to them.	Positive
2	Social context	In the respond from stakeholders, they have informed that there is no social issue has raised in this location. When ask on foreign worker and force labour, they mention that most of the people are self-employed working for this own plantation. Therefore, there is no evidence for violation in social responsibility. There was also no child labour and confirmed in the stakeholders' consultation	Positive
3	Understanding of "NCR Land"?	The people understand NCR issue. Nevertheless, total of 50 members in the SPOC C9 have land title. No NCR for the 50 members. The attendees confirmed the 50 members do not have any problem with the surrounding people as regards to NCR land.	Positive
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO/RSPO?	It was noted that the livelihood in the area has improve since majority of the people there are converting their agriculture activity from rubber to oil palm.	Positive
5	Does MSPO/RSPO will largely benefits the local community?	During the interview, the attendees understand the benefit of MSPO and have acknowledge the benefits of the certification. They are aware the implementation can improve	Positive

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		their practise and protect health issue when using chemical.	
6	HCV and environmental understanding	Attendees are mainly from Kuala Lipis and Raub area. They have confirmed that there is no major issue of HCV. They also show understanding of biodiversity element and social context in regards to HCV.	Positive
7	Awareness towards species, habitats, and high conservation values?	The people are aware this topic. They confirmed that there is no issue in term of human wildlife conflict. When counter check with the 50 members, it was confirmed the member does not violate any aspect of MSPO standard and legal requirement on this topic.	Positive
8	Support to smallholders	Group Manager who is the MPOB officer has provided support to the smallholder whether member or non-member. The ramp operator has confirmed that the group manager has visited them and provide explanation to the smallholder in regards of selling FFB and licences requirement.	Positive
10	Are there any plantation or mill management practices that affect you?	At current moment, all member sold their FFBS to ramp operator. This was confirmed during the stakeholder consultation with ram operator.	Positive
12	Do you have any suggestions for management?	Attendees have mention the need of government to be directly involved in the matter of certification and understand the legal impact to the operator. The attendees have raised their worries with new law that will badly affect their operation including hiring of migrant workers. However, this topic was brought to MPOB as a whole and does not concern the SPOC group manager.	Positive

4.2. Status of Non-Conformities Previously Identified

X	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.

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	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.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

4.3 Detail of Audit Findings Identified During This Audit

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

AUDIT OUTCOME	
MAJOR Non-Conformities	4
MINOR Non-Conformities	4
Observations	0

Non Conformity Number < NO 1 >			
Indicator:4.1.2.2 -			
Group management shall establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the group members.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
Internal Audit has been conducted on 05/07/2017 led by MPOB Officer with a total of 7 non-compliances were detected. Date of closure is 04/10/2017. However, there is no evidence to show action taken to close out NC raised..			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	14.02.2018	
Root Cause Analysis (by company):			
Group Manager (GM) overlooked on internal audit issues.			
Correction (by company):			
<ol style="list-style-type: none"> Group Manager (GM) has sent corrective action 15/12/2017 to Head of Internal Auditor and the issues have been closed. (Refer to the Internal Audit's answer to the Internal Audit's answer which has been closed by the Head of Internal Audit) Attachment of the reminder letter to Group manager (GM) is attached once. 			
Corrective / Preventive Action (by company)			
Following the Group manager's (GM) issue overlooked the corrective action report for internal audits, the certification from MPOB HQ made a re-disclosure to the Group Manager (GM) on 15/1/2018 about GM's obligations for this will not be repeated in the future.			
Review of Correction & Corrective / Preventive Action			
Internal audit submitted and reviewed. The finding raised has been resolved and closed. The evidence submitted is deemed sufficient to close the NC.			

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Non Conformity Number < NO 1 >	
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: Ang Wai Sheng, (Terence)	Date of Closure: 05/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 2 >			
Indicator: 4.2.1.1			
The group management shall commit itself to implement and maintain the requirements for traceability.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
Name of FFB supplier in weighbridge tickets does not tally with the name in MPOB licence and / or MPOB member.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	14.02.2018	
Root Cause Analysis (by company):			
Participants' awareness and FFB collector regarding the use of their own accounts at the FFB collector are still low while each Participant has MPOB licenses for own fruit sales.			
Correction (by company):			
1. The Group manager (GM) has provided a description of the importance of using his own account at the FFB collector on 7 February 2018. 2. The Group Manager has also reported this issue to the MPOB Licensing & Enforcement Division on 6 February 2018.			
Corrective / Preventive Action (by company)			
This will be monitored through a record of the results sent by the participants to the Group Manager to avoid repeating the same thing again.			
Review of Correction & Corrective / Preventive Action			
The preventive action taken is deemed sufficient to address the non-compliance. The "taklimat ahli SPOC" meeting of minutes submitted is reviewed. The complaint letter raised by the officer to Enforcement division to ensure checking on this matter and authority is aware of this matter. Based on review of submitted documents are sufficient to address the non-compliance raised and NC is closed. The implementation will be further review 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		

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Non Conformity Number < NO 2 >	
Name of Auditor: Wan Jia Ann, (Joanne)	Date of Closure: 05/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 3 >			
Indicator:4.2.1.2			
To keep records of sales and delivery or transportation of fresh fruit bunches.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
Not all sales and delivery of FFB records are captured in MPOB SPOC office.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	14.02.2018	
Root Cause Analysis (by company):			
Review from Group Manager found that Participants did not keep track of FFB sales/ ticket by themselves.			
Correction (by company):			
The Distributor 'Rekod Buku Ladang' was been distribution to the Participant is conducted with an explanation from 29 January 2018 until 7 February 2018. Participant's Certificate of Acceptance of 'Buku Rekod Ladang' (BRL) and Personal Safety Protection Equipment (PPE) are attached.			
Corrective / Preventive Action (by company)			
Monitoring will continuous will be conducted by Group Manager through 'Lawatan Khidmat Nasihat' (LKN) to ensure Participants keep records of revenue.			
Review of Correction & Corrective / Preventive Action			
The submitted records for distribution of "Rekod Buku Ladang and attendance records were reviewed. The action plan by the group manager is continuous monitor on the records of FFBs sales is sufficient to close out the NC.			
The implementation will be further review 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 Auditor: Wan Jia Ann, (Joanne)	Date of Closure: 05/03/2018		
Review of Implementation for Major NC (where applicable)			
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No			

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Non Conformity Number < NO 3 >	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 4 >			
Indicator: 4.3.1.1 - Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
Group manager does not have a mechanism to ensure implementation of legal requirement by the smallholders. Group manager shall consider a mechanism to ensure legal compliance such as hiring of foreign worker and ensuring legal permit available.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	14/02/2018	
Root Cause Analysis (by company):			
1. Employees working in the participating fields do not go through the Group Manager for adopting wage systems. (The employee is fully custody of the FFB collector). 2. The mechanism for hiring workers is provided, but the Group Manager (GM) does not apply the terms of the agreement because it considers the terms only applicable if the participants have only permanent employees.			
Correction (by company):			
1. The group manager (GM) has designed an explanation on foreign workers' study issues and conditions for hiring employees on February 22, 2018. 2. Invitation letter is attached once			
Corrective / Preventive Action (by company)			
In order to avoid repeating this in the future, the Group Manager will apply the terms of the agreement to hire employees and employer's agreements with employees. (Attachment of terms of agreement and terms of agreement between employer and employee)			
Review of Correction & Corrective / Preventive Action			
"Syarat mengupah pekerja", "perjanjian majikan dan pekerja" and training with stakeholder dated 22/02/2018 have been evaluated. The evidence submitted are deemed sufficient to close the non-compliance. This implementation will be further review 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: Ang Wai Sheng, (Terence)		Date of Closure: 05/03/2018	
Review of Implementation for Major NC (where applicable)			
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No			

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Non Conformity Number < NO 4 >	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 5 >			
Indicator:4.4.1.1			
Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
During the stakeholders meeting, the attendees are unsure of the mechanism in place for them to make complaint. However, the attendees confirmed they make complaint or grievance directly during visit to MPOB office. The opportunity for stakeholders to raise matter was available. Therefore, this NC is considered as minor since the stakeholders interviewed could demonstrate the requirement of the standard. However in order to fully meet the standard requirements, the procedure should be made aware to the stakeholders.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	14/12/2018	
Root Cause Analysis (by company):			
<ol style="list-style-type: none"> The information that was previously submitted to the Stakeholders regarding MSPO was still unclear. There is still a lack of knowledge from Group Managers. 			
Correction (by company):			
<ol style="list-style-type: none"> A meeting was held to Stakeholders to disseminate MSPO information on 22 February 2018. Attachment of the complaint process is provided. 			
Corrective / Preventive Action (by company)			
To prevent this from recurring, the Group Manager has planned a schedule where meetings with stakeholders are held at least once a year.			
Review of Correction & Corrective / Preventive Action			
Timetable “Mesyuarat Bersama pihak berkepentingan” submitted was reviewed and sufficient to ensure the stakeholders are aware of the complaint and grievance procedure. The immediate action taken to inform stakeholders was on 02/02/2018. SOP for complaint and grievance SOP-01/AR/2016 is reviewed and deemed sufficient to address the non-compliance raised. This will be further review 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: Ang Wai Sheng, (Terence)		Date Review Action Plan: 05/03/2018	
Review of Implementation for Major NC (where applicable)			
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No			

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Non Conformity Number < NO 5 >	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 6 >			
Indicator: 4.4.4.1 Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
Training has been conducted. However, the effectiveness of training needs to be evaluated: <ol style="list-style-type: none"> 1. Chemicals are applied to the palms beside the small stream in one of the smallholder's plot. 2. Waste empty containers are filled with water without proper cover which will lead to breeding of mosquitoes. 			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation		14/12/2018
Root Cause Analysis (by company):			
Participants are still accustomed to the old practice in the farm.			
Correction (by company):			
<ol style="list-style-type: none"> 1. Group Manager (GM) has conducted a briefing/training session on open burning prohibition, prohibitions on the use of chemicals in the area of reservoir and pool area, chemical handling, 3 times rinsing, reuse of venom as water reservoir for the use of poisoning and submission personal safety protection equipment. (Briefing 7 February 2018) 2. The area around the buffer zone and the fish pond is no longer poisoned by the participants. 3. The 200 liter drum used by the participant was not used anymore and replaced with a closed 20-liter (recycled) poison barrel. (refer to label 20 liter barrel) 			
Corrective / Preventive Action (by company)			
Continuous training will be given to avoid repeating the same occurrence. The Group Manager has planned the program to the participants in the form of Advisory Service Visit.			
Review of Correction & Corrective / Preventive Action			
Training records submitted dated 07/02/2018 was reviewed. The continuous training plan submitted indicates the training dates to the members. The action plan established shall be further reviewed in the next audit to close this NC. .			
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Name of Auditor: Wan Jia Ann, (Joanne) Zul Hairi Bin Abu Hassan		Date Review Action Plan: 05/03/2018	
Review of Implementation for Major NC (where applicable)			
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No			

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Non Conformity Number < NO 6 >	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 7 >			
Indicator: 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	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
According to Procedure Pengurusan Bahan Buangan Terjadual SOP-04/BT/2016, effective date 01/04/2016, issue no 1, revision 0 (section 3), the inventory record for scheduled waste need to be kept for 3 years since the date of waste generation.			
However, there is no inventory of quantity of scheduled waste recorded for both smallholders and MPOB SPOC office.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
		Deadline for implementation	14/12/2018
Root Cause Analysis (by company):			
Records inventory of scheduled waste is not available.			
Correction (by company):			
<ol style="list-style-type: none"> 1. Each scheduled waste generated is updated in the inventory form. (Refer to the provided inventory form). 2. Participants will be applying the scheduled waste inventory form. 3. Descriptions of scheduled waste are described in a briefing on 7 February 2018. <ol style="list-style-type: none"> i. Scheduled wastes generated. ii. How to dispose scheduled wastes. 			
Corrective / Preventive Action (by company)			
<ol style="list-style-type: none"> 1. The Group Manager (GM) has started to obtain data on the scheduled waste generated by the participants. 2. Scheduled wastes such as reuse of used poisons (which have been rinsed 3 times) by the participants as fountain mixtures. 			
Review of Correction & Corrective / Preventive Action			

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Non Conformity Number < NO 7 >	
Training was provided on 07/02/2018. SOP pengendalian bahan buang terjadual SOP-04/BT/2016 and SOP senarai sisa racun dan domestic L-04/SRD/2016 submitted was reviewed. An inventory form is established "Inventori bahan terjadual" to capture information as below	
1. Date 2. Quantity 3. Name 4. Category code 5. Dispose method, quantity and area.	
The action plan taken is sufficient. This implementation will be further review in next surveillance audit to close out the NC.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Wan Jia Ann, (Joanne)	Date Review Action Plan: 05/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 8 >			
Indicator:4.6.3.1			
Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
There is no evidence of communication available between the group manager with the interested and affected parties.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	14/12/2018	
Root Cause Analysis (by company):			
Group Manager overlooked about this.			
Correction (by company):			
A meeting was held between the FFB collector and Group Manager on 22 February 2018. (Attachment of Invitation Letter to Stakeholders)			
Corrective / Preventive Action (by company)			
Refer to the Group Manager's planning attachment to avoid this overlook issue again.			
Review of Correction & Corrective / Preventive Action			

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Non Conformity Number < NO 8 >	
Letter of invitation for consulting with stakeholder dated 02/02/2018 submitted is reviewed. The time bound plan for year is submitted that includes a yearly meeting will be held. The evidence provided is sufficient to address the NC raised. The implementation will be review 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: Ang Wai Sheng, (Terence)	Date Review Action Plan: 05/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

MSPO Certification Summary Report

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5. CONCLUSION

Malaysia Palm Oil Board, Cawangan Kuala Lipis C9 has commissioned TÜV NORD Malaysia Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) consisting of 50 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

The 4 Major NC raised in this stage 2-Certification audit was closed out successfully. Furthermore, Minor NC action plan have been reviewed and accepted. Observations raised in this audit will be verified in the next surveillance audit with accepted action plan reviewed by Lead Auditor.

From the review of the standard operating procedures, 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 organization 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.

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

Total certified number of independent smallholders: 50 members

Total certified acreage of smallholders: 102.3602 Ha

Certified FFBs output January to December 2018: 1,214.25 Mt

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board
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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 were interviews, observations, sampling of activities and review of documentation and records.

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

The structure of the audit was 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 policy 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

<input checked="" type="checkbox"/>	Recommended for Certification / Recertification
<input type="checkbox"/>	Recommended for Continuity of Certification
<input type="checkbox"/>	Suspended of Certification

Subang Jaya, 03/04/2018

Wai Sheng, Ang (Terence)
TUV NORD Malaysia Sdn Bhd
Audit Team Leader

Subang Jaya, 03/04/2018

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

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7. REFERENCES

Table 7-1: Documents provided by SPOC Kuala Lipis C9

Client Reference Document
MSPO Policy for smallholders
Pengembangan Maklumat File which contain Warta Sawit
Buku Rekod Ladang (BRL)
Senarai keperluan Undang -Undang
Aduan dan Rungutan SOP
Training Programme for year 2017
Training Plan for year 2018
Senarai Sisa Racun dan Domestik
SOP "Pengurusan Bahan Buangan Terjadual" SOP-04/BT/2016
Training document Kursus Sehari Bersama Pekebun Kecil
Panduan Penyediaan Kawasan Bagi Tanam Baru Sawit
Anggaran Perbelanjaan Program Latihan Dan Ceramah Bagi tahun 2018"

Table 7-2: Background Investigation And Assessment Documents

Reference Document
Akta Perlindungan hidupan liar 1972 (Akta 76) Jadual Satu Binatang- Binatang Liar yang Diperlindungi Sepenuhnya. Akta Perlindungan hidupan liar 1972(Akta 76) Jadual Dua Binatang- Binatang Liar yang Diperlindungi. Akta Perlindungan hidupan liar 1972(Akta 76) Jadual Lima Serangga-Serangga yang Diperlindungi
Akta Pemuliharaan Hidupan Liar 2010 dated 20-04-2012

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Reference Document

Akta Perlindungan hidupan liar Jadual Tiga Burung Liar yang Diperlindungi Sepenuhnya Akta Perlindungan hidupan liar Jadual Empat Burung Liar yang Diperlindungi

Drainage & Irrigation Ordinance, 1956

Environmental Quality Act 1974 and Amended 2012

Environmental Quality (Clean Air) Regulations 1978

Environmental Quality Act & Regulation – Act 12

Environmental Quality (Scheduled Wastes) Regulations 2005

Forest Enactment 1968

IUCN Red list- Categories and criteria (version 3.1)

Kod Amalan Baik (GAP) Perkebun Kecil, Malaysia Palm Oil Board

Malaysian Palm Oil Board Act 1997-Act 582

MSPO Certification Scheme Doc. No: MPOB/MSPO/CS/01 dated 2013-11-19

MSPO 2530-2:2013: Part 2: General principles independent smallholder

MSPO Certification Procedures & Guidelines

OSHA (Classification, labelling and Safety data Sheet of Hazardous Chemicals) Regulations 2013

Occupational Safety and Health Act 1994 Act 154

Pesticides Act 1974

Akta Perdagangan Manusia Dan Penyeledupan Migran

Poisons Act & Regulations - Act 366

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Table 7-3: List of Interviewed Persons, Observers and Smallholders

No.	Name	Organization / Function
1	Halizajuliana Bt Yaalob	BJ Bentong – Clerk
2	Ling Hwa Keong	Manager (Seng Highland)
3	Koh Kwan Heng	Manager (Seng Highland)

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

This report is sent to the certification body or bodies, 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 regard to the management system.

Annex / Enclosures

Annex / corresponding audit documentation	<input checked="" type="checkbox"/> P&C Audit Report / Checklist(s) <input type="checkbox"/> Audit Plan <input type="checkbox"/> Additional annexes, number
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Malaysia Sustainable Palm Oil – MS 2530 Part 2 for Independent Smallholders Audit P & C Report



Company Name: MPOB SPOC Kuala Lipis

Client No: 92-037

Certifying Unit: MPOB SPOC Kuala Lipis

Audit Type: Stage 2 Certification Audit

Item	Description				
1	Company Name	MPOB Kuala Lipis C9			
2.	Certifying Unit	MPOB SPOC Kuala Lipis			
3.	Address	No. 31, Tingkat 1, Pusat Perniagaan Raub, 27600 Raub, Pahang, Malaysia.			
4.	Contact	Tel: +609-3552834	Fax: +609-3552827	Website:	
5	Location of plantation / estate	Refer to list provided			
6	Geo Coordinates of plantation / estate	Refer to list provided			
7	Contact Person	Name: En. Muhammad Iqbal Bin Salleh	Tel: +609-3552834	Mobile: +6017-9891303	Email: iqbals@mpob.gov.my
8	Date of Audit	14/12/2017-15/12/2017			
9.	Audit Team Members				
	Team Leader / LA	Ang, Wai Sheng (Terence)			
	Auditor Member	Zul Hairi Bin Abu Hassan (Trainee), Wan Jia Ann (Joanne)			
	Expert / Trainee / Observer				

Malaysia Sustainable Palm Oil – MS 2530 Part 2 for Independent Smallholders Audit P & C Report



Company Name: MPOB SPOC Kuala Lipis

Client No: 92-037

Certifying Unit: MPOB SPOC Kuala Lipis

Audit Type: Stage 2 Certification Audit

Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.1	Principle 1	Management Commitment & responsibility			
4.1.1	Criterion 1	Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1		There shall be a policy binding smallholders to MSPO (MAJOR)	<ul style="list-style-type: none"> - Statement of commitment to MSPO signed by group manager <ul style="list-style-type: none"> - This applies only to independent smallholders under group manager 	Policy is available. Policy (P-01/MSPO-SPOC/2016). Policy covers: <ul style="list-style-type: none"> - Komitmen dan tanggungjawab pihak pengurusan SPOC Kuala Lipis - Keterbukaan dalam memberikan maklumat kepada pihak berkepentingan - Dokumentasi bagi tujuan kebolehjajakan - Permatuhan undang-undang tempatan, kebangsaan dan antara bangsa yang telah disahkan - Sumbangan kepada pembangunan manpankomuniti stempat - Penyelesaian aduan dan ruguntan secara telus dan adil - Permatuhan keadaan perkerjaan, aspek keselamatan dan perkhidmatan ekosistem - Keperluan pemuliharaan species yang jarang ditemui, terancam, hamper pupus dan habitat yang mempunyai nilai biodiversity tinggi - Perlaksanaan pembakaran sifar dan amalan 	Yes

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Company Name: MPOB SPOC Kuala Lipis

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				<p>pertanian baik</p> <ul style="list-style-type: none"> - Permatuhan syarat-syarat bagi pembangunan baru sawit. <p>Policy is made available at SPOC office notice board.</p> <p>Reviewed individual member file that all members have obtained and sign as proof of acceptance of the policy.</p> <p>Smallholders are able to demonstrate understanding and aware of the policy</p> <p>MSPO training was conducted on 04/07/2017 and 25/04/2017 for members and/or representatives from Kg. Jerkoh and Kg. Merapoh.</p> <p>MSPO training has been conducted to the remaining members on 26/10/2017. MSPO training includes PPE usage, environment, legal legislation, MSPO requirement, good agriculture practice and HCV</p>					
4.1.2	Criterion 2	Continual Improvement							
4.1.2.1	Indicator 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	<ul style="list-style-type: none"> - Identified social and environmental impact - Selection of the impact that requires continuous improvement that bring benefits to the smallholders - Awareness programme for the need for continual improvement - Interview and record assessment - JKKK or JKPP meeting - Dissemination of information to members about future activities - Group manager to develop action plan 	<p>SPOC has established a continuous improvement plan that include social and environment that could impact the smallholders and the surrounding areas.</p> <p>Social and environmental assessment conducted as below..</p> <p>Social impact:</p> <table border="1"> <tr> <td>Membaja, Meracun dan menuai</td> <td>Memberi peluang pekerjaan kepada peladang.</td> </tr> <tr> <td>Menuai</td> <td>Kecurian BTS</td> </tr> </table>	Membaja, Meracun dan menuai	Memberi peluang pekerjaan kepada peladang.	Menuai	Kecurian BTS	Yes
Membaja, Meracun dan menuai	Memberi peluang pekerjaan kepada peladang.								
Menuai	Kecurian BTS								

Malaysia Sustainable Palm Oil – MS 2530 Part 2 for Independent Smallholders Audit P & C Report



Company Name: MPOB SPOC Kuala Lipis

Client No: 92-037

Certifying Unit: MPOB SPOC Kuala Lipis

Audit Type: Stage 2 Certification Audit

		improvement. (MAJOR)		<table border="1"> <tr> <td>Penambah Peluang Pekerjaan</td> <td>Masalah warga asing di kawasan kampung mengganggu ketenteraman penduduk kampung.</td> </tr> <tr> <td colspan="2">Environmental impact</td> </tr> <tr> <td>Meracun</td> <td>Hakisan tanah boleh berlaku sekiranya tiada amalan pertanian baik</td> </tr> <tr> <td>Meracun dan membaja</td> <td>Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran</td> </tr> <tr> <td>Meracun</td> <td>Perlupusan bahan buangan terjadual</td> </tr> </table>	Penambah Peluang Pekerjaan	Masalah warga asing di kawasan kampung mengganggu ketenteraman penduduk kampung.	Environmental impact		Meracun	Hakisan tanah boleh berlaku sekiranya tiada amalan pertanian baik	Meracun dan membaja	Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran	Meracun	Perlupusan bahan buangan terjadual	
Penambah Peluang Pekerjaan	Masalah warga asing di kawasan kampung mengganggu ketenteraman penduduk kampung.														
Environmental impact															
Meracun	Hakisan tanah boleh berlaku sekiranya tiada amalan pertanian baik														
Meracun dan membaja	Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran														
Meracun	Perlupusan bahan buangan terjadual														
4.1.2.2	Indicator 2	Group management shall establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the group members. (MAJOR)	<ul style="list-style-type: none"> - Identification of new technologies - Dissemination of information regarding new technologies: <ul style="list-style-type: none"> • Discussion • Site visit • Plot demo • Flowchart, etc. - Group interaction on the awareness and availability of the new technology or information - Acceptance and implementation among members - Monitoring success or improvement 	<p>New information for C9 certification is provided during the latihan khidmat nasihat. As some of the locations distance are far apart, the Group Manager has justified the need of khidmat nasihat to be more effective by conducting in a group basis. Those who are unable to attend the training on the respective dates, they are briefed / trained on Latihan Khidmat Nasihat during field visits</p> <p>Internal Audit was conducted on 05/12/2017 by MPOB HQ officer with a total of 7 non-compliances were detected. Date of closure is 04/10/2017. However, there is no evidence to show action taken to close out the NC raised</p>	Major NC 1										

Malaysia Sustainable Palm Oil – MS 2530 Part 2 for Independent Smallholders Audit P & C Report



Company Name: MPOB SPOC Kuala Lipis

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Certifying Unit: MPOB SPOC Kuala Lipis

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			<p>with new technologies</p> <ul style="list-style-type: none"> - Internal audit to be conducted by group manager as applicable - Result of internal audit indicate the performance of the smallholders in the group 								
4.2	Principle 2	Transparency									
4.2.1	Criterion 1	Traceability									
4.2.1.1	Indicator 1	The group management shall commit itself to implement and maintain the requirements for traceability. (MAJOR)	<ul style="list-style-type: none"> - Tracking system that can trace FFB to the source (smallholder’s block, plot) - Source of planting materials - Applies to group manager for independent smallholders 	<p>The smallholder has the license to sell the FFB issued by MPOB and verify with the weight bridge ticket.</p> <p>Example license to sell FFB: No license: 204860-301000 From 01/10/2014-20/09/2019 Lot 1368, Mukim Batu Yon, Daerah Kuala Lipis, Negeri Pahang, 2.03 Ha Date of license was issued on 30/09/2014.</p> <p>Name of FFB supplier in weighbridge tickets does not tally with the name in MPOB license and / or MPOB member.</p> <p>For e.g.</p> <table border="1"> <thead> <tr> <th>Supplier on the weighbridge ticket</th> <th>Name of the MPOB member</th> </tr> </thead> <tbody> <tr> <td>Hoo Liang In</td> <td>Smallholder 2</td> </tr> <tr> <td>Au Shiau Fei</td> <td>Smallholder 7</td> </tr> </tbody> </table>	Supplier on the weighbridge ticket	Name of the MPOB member	Hoo Liang In	Smallholder 2	Au Shiau Fei	Smallholder 7	Major NC 2
Supplier on the weighbridge ticket	Name of the MPOB member										
Hoo Liang In	Smallholder 2										
Au Shiau Fei	Smallholder 7										

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				Wong	Smallholder 21	
4.2.1.2	Indicator 2	To keep records of sales and delivery or transportation of fresh fruit bunches. (MAJOR)	- Verification of records and documents	The smallholder has records of sales and delivery of FFB to the buyer example ticket: ASMEWA SAWIT SDN BHD (747730-M) MPOB No: 552424015000 Date: 27/11/2017 Weight: 0.78 mt Serial no: P0039356 Not all sales and delivery of FFB records are captured in MPOB SPOC office.		Major NC 3
4.3	Principle 3	Compliance to legal requirements				
4.3.1	Criterion 1	Regulatory requirements				
4.3.1.1	Indicator 1	Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations. (MAJOR)	- Interview to test awareness : <ul style="list-style-type: none"> Licensing requirements Labour Law Environmental Act Immigration Child Labour – not applicable on family farms 	The SPOC manager has updated the list of laws. Document no (L-02/SKU/2016) with 20 laws specifically identified involving the smallholder. Example: Akta 670 Anti Permerdagangan Orang Dan Anti Penyeledupan Migran Akta Keselamatan Social 1969 Akta Taman Negara 1980. During the stakeholders' consultation it is confirmed that there was no child labor. Group manager does not have a mechanism to ensure implementation of legal requirement by the		Major NC 4

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				<p>smallholder. Group manager shall consider a mechanism to ensure legal compliance such as hiring of foreign worker and ensuring legal permit available.</p> <p><u>Site verification</u></p> <p>Smallholder know the compliance of hire foreign and casual worker. The job is rarely at the farm and there was no worker observed during the site visit. Some of the smallholders have their family member to assist and managed by themselves.</p> <p>The smallholder knows basic of awareness of regulation during the field visit example licensing requirement, labour law not to hire child labour.</p> <p>There is no child labour hired based on interview with sampled smallholders and this is verified through field visit.</p> <p>All smallholders have land title and all the grants have been verified. All MPOB licenses have been verified. All members have valid license and grant.</p>	
4.3.2	Criterion 2	Land use rights			
4.3.2.1	Indicator 1	Independent smallholders shall demonstrate rights to their landholdings and there is no evidence of major land disputes. (MAJOR)	- Verification of land ownership	<p>Land titles are available. All member in SPOC 09 have obtain geran tanah. No NCR land within the group.</p> <p>Stakeholders' consultation confirmed no land dispute occur in the area.</p> <p>All members file wereas reviewed for the land title and were found in compliance to the requirements.</p> <p>Confirmation on site: Merapoh</p>	Yes

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				<p>The smallholders have own land title issued by land office.</p> <p>Example from Merapoh</p> <p>Negeri: Pahang</p> <p>Daerah: Lipis</p> <p>Mukim: Batu Yon</p> <p>Tempat: Kg Salak</p> <p>No. lot: Lot 4662</p> <p>Luas Lot: 1.405 Ha</p> <p>Dated of issued 19/06/2007</p>	
4.3.3	Criterion 3	Customary rights			
4.3.3.1	Indicator 1	<p>Independent smallholders shall demonstrate customary rights to their landholdings (MAJOR)</p> <p>Note. Where recognized customary or legally owned land has been taken over and where there is documentary proof of a transfer of rights (eg. Sale) and of payment or provision of agreed compensation.</p>	- Verification of land ownership or user rights	No customary right land in C09 Kuala Lipis SPOC	Yes
4.3.3.2	Indicator 2	Maps of an appropriate	- Group manager to provide evidence to	No customary right land in C09 Kuala Lipis SPOC.	Yes

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		scale showing extent of recognized customary rights land, if any, should made available. (MINOR)	show that the land does not overlap with neighbours. This can be done through participatory mapping, where applicable.		
4.4	Principle 4	Social responsibility, health, safety and employment conditions			
4.4.1	Criterion 1	Complaints and grievances			
4.4.1.1	Indicator 1	Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders. (MAJOR)	<ul style="list-style-type: none"> - Group manager to collect or keep records of all complaints or request from stakeholders - Smallholders to screen the requests and to respond to those within their ability - The group manager to respond to those requests which cannot be handled by the smallholders 	<p>Total number of days have been listed of which is 14 days. During the audit there is no complaint raise of which the implementation can be verified. The complaint procedure “Aduan Dan Rungutan” SOP/01/AR/2016 dated 2016 has been reviewed. Complaint procedure states the person in charge and timeline involve.</p> <p>During the stakeholders meeting, the attendees are unsure of the mechanism in place for them to make complaint.</p> <p>However, the attendees confirmed they make complaint or grievance directly during visit to MPOB office. The opportunity for stakeholders to raise matter was available. Therefore, this NC is considered as minor since the stakeholders interviewed could demonstrate the requirement of the standard. However in order to fully meet the standard requirements, the procedure should be made aware to the stakeholders..</p>	Minor NC 1
4.4.1.2	Indicator 2	The local system should	- Group manager to implement a	SOP for complaint and grievance SOP (-01/AR/2016	Yes

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		be able to resolve disputes. (MINOR)	<p>system to collect complaints / suggestions / disputes</p> <ul style="list-style-type: none"> - Availability of a system to channel complaints to designated person (e.g JKKK, Tuai Rumah) - The designated person to assign appropriate parties to handle the disputes - The designated person to ensure that dispute is resolved within reasonable time 	<p>has been reviewed.</p> <p>Procedure states the group manager is in charge of the complaint and grievance handling.</p> <p>Flowchart for handling of complaint has been reviewed that includes</p> <p>Carta aliran -rungutan dan audan</p> <p>Carta aliran – aduan pekebun kecil</p> <p>Carta aliran – Komunikasi diantara pekebun kecil and pihak lain sekiranya terdapat masalah atau cadangan.</p> <p>There was no complaint received at the time of audit therefore the evaluation of the procedure can only be made during in surveillance where there are complaints received.</p>	
4.4.2	Criterion 2	Employees safety and health			
4.4.2.1	Indicator 1	Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe (MAJOR)	<ul style="list-style-type: none"> - Group manager to promote awareness on the safe work practices - Group manager to provide PPE & training in the premises - Interview : <ul style="list-style-type: none"> • Accident • Safety equipment or PPE • Training on safety and health - Observation of operation at site 	<p>The group manager has established the “Prosedur Kerja Selamat di Kebun”.</p> <p>Penuaian (Harvesting)</p> <p>Penyemburan Racun (Spraying)</p> <p>Pembajaan (Manuring)</p> <p>The procedure, ‘Prosedur Notifikasi Aduan, Kemalangan, Kemalangan Nyaris, Kejadian Berbahaya, Keracunan Pekerja” describe about PPE awareness.</p> <p>Document no: SOP-03/AK/2016</p> <p>Issue: 1</p> <p>Date: 1/4/2016</p>	Yes

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				<p>The safety data sheet (SDS)</p> <ul style="list-style-type: none"> • Chemical of Glyphosate – April 2013 • Muriate of potash (MOP) – 8/12/2014 <p>NPK fertilizer – issue 09/2014</p> <p>During site interview, the sampled smallholders are aware of the awareness on the safe work practices such as wearing PPEs during chemical application.</p> <p>MSPO training was conducted on 04/07/2017 and 25/04/2017 which cover all members and/or representatives from Kg. Jerkoh and Kg. Merapoh.</p> <p>MSPO training including health & safety had been conducted to the remaining members on 26/10/2017. The training covers MSPO, Health & Safety, GAP</p>	
4.4.3	Criterion 3	Employment Conditions			
4.4.3.1	Indicator 1	<p>For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely. (MINOR)</p>	<ul style="list-style-type: none"> - The temporary workers verbally agree to the terms prior to the execution of the work - Evidence through interview 	<p><u>Merapoh</u></p> <p>The smallholder hires temporary workers from the local community / villages to do work at the field. During side verification and interview, working condition is verbal agreement by both parties.</p> <p>Chemical spraying RM 60/acres</p> <p>Harvesting RM 70/mt</p> <p><u>Kuala Lipis</u></p> <p>The sampled smallholders hired casual workers based on mutual verbal agreement.</p> <p>The workers are paid based on piece rate basis.</p> <p>Rate of harvesting: RM 40-50 / ton</p>	Yes

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				Rate of chemical application: RM 60-70 / acre	
4.4.3.2	Indicator 2	Independent smallholders shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin or other distinguishing characteristics and shall not engage in or support discriminatory practices in line with national aspiration (MINOR)	<ul style="list-style-type: none"> - Absence of complaints on discrimination - Interview workers 	<p>Smallholders have provided equal opportunity on terms of work. During the interview there is no biasness detected. Stakeholders consultation confirmed similar results.</p> <p>Group manager has members from various background. There is no evidence on discrimination found.</p> <p>Stakeholders' consultation confirmed there is no form of mistreatment</p>	Yes
4.4.3.3	Indicator 3	Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements. (MAJOR)	<ul style="list-style-type: none"> - Applicable for monthly wages only - Absence of complaints on worker's pay and conditions - Evidence of mutual agreement - To assess agreement or legal standards with actual condition - Interviews: <ul style="list-style-type: none"> • Workers (regular & non-regular) • Contractor • Job specification • Payment • Satisfaction 	<p>During interview the casual worker informed he is paid on a piece rate basis as per verbal mutual agreements.</p> <p>Example: Chemical spraying RM 60/acres Harvesting RM 70/mt</p> <p>In Kuala Lipis zone, Interview with smallholder and side verification at field was conducted and found that no workers are working during site visit.</p> <p>Based on the interview with sampled smallholders, they hired casual workers based on mutual verbal agreement.</p> <p>The workers are paid based on piece rate basis.</p> <p>Rate of harvesting: RM 40-50 / ton</p>	Yes

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				Rate of chemical application: RM 60-70 / acre In Merapoh, interview conducted in regards to chemical spraying and harvesting for smallholder, it was confirmed that the pay rate is according to mutual verbal agreement.	
4.4.3.4	Indicator 4	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities, where available and practical. (MAJOR)	<ul style="list-style-type: none"> - Acceptable living conditions for workers, when provided - Site visits - Interviews - Observation 	No living quarters found during field visit. Worker hired are casual worker therefore there is no housing provided to them.	Yes
4.4.3.5	Indicator 5	Children and young persons are not to be employed or exploited. The minimum age and conditions of employment shall comply with local, state or national laws. Work by children and young persons is acceptable on family farms, under adult supervision, and when it does not interfere with their education. They are not to be exposed to hazardous working conditions.	<ul style="list-style-type: none"> - Labour Law - Child and Young Person (Employment) Act 1966 - Interviews - Observation <ul style="list-style-type: none"> • Type of work that children are not allowed to do (handling of agrochemical, fertilizer, sharp tools, harvesting, handling heavy object, machinery) 	<p>Labour law is applicable in the Group manager office and they understand the requirement.</p> <p><u>Site visit Merapoh and Kuala Lipis</u></p> <p>There is no child labour hired based on interview with sampled smallholders and this is verified through field visit.</p> <p>Stakeholders' consultation confirmed there was no child labour. Smallholder may hire casual worker or operate the farm with support from family members</p>	

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		(MAJOR)			
4.4.4	Criterion 4	Training and competency			
4.4.4.1	Indicator 1	Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management. (MINOR)	<ul style="list-style-type: none"> - Training to be provided for smallholders by the group manager: <ul style="list-style-type: none"> • GAP • Safety • Financial management - Interviews - Expenditure on visits or reading materials. 	<p>MSPO training was conducted on 04/07/2017 and 25/04/2017 for members and/or representatives from Kg. Jerkoh and Kg. Merapoh.</p> <p>Training conducted to the remaining members was on 26/10/2017. The training covers MSPO topic including Health & Safety, GAP, Talk from Jabatan Perhilitan, Pengairan and Saliran, Pertanian.</p> <p>Finding:</p> <p>Training has been conducted. However, the effectiveness of training needs to be evaluated:</p> <ol style="list-style-type: none"> 1. Chemicals are applied to the palms beside the small stream in one of the smallholder's plot. 2. Waste empty containers are filled with water without proper cover which will lead to breeding of mosquitoes. 	Minor NC 2
4.5	Principle 5	Environment, natural resources, biodiversity and ecosystem services			
4.5.1	Criterion 1	Environmental management plan			
4.5.1.1	Indicator 1	Independent smallholders are expected to be aware of the environmental	<ul style="list-style-type: none"> - Training to be provided by the group manager - Interview: 	<p>Environment impact assessment has been conducted. See 4.1.2.1</p> <p>SOP for environment protection is established.</p>	Yes

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		impact but are not expected to undertake any formal impact assessment unless there is a legal requirement. (MINOR)	<ul style="list-style-type: none"> Understanding of sensitive areas (rivers, steep slope, forest, wetlands, mangrove area, swamp area) in and around smallholder plot Understanding of the agricultural impact to the sensitivity requirements <ul style="list-style-type: none"> Site visits Observation 	<ul style="list-style-type: none"> Pengurusan Bahan Buangan Terjadual Pengendalian dan perlupusan bahan kimia <p>Training on GAP was conducted. Training slide was reviewed. Training includes</p> <ul style="list-style-type: none"> Kawalan alam sekitar di ladang Zero burning during land preparation. <p>Smallholder was aware of the environment impact during interview and understand sensitivity of environment impact.</p>							
4.5.2	Criterion 2	Efficiency of energy use and renewable energy									
4.5.2.1	Indicator 1	The use of renewal energy should be applied where possible. (MINOR)	<ul style="list-style-type: none"> Efficiency of use of energy (diesel or electricity per tonne FFB) depending on scale of operation Observation on any renewal energy use (buffalo, solar, hydropower, biodiesel) 	Diesel usage is minimum. Therefore, the efficiency and renewable energy is currently not practise as smallholder does not have the capacity and means to start such practice.	Yes						
4.5.3	Criterion 3	Waste management and disposal	-								
4.5.3.1	Indicator 1	All waste products and sources of pollution shall be identified. (MAJOR)	- All field and domestic waste are identified by the group manager	<p>Wastes have been identified in “Senarai Sisa Racun Dan Domestik” (L-04/SRD/2016)</p> <p>Example</p> <p>Senarai sisa terhasil dari input pertanian</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Racun perosak</td> <td style="width: 30%;">i. Tong racun kosong</td> <td style="width: 30%;">i. Menjadi tempat pembiakan</td> </tr> <tr> <td></td> <td>ii. Sisa racun</td> <td></td> </tr> </table>	Racun perosak	i. Tong racun kosong	i. Menjadi tempat pembiakan		ii. Sisa racun		Yes
Racun perosak	i. Tong racun kosong	i. Menjadi tempat pembiakan									
	ii. Sisa racun										

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					dari bilasan air iii. Tanah yang digunakan untuk menyerap sisa racun yang tertumpah ke tanah v. kain yang tercemar dengan sisa racun v. vasap terhasil jika bakar	bagi nyamuk ii. Mencemarkan sumber air semulajadi iii. Mencemarkan kualiti udara	
				Baja	i. Beg baja kosong yang tercemar dengan bahan kimia dan tidak boleh terurai ii. Plastik dari beg baja yang tercemar dengan	i. Mencemarkan sumber air semula jadi dan sumber air dalam tanah ii. Mencemarkan kualiti alam sekitar	

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				<table border="1"> <tr> <td></td> <td>bahan kimia</td> <td></td> </tr> <tr> <td></td> <td>iii. sisa dari bilasan air beg baja yang tercemar dengan bahan kimia</td> <td></td> </tr> </table> <p>Senarai sisa terhasil bukan dari input pertanian</p> <table border="1"> <tr> <td>Sisa/bahan buangan dari kawasan perumahan</td> <td> i. Plastik sampah yang tidak boleh ii. Tin-tin makanan yang terpakai yang tidak digunakan semula iii. Serpihan kaca yang tidak digunakan </td> <td> i. Mencemarkan sumber air ii. Mendatangkan kecederaan iii. Menjadi tempat pembiakan bagi haiwan yang membawa penyakit </td> </tr> </table>		bahan kimia			iii. sisa dari bilasan air beg baja yang tercemar dengan bahan kimia		Sisa/bahan buangan dari kawasan perumahan	i. Plastik sampah yang tidak boleh ii. Tin-tin makanan yang terpakai yang tidak digunakan semula iii. Serpihan kaca yang tidak digunakan	i. Mencemarkan sumber air ii. Mendatangkan kecederaan iii. Menjadi tempat pembiakan bagi haiwan yang membawa penyakit	
	bahan kimia													
	iii. sisa dari bilasan air beg baja yang tercemar dengan bahan kimia													
Sisa/bahan buangan dari kawasan perumahan	i. Plastik sampah yang tidak boleh ii. Tin-tin makanan yang terpakai yang tidak digunakan semula iii. Serpihan kaca yang tidak digunakan	i. Mencemarkan sumber air ii. Mendatangkan kecederaan iii. Menjadi tempat pembiakan bagi haiwan yang membawa penyakit												
4.5.3.2	Indicator 2	Independent smallholders shall ensure that waste from the smallholdings is disposed of appropriately.	<ul style="list-style-type: none"> - Disposal method for all waste identified in 4.5.3.1 is specified by the group manager - All pesticide containers are treated 	During site visit, the empty chemical containers are reused in the field to contain water for chemical mixing. SOP “Pengurusan Bahan Buangan Terjadual” SOP-	Yes									

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		Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers. (MAJOR)	<p>according to the Pesticide Board recommendation of the triple rinsing and punctured</p> <ul style="list-style-type: none"> - Assurance that collected containers are not used to store food items or water for consumption. 	<p>04/BT/2016 dated 01/04/16 has been reviewed.</p> <p>The procedure states scheduled wastes and requirement of proper disposal to be in accordance with the country regulation.</p> <p>Lampiran 1 in the procedure describes the schedule wastes.</p> <p>For example SW1: Buangan logam dan buangan berasaskan logam SW101: Buangan yang mengandungi arsenic atau sebatianannya</p>	
4.5.4	Criterion 4	Natural water resources			
4.5.4.1	Indicator 1	Independent smallholders can demonstrate that they understand the need to maintain the quality and availability of surface and ground water and steps are being taken for its implementation. (MINOR)	<p>Group manager should provide training on the following (where applicable)</p> <ul style="list-style-type: none"> - No intrusion to riparian reserve - Maintain vegetation at riparian reserve - Frond stacking - Cover crops - No blanket spraying - Built and maintain terraces according to specification - Silt pit 	<p>MSPO training was conducted on 04/07/2017 and 25/04/2017 for all members and/or representatives from Kg. Jerkoh and Kg. Merapoh.</p> <p>Addition training conducted to the remaining members on 26/10/2017. The training covers MSPO elements, talk from Jabatan Pengairan and Saliran.</p> <p>Refer to training findings 4.4.4.1</p>	Yes
4.5.4.2	Indicator 2	Water harvesting practices should be implemented. (MINOR)	<ul style="list-style-type: none"> - Implementation of any forms of water harvesting 	<p>Smallholders installed rain harvesting system using roof gutter to collect rain water for chemical mixing.</p> <p>For e.g. Sampled smallholder collect rainwater in farm to be used</p>	Yes

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				for chemical mixing.	
4.5.5	Criterion 5	Status of rare, threatened, or endangered species and high biodiversity value area			
4.5.5.1	Indicator 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. (MINOR)	<ul style="list-style-type: none"> - Interview to test understanding on any species / habitats of concern, in compliance with Wildlife Department Malaysia and Forestry Department - Interview to test understanding on the conservation needs of the rare, threatened, and endangered species (RTE) elements identified in above 	<p>Update review from stage one training conducted on 26/10/2017. Attendance list was verified. For those which are unable to attend, the training was provided through LKN during visits to the sites. This h include environmental, HCV, GAP, legal and MSPO requirements.</p> <p>In addition, a list of biodiversity for the area covered is available. Total of 29 species listed together with the protection status. "Senarai Hidupan liar SPOC C09, Negeri Pahang".</p> <p>During site visit, smallholder are aware on biodiversity requirement in regards to important species and the habitat.</p>	Yes
4.5.6	Criterion 6	Zero burning practices			
4.5.6.1	Indicator 1	Independent smallholders shall not practice open burning during land preparation for oil palm cultivation or replanting, unless with the permission	<ul style="list-style-type: none"> - Group manager should ensure that independent smallholders follow the GAP guidance on zero burning technique for replanting - Observation on any evidence of open 	<p>Training slide was reviewed that include the element of zero burning.</p> <p>During the site visit the is no open burning observed. Document "Panduan Penyediaan Kawasan Bagi Tanam Baru Sawit "TBS10B Lampiran A states zero burinig.</p>	Yes

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		of relevant state authorities. (MAJOR)	burning	The guidance for zero burning” Perusahaan Sawit Di Malaysia” by MPOB dated year 2009 edisi 3 ISBN 978-967-961-163-2 Training records for “Kawalan Alam Sekitar Di Ladang Kelapa Sawit” 04/07/2017 at kg Jerkoh. 26 smallholder attended including all members of the group from Kg Jerkoh. Kg Merapoh (38 attended) on 26/10/2017 Site visit found no evidence of open burning.	
4.6	Principle 6	Best Practices			
4.6.1	Criterion 1	Site management			
4.6.1.1	Indicator 1	All independent smallholders oil palm farms shall implement best practices such as the MPOB Codes of Practice, Malaysian Standards, ISO Standards and and the Kod Amalan Baik (GAP) Pekebun Kecil. (MINOR)	<ul style="list-style-type: none"> - Verification of certification - Status of certification - Physical observation of implemented best practices that are practical for independent smallholders. 	The smallholder implements best practice in accordance to Amalan Pertanian Baik MPOB updated 2016. Penyediaan ladang, pemulihan tanah, kawalan rumpai, pembajaan, pemagkasan, serangan perosak, serangan penyakit. According to Procedure Pengurusan Bahan Buangan Terjadual SOP-04/BT/2016, effective date 01/04/2016, issue no 1, revision 0 (section 3), the inventory record for scheduled waste need to be kept for 3 years since the date of waste generation. However, there is no inventory of quantity of scheduled waste recorded for both smallholders and MPOB SPOC office.	Minor NC 3
4.6.1.2	Indicator 2	A visual identification or reference system shall be established for each field or block of oil palm	<ul style="list-style-type: none"> - Identification or reference system established for each field or block of oil palm planting. 	During site visit to the smallholder farm the signboard information is not installed and still under tendering for purchase by MPOB HQ. The individual file for smallholder includes information of the block. Boundary	Yes

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		planting. (MAJOR)		marker is available. The email from HQ 20/6/2017. Example: KEBUN KELOMPOK PENANAM SAWIT MAMPAN (SPOC) Example lot No Lot: 5282&4662 Keluasan: 2.528 Ha Koordinat GPS: E 102° 00' 19.17" N 04° 39' 32.70" Tahun tanam: 2007	
4.6.2	Criterion 2	Economic and financial viability plan			
4.6.2.1	Indicator 1	Group manager shall establish a documented business or management plan to demonstrate attention to economic and financial viability. (MAJOR)	- Documented business or management plan established, where applicable for field activities only	Follow up show a plan together with financial planning for the year 2018 have been made available. Program proposed include: 1. Taklimat MSPO Stakeholder 2. Training 3. Taklimat Grading 4. Internal Audit MSPO 5. Penubuhan Koperasi 6. Pengurusan Kewangan 7. Taklimat Pejabat Tanah Daerah. Financial plan for the above work was reviewed and captured in checklist.	Yes

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4.6.3	Criterion 3	Transparent and fair price dealing			
4.6.3.1	Indicator 1	Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties. (MINOR)	<ul style="list-style-type: none"> - Group manager should liaise with dealers, millers, local communities and other affected or interested parties and convey related information to members and/or - Independent smallholders should liaise with dealers, millers, local communities and other affected or interested parties 	There is no evidence of communication available between the group manager with the interested and affected parties on FFBS pricing.	Minor NC 8
4.7	Principle 7	Development of new planting			
4.7.1	Criterion 1	Oil palm shall not be planted on land with high biodiversity value			
4.7.1.1	Indicator 1	Independent smallholders shall not plant oil palm on land with high biodiversity value as identified by local, state and national legislation. (MAJOR)	<ul style="list-style-type: none"> - Group manager or relevant government agency should assist independent smallholders on Identification of High Biodiversity Value (HBV) area - No development on HBV area 	The smallholders planting statement was reviewed with the last planting in year 2015 During the site visit, there is no evidence of new planting sighted.	Yes
4.7.2	Criterion 2	Soil Survey			
4.7.2.1	Indicator 1	Independent smallholders should obtain information on soil types, topography	<ul style="list-style-type: none"> - Group manager to provide soil and topography maps for cluster (where applicable) 	The smallholders planting statement was reviewed with the last planting in year 2015. During the site visit, there is no evidence of new planting	Yes

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		and their suitability for oil palm plantings from the relevant government agency. New planting plans should be prepared in consultation with extension service officers (MINOR)		sighted.	
4.7.3	Criterion 3	Planting on steep terrain, marginal and fragile soils			
4.7.3.1	Indicator 1	Extensive planting on steep terrain, marginal and fragile soils, shall be avoided unless permitted by local legislation. Independent smallholders who establish new plantings on steep terrain, marginal and fragile soils, should adopt appropriate and viable conservation measures. (MAJOR)	<ul style="list-style-type: none"> - Soil and suitability map for oil palm - Appropriate and viable conservation measures - No development on unsuitable area for oil palm <p>Group manager can provide these but is not practical for independent smallholders</p>	The smallholders planting statement was reviewed with the last planting in 2015. During the site visit, there is no evidence of new planting sighted.	Yes