

MSPO CERTIFICATION SUMMARY REPORT

SPOC LABIS, JOHOR

STAGE 2 – CERTIFICATION AUDIT

Date: 13/02/2018

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MSPO Certification Summary Report

Company Name: MPOB – Malaysia Palm Oil Board
Certifying Unit: SPOC Labis J 38
Client Number: 92-038
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

MPOB has commissioned TÜV NORD Malaysia Sdn Bhd to conduct an initial certification audit for its SPOC Labis 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 MPOB Cawangan SPOC Labis as group manager managing the independent smallholders. The aim of this certification audit is assessed on the compliance of the standard MS 2530-Part 2 by MPOB Cawangan SPOC Labis.

1.2. Scope

The certification is based on the documentation developed by MPOB Cawangan SPOC Labis 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: Terence Ang

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,	Diploma and Advance Diploma in Tourism Management

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Requirement	Qualifications
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	
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	1 year auditor for RSPO and MSPO schemes

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Requirement	Qualifications
18001 or Occupational, Health & Safety Assurance System	
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 (HCV)	1 year auditor for RSPO and MSPO scheme
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	Mohamad Norhisham Bin Mohd Salleh	Graduate in Applied Science (Major in Agrobiology)	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	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	

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Requirement	Assessor	Qualification	Compliance
science)			
Attended the MS 2530 series of standards training	Mohamad Norhisham Bin Mohd Salleh	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 and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Mohamad Norhisham Bin Mohd Salleh	Qualified as auditor base on audit log.	Yes
	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.	Mohamad Norhisham Bin Mohd Salleh	Bahasa Malaysia and English.	Yes
	Zul Hairi Bin Abu Hassan	Bahasa Malaysia and English.	
Field working experience in the palm oil sector, or demonstrable equivalent	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	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	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	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	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	

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Requirement	Assessor	Qualification	Compliance
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Mohamad Norhisham Bin Mohd Salleh	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Mohamad Norhisham Bin Mohd Salleh	Successfully completed EMS ISO 14001: 2015. Involved in RSPO, ISCC, MSPO Audit.	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.	Mohamad Norhisham Bin Mohd Salleh	Has involved in auditing for RSPO SCC standard	Yes
	Zul Hairi Bin Abu Hassan	9 years working experience in estate management.	

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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 08/01/18 to 09/01/18 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, SPCO 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 $S = 50$, therefore round up to the next integral of 10.6 smallholders. Thus, a total of 11 smallholders were selected for the onsite assessment and inspection listed in Table 2-1 below:

Table 2-1: List Of Independent Smallholders

Name of independent smallholders	Specific Address / site
Koh Eng	LOT 472,MUKIM BEKOK
Tay Kong Peng	NO HAKMILIK 457864, LOT 716, MUKIM BEKOK, SEGAMAT
Tay Chin Chuan	NO.HAKMILIK 129128, LOT 593, MUKIM BEKOK,SEGAMAT,JOHOR
Ibrahim Hashim	LOT 797, MUKIM BEKOK, LABIS
Lee Chew Fun @ Lee Siew Soon	LOT 1010,BEKOK,MUKIM BEKOK
Tamilarasi a/p Jaganathan	MLO 499,HSM 132,KAMPONG SUNGAI KARAS,MUKIM LABIS,LABIS,JOHOR
Siti Hajal Haroon	LOT 5368,MUKIM LABIS,LABIS
Norsila Jaafar	NO HAKMILIK 2923, LOT 5372 PETA, MUKIM LABIS, SEGAMAT
Mohamed Mohd Da	No. Hakmilik 407,Lot 4271,LABIS,Mukim Labis,Labis
Md Zin Zainal	NO.HAKMILIK 1753,LOT 596,BUKIT LAN MUKIM LABIS,SEGAMAT
Ahmad Fakri Bin Lamun	NO HSM 852, MLO 490, SUNGAI KARAS LABIS

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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. All minor non-conformances will have required submission of action plan and are accepted by Lead Auditor. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

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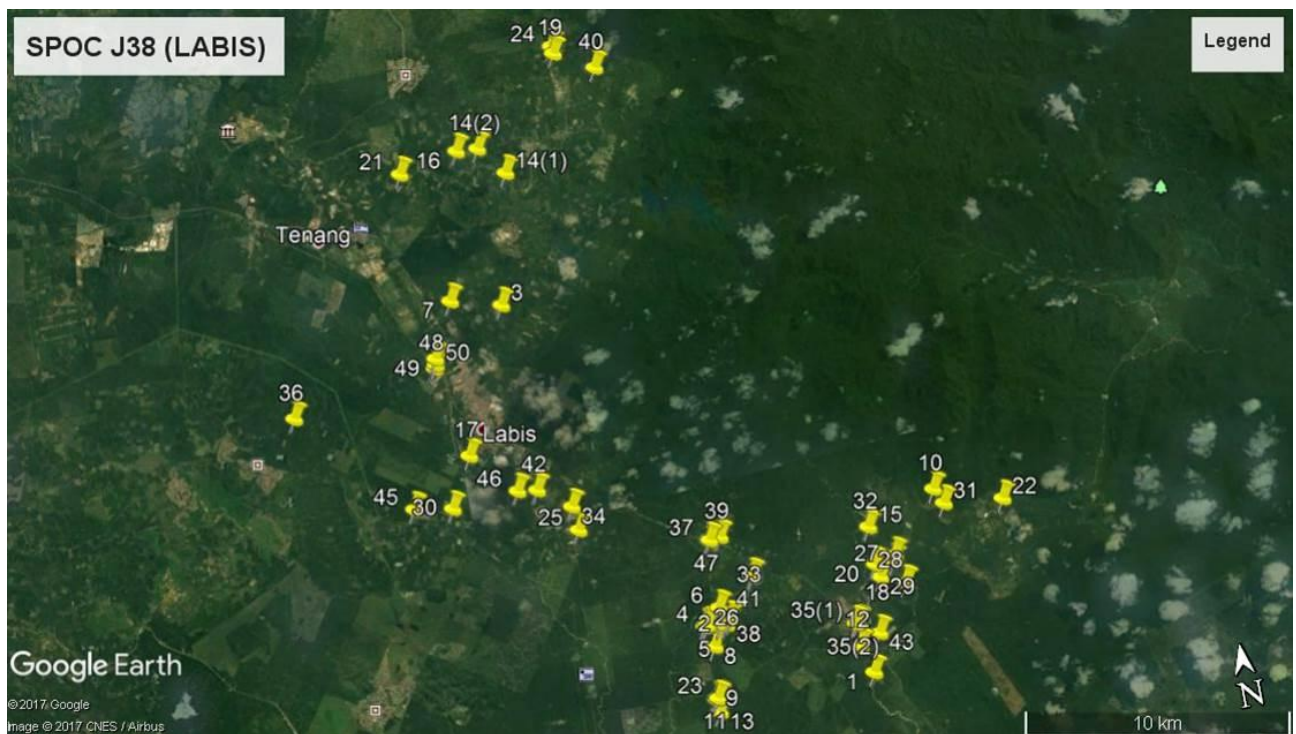
3. ORGANISATION INFORMATION

MPOB Cawangan SPOC Labis, is a branch of MPOB located at Johore to provide technical support as well as develop the independent smallholders' scheme around the Segamat district.

The SPOC is managed by a MPOB SPOC group manager, Mr Muhamad Azraf, 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.34 Tingkat Atas, Jalan Genuang Perdana, Taman Genuan Perdana.

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



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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 Labis 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 2 certification audit. The total number of smallholders remain the same during certification audit.

The certification audit was conducted on 08/01/18 to 09/01/18 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 was conducted on 18/09/2017, there were 3 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 P & C 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 stakeholders' consultation was conducted on 08/01/2018 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements. The topics of discussion are as below:

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

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- d. Environmental issues on the impact of river contamination;
- e. Type of wildlife around Kinabatangan area;
- f. Support from processing palm oil mills at SPOC Labis area.

There are no issues raised during the stakeholders' consultation that need to be addressed by the SPOC management office except for additional contribution a stakeholder can provide (see item one in stakeholder respond). It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

In addition to the above a public announcement have been sent and publicly available in TUV NORD website one month prior to the audit. The announcement was placed on 01/12/2017. At the time of closing meeting, there were no comments received..

A desk review through in website and also satellite images to determine risk and possible issue arise have been evaluated and determine prior to the onsite audit.

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/ audit?	Not all attendees are well aware of MSPO. Attendees will like to know more on the benefits of MSPO	To conduct communication with relevant stakeholders.
2	Social context	<p>It was confirmed that there was no social issue in the area. All present confirmed there is no issue arise nor they have heard from neighbour in regards to social context.</p> <p>When ask in regards to foreign worker, it was confirmed that there was no reported case of illegal or trafficked worker in the area. The existing foreign workers have not causes any disturbance to the local in the area.</p> <p>In regards to child labour, it was confirmed that there was no child labour in the area. All work has been done through self-employed basis or casual worker.</p> <p>Workers are hired by the traders who is contracted by the smallholder to carry out field activities.</p>	Positive comment
3	Understanding of "NCR Land"?	There is no NCR issue and locals are aware of NCR land which is	Positive Comment

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		mainly related to the aborigine.	
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	It was noted that with the introduction of MSPO and palm oil, the economic aspect of the people has been improving. The attendees confirmed that the locals have generally benefited with the palm oil industry.	Positive comment
5	Does MSPO/RSPPO will largely benefits the local community?	During interview, the attendees understand that the MSPO certification will ensure the safety aspect and environment issues are taken care off. They believe this will benefit them as local and also part of the industry player.	Positive Comment
6	HCV and environmental understanding	The exposure to the local was notably well and they are aware that hutan simpan is a protected area and prohibition of any activity without prior to approval. It was also confirmed in this stakeholder consultation that there was no wild animal within the area and human wildlife conflict was absent in this area. Large mammals were only noted in other part of forest in the state such as Endau Rompin.	Positive Comment
7	Awareness towards species, habitats, and high conservation values?	Local are aware of RTE species and they understand the protection requirements. They also understand the state requirement of no hunting in the area.	Positive Comment
8	Support to smallholders	Group Manager has provided great assistant to both member and non-member of SPOC.	Positive Comment
9	FFB quality	In the stakeholder consultation, it was noted that the FFB quality sent to the Ramp Operator were acceptable quality. There has been no complaint as of time of audit in regards to quality grading issue.	Positive Comment
10	Are there any plantation or mill management practices that affect you?	Attendees have informed that there was no issue arise from any of the smallholders or other mills present at nearby areas.	Positive Comment

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
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	correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS NOT been implemented effectively. Non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<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>	
<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>	

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	3
Observations	0

Non Conformity Number < NO 1 >						
Indicator: 4.1.2.1						
The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholder's group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement.						
Location	SPOC Labis					
Description of Finding / Objective Evidence:						
There is no evidence where the CIP was develop in consideration of social and environmental impact and opportunities of the independent smallholder's group.						
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation			
	Deadline for implementation		08/03/2018			
Root Cause Analysis (by company):						
MPOB has conduct briefing and training regarding MSPO with other government agencies such as DOE, OSHA and PERHILITAN on theory basis. Group manager has overlooked on issue related to continuous improvement.						
04/03/2018 reply-Training that has been provided by SPOC J38 was not overall and does not included technical training which caused several smallholders not lack awareness in environment and social and its conservation. Smallholders was not clear in effect of field activities such as spraying and manuring and also new planting for oil palm plantation.						
Correction (by company):						
Conduct technical training in a smaller scale base on village as listed out in the CIP, so that the stallholders would have awareness on such topics. To inform the smallholders on their activities that affect						

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Non Conformity Number < NO 1 >	
Corrective / Preventive Action (by company)	
To conduct technical training in smaller group scale so that smallholders can understand more.	
Review of Correction & Corrective / Preventive Action	
Plan for a more detailed briefing and training session for to smallholder's on environment awareness and ways to conserve nature is stated in the provided appendix. Sighted list of valid workers passport from three dealers. Based on evidence provided, it was considered sufficient and the non-conformity is closed.	
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: Terence Ang	Date of Closure: 05/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 2 >			
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 Labis		
Description of Finding / Objective Evidence:			
Group manager does not have a mechanism to ensure compliance with legal requirement against the smallholder in SPOC group. During the site visit, it was noted that the member was hiring foreigner where their legal status was not identified. The usage of controlled chemical such as paraquat was not checked by the group manager on the member. Member were found with paraquat and interview with the respective smallholder confirmed the usage. Therefore, the group manager shall ensure the compliance of the member in term of legal which may include but not limited to employment, chemical, environmental and social law.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	08/03/2018	
Root Cause Analysis (by company):			
1. Smallholders are unaware on this situation. Smallholder using dealer's workers which was illegal workers. 2. Smallholder are unaware on banned usage of paraquat and it is also hazardous for health and environment.			
Correction (by company):			
1. Several foreign worker's working permits has been given by visited dealers (as per attachment) 2. Lawatan Khidmat Nasihat has been conducted and briefing regarding ban on paraquat usage has been given to smallholders.			
Corrective / Preventive Action (by company)			

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Non Conformity Number < NO 2 >	
<p>1. Lawatan Khidmat Nasihat (LKN) has been conducted in several dealers in regards laws related to hiring foreign workers.</p> <p>2. Planning on training related to usage of hazardous chemical will be conducted following planned schedule as per attachment.</p>	
Review of Correction & Corrective / Preventive Action	
<p>Training for Smallholder (lot Number 595) as regards to the ban on usage of paraquat is submitted and reviewed. SPOC J38 has established activity calendar for year 2018 which include chemical management and OSHA as part of training topics.</p> <p>Base on the evidence provided, it was sufficient to close the non-conformity i</p>	
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: Terence Ang	Date of Closure: 05/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 3 >			
Indicator: 4.5.3.2			
Independent smallholders shall ensure that waste from the smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers.			
Location	SPOC Labis		
Description of Finding / Objective Evidence:			
SOP "Pengurusan Bahan Buangan Terjadual" SOP-04/BT/2016 dated 01/04/2016 mention establishment of individual inventory for quantity of schedule waste produced.			
During site visit to smallholders, there were no records available for those who produce schedule waste.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation		08/03/2018
Root Cause Analysis (by company):			
Training regarding schedule waste has been conducted by Environmental Officer on July 2017. Smallholders are still unclear on this to be done in managing schedule waste. Schedule waste inventory form was not filled by smallholders.			
Correction (by company):			
Group Manager J38 has conducted individual training for smallholders regarding managing schedule waste on time to time.			
Corrective / Preventive Action (by company)			

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Non Conformity Number < NO 3 >	
Latihan Khidmat Nasihat (LKN) programme has been established to increase smallholder's awareness on managing schedule waste.	
Review of Correction & Corrective / Preventive Action	
Group Manger has provided SOP for triple rinsing. Laporan Lawatan Khidmat Nasihat (LKN) dated 21/02/2018 on the technique and method to dispose schedule wastes. Kalender Aktiviti 2018 is submitted and review on implementation on field will be conducted on field. Based on documents review, the non-conformity could be closed.	
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 / Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 02/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 4 >			
Indicator: 4.5.6.1			
Independent smallholders shall not practice open burning during land preparation for oil palm cultivation or replanting, unless with the permission of relevant state authorities.			
Location	SPOC Labis		
Description of Finding / Objective Evidence:			
During site visit to Smallholder 39, it was sighted that the burning on the field. Smallholder's explained that it was for repelling mosquito. But, the burning occur at the frond stacking and possibility that the fire cannot be controlled.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	10/03/2018	
Root Cause Analysis (by company):			
As has been known by auditor that the burning was done in small scale intention as mosquito repellent while waiting for auditors visit. Smallholder Tn Haji Ibrahim Hashim are aware on open burning that was conducted without any supervision was ban. Unfortunately, he was not aware that his action burning oil palm remains for repelling mosquito would cause a risk of bigger fire on his land. For auditor information, refer to AKta Pekeliling Perintah Kualiti Alam Sekeliling (Activities that has been declare open burning 2003 paragraph 3g) allows Smallholder to burn for the purpose of replanting with several restrictions without need of permission from Department of Environment.			
Correction (by company):			
Prompt action in put out the fire has been done by Group Manger during the audit process. Follow up visit has been done on 21 February 2018 for a more detailed briefing session regarding ban on open burning.			
Corrective / Preventive Action (by company)			

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Non Conformity Number < NO 4 >	
Latihan Khidmat nasihat Programme has been established to raising smallholder's awareness regarding the ban on open burning from time to time.	
Review of Correction & Corrective / Preventive Action	
Kalender aktiviti SPOC Labis 2018 is submitted and reviewed that include Keperluan Akta Alam Sekitar. The implementation will be further evaluate during field verification in the next audit.. Lawatan Khidmat Nasihat on open burning has been conducted to respective smallholders. Based on evidence provided, it is considered sufficient and tnon-conformity is closed.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 02/03/2018
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 5 >			
Indicator:4.4.1.2 The local system should be able to resolve disputes.			
Location	SPOC Labis		
Description of Finding / Objective Evidence:			
During visit to a smallholder, file number 10, he raised question regarding his letter sent to MPOB head office dated 23/02/2017. Further investigation onto the issue find that the respond letter has been sent by MPOB headquarters, dated 29/03/2017. According to SOP "aduan dan rungutan" SOP01/AR/2016 effective dated 01/04/2016 issue number 01 stated that complain must be address within 14 days period. Thus, the respond made on the issue was not following the SOP.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	08/01/2019	
Root Cause Analysis (by company):			
Smallholder has send grievance form dated 23 February 2017 direct to MPOB Headquarters in Bangi. SPOC J38 was established on July 2017. Grievance form was sent to HQ before SPOC J38 was established.			
Correction (by company):			
Grievance form from PK has been refilled on 21 February 2018 and this issue has been brought up to Headquarters on 22 February 2018 and pending for feedback from them. Group Manager J38 will noted on this matter based on grievance system that has been established.			
Corrective / Preventive Action (by company)			

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Non Conformity Number < NO 5 >	
During Latihan Khidmat Nasihat, briefing has been conducted to Smallholder Mr. Koh Eng regarding the grievance system used for solving any grievance matters with MPOB	
Review of Correction & Corrective / Preventive Action	
Group Manager has provided copy of original letter dated 23/02/2017 from smallholder to MPOB Headquarters. Latest grievance record filled by smallholder dated 21/02/2018 and email from SPOC J38 dated 22/02/2018 to MPOB headquarters was submitted to confirm the action has been taken.. Training for awareness on grievance was conducted on 21/02/2018. Based on evidence provided, it is sufficient to close the non-conformity. Site verification will be conducted on next surveillance audit.	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: Next surveillance audit
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
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 Labis		
Description of Finding / Objective Evidence:			
The effectiveness of training has been reviewed and is deemed not sufficient. During the site visit, member was not able to confirmed the training and demonstrate the effectiveness. This include but not limited to the policy, environmental issue and OSHA.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	08/01/2019	
Root Cause Analysis (by company):			
J38 establishment was in the nutshell starting from July 2017. Group Manager still need time in increasing the knowledge of its group member regarding MSPO. Group Manger also facing communication problems with members when 90% of its Chinese member was unable to understand Bahasa Melayu.			
Correction (by company):			
Briefing given during LKN will be done for individual or in a small group as planned for year 2018, refer to the attachment. Group Manager also will use easier wordings so that it can be understand by Chinese member.			
Corrective / Preventive Action (by company)			

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Non Conformity Number < NO 6 >	
Briefing and technical training program will be conducted following the planned schedule for year 2018 as per attachment.	
Review of Correction & Corrective / Preventive Action	
The training programme planned for 2018 provided is deemed sufficient to address the finding. Training has been conducted. However, the effectiveness will be further evaluated during the next surveillance..	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor: Terence Ang	Date of Closure: Next surveillance audit.
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < NO 7 >			
Indicator: 4.5.5.1			
Independent smallholders should show a basic understanding of any species or habitats of concern, together with their conservation needs. Information on protected species and their habitat with high biodiversity value may be obtained from relevant government agencies, such as the Forestry Department, Forest Research Institute of Malaysia and the Wildlife Department.			
Location	SPOC Labis		
Description of Finding / Objective Evidence:			
The group should consider obtaining inventory form relevant department in order to understand species of concern together with their conservation needs. The group are not aware and are unable to demonstrate understanding of species or habitat of concern within the area.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
	Deadline for implementation	08/01/2019	
Root Cause Analysis (by company):			
Training regarding endangered species has been conducted by Jabatan Perhilitan on July 2017. Akta Perhilitan 2010, List of Endangered Species has been displaying at MPOB Office, Segamat branch. Base on interview with smallholders, most of them was unclear and unaware on endangered species on their plantation. Furthermore, they were not knowing that these animals need to be listed as per MSPO requirement. Grievance regarding wild animal attacking their field has been reported directly to Perhilitan without knowledge by SPOC J38.			
Correction (by company):			
SPOC J39 has contact PERHILITAN Segamat to know more details regarding list of endangered species in SPOC J38 areas and conservation measures for those species. Letter regarding this has been forward to jabatan Perhilitan Negeri Johor on 21 February 2018 and still pending for respond. Group Manage will inform the smallholders that they will liase with jabatan Perhilitan and inform Group Manager J38 for any wild animal attack incident on their field.			

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Non Conformity Number < NO 7 >	
Corrective / Preventive Action (by company)	
<p>The action of communicating with Perhilitan in regards to wild animal is deemed sufficient.</p> <p>The list of inventories will be evaluated in the next surveillance.</p> <p>LKN was established to provide awareness is deemed sufficient to address the non-conformance. The non-conformance is accepted and close.</p>	
Review of Correction & Corrective / Preventive Action	
<p>The action of communicating with Perhilitan as regards to wild animal is deemed sufficient.</p> <p>The list of inventories will be evaluated in the next surveillance audit.</p> <p>LKN was established to provide awareness is deemed sufficient to address the non-conformance. The non-conformance is accepted and closed.</p>	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor : Terence Ang	Date of Closure: Next surveillance audit.
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

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5. CONCLUSION

Malaysia Palm Oil Board, Cawangan SPOC Labis 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 assessment and have been closed out successfully. Furthermore, Minor NC and Observations raised in this audit will be verified in the next surveillance audit. Minor NC action plan have been reviewed and deemed sufficient to address the NC. The implementation will be reviewed in the next surveillance.

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 organisation has been established, implement and continue to improve in managing the independent smallholders are in line with the Principles & Criteria of the applied standard MS 2530-2:2013 Part 2.

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

Total certified number of independent smallholders:	50	
Total certified acreage of smallholders:	103.9825	Ha
Certified FFBs output January to July 2018:	112.500	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 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

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

Subang Jaya, 19/01/2018

Terence Ang
TUV NORD Malaysia Sdn Bhd
Audit Team Leader

Subang Jaya, 08/03/2018

Robert Cheong
TUV NORD (M) Sdn Bhd
Technical Reviewer

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7. REFERENCES

Table 7-1: Documents provided by SPOC J38 Labis

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 dated 15/07/2017
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

Land Ordinance 1972 (Cap. 68)

Malaysian Palm Oil Board Act 1997-Act 582

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

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

No.	Name	Organization / Function
1	Sjn Zul Sabtu	Balai Polis Labis
2	Mr Zailan B. Kasim	Jabatan Perhutanan Johore
3	Dahlan Bin Hj Husin	SMK Munshi Ibrahim Labis
4	Soh Chow Seng	SAS OIL Palm

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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

- ☒ P&C Audit Report / Checklist(s)
- ☐ Audit Plan
- ☐ Additional annexes, number

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



Company Name: MPOB Cawangan Segamat
 Certifying Unit: SPOC Labis (J38)

Client No: 92-038
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Item	Description				
1	Company Name	MPOB Cawangan Segamat			
2.	Certifying Unit	SPOC Labis (J38)			
3.	Address	No 34 Tingkat atas, Jalan Genuang Perdana, Taman Genuang Perdana, 85000 Segamat, Johor.			
4.	Contact	Tel:+607-9436200	Fax:+607-9433912	Website:	
5	Location of plantation / estate	Refer to list attached and maps provided			
6	Geo Coordinates of plantation / estate	Refer to list attached and maps provided			
7	Contact Person	Name: En. Muhamad Azraf Bin Johana	Tel: +607-9436200	Mobile:+6013-7778717	Email: azraf@mpob.gov.my
8	Date of Audit	Stage 1: 18/09/2017 Stage 2: 08/01/2018-09/01/2018			
9.	Audit Team Members				
	Team Leader / LA	Ang Wai Sheng (Terence)			
	Auditor Member	Mohamad Norhisham Bin Mohd Salleh			
	Trainee	Zul Hairi Bin Abu Hassan			
	Observer	Cheong Chun Yuen (Robert)			

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Company Name: MPOB Cawangan Segamat
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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 	<p>Group has established individual file. MSPO Policy dated July 2017 was made available and signed by smallholder as acknowledgement received and briefed on the policy.</p> <p>Policy of MSPO have specify the following.</p> <ul style="list-style-type: none"> - Komitmen dan tanggung jawab pihak pengurusan SPOC Labis - Keterbukaan dalam memberikan maklumat kepada pihak berkepentingan - Dokumentasi bagi tujuan kebolehejekan - 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 	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>ditemui, terancam, hamper pupus dan habitat yang mempunyai nilai biodiversity tinggi</p> <ul style="list-style-type: none"> - Perlaksanaan pembaran sifar dan amalan pertanian bak - Permatuhan syarat-syarat bagi pembangunan baru sawit. <p>Stage 2 audit announcement is sighted in the notice board. The MSPO policy and commitment has been put up in the notice board.</p> <p>.</p> <p>Memorandum dated 19/10/2016 “Tanggungjawab Pengurus Kumpulan Pensijilan MSPO dan Sekretariat MSPO Bagi Kelompok Minyak Sawit Manpon (SPOC)” reviewed.</p> <p>Memo has specify the responsibility of MSPO certification and implementation will be the role of the Group Manager.</p> <p>Site interview with the sampled smallholder indicates that they are not aware of MSPO or any policies related to MSPO.</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	<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 	<p>The CIP includes training schedule for smallholders, relevant agencies, head of villagers, dealers and weighbridge owners as regards to social and environmental impact and opportunities.</p> <p>However, there is no evidence where the CIP was</p>	Major NC 1

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No												
		of the independent smallholder's group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement. (MAJOR)	<ul style="list-style-type: none">- Awareness programme for the need for continual improvement- Interview and record assessment- JKKK or JKKP meeting- Dissemination of information to members about future activities- Group manager to develop action plan	<p>developed in consideration of social and environmental impact and opportunities of the independent smallholder's group.</p> <p>LKN has includes guidance and training plan for the year 2018. "Cadangan Tarikh Program LKN Peserta SPOC J38 Tahun 2018" have been reviewed. The plan covered all existing members a for entire 2018.</p> <p>"Kalender Aktiviti 2018, MSPO Segamat SPOC J38 Labis segamat" has been reviewed.</p> <p>Planned training:</p> <table><tr><td>Lawatan GAP</td><td>Jan, Mac, May, Jul, Sept, Nov</td></tr><tr><td>Promosi MSPO</td><td>21/03/18</td></tr><tr><td>Lawatan Sambil Belajar</td><td>11/06/18</td></tr><tr><td>Kursus Teknikal Sawit</td><td>21/03/18 24/08/18</td></tr><tr><td>Audit COP</td><td>Dec</td></tr><tr><td>Audit MSPO</td><td>TBA</td></tr></table>	Lawatan GAP	Jan, Mac, May, Jul, Sept, Nov	Promosi MSPO	21/03/18	Lawatan Sambil Belajar	11/06/18	Kursus Teknikal Sawit	21/03/18 24/08/18	Audit COP	Dec	Audit MSPO	TBA	
Lawatan GAP	Jan, Mac, May, Jul, Sept, Nov																
Promosi MSPO	21/03/18																
Lawatan Sambil Belajar	11/06/18																
Kursus Teknikal Sawit	21/03/18 24/08/18																
Audit COP	Dec																
Audit MSPO	TBA																
4.1.2.2	Indicator 2	Group management shall establish a system to improve practices in line with new information and techniques; and for	<ul style="list-style-type: none">- Identification of new technologies- Dissemination of information regarding new technologies:<ul style="list-style-type: none">• Discussion	MPOB <i>warta sawit</i> (quarterly update) was given to smallholder via LKN. Other ways were by sending through dealers who assist to distribute to smallholders. Latihan Khidmat Nasihat(LKN) is used to cover the information. Field visit to smallholders indicate that they	Yes												

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Company Name: MPOB Cawangan Segamat
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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		disseminating this information throughout the group members. (MAJOR)	<ul style="list-style-type: none"> • Site visit • Plot demo • Flowchart, etc. <ul style="list-style-type: none"> - Group interaction on the awareness and availability of the new technology or information - Acceptance and implementation among members - Monitoring success or improvement with new technologies - Internal audit to be conducted by group manager as applicable - Result of internal audit indicate the performance of the smallholders in the group 	<p>were informed on new technology via the warta sawit which was kept by them individually.</p> <p>All members file was reviewed and warta sawit has been provided. Nevertheless, the training provided to member who is non-Malay speaking is lacking to ensure understanding. <i>NC have been raised on 4.4.4.1 where the training is not effective.</i></p> <p>The group from HQ will monitor the changes of technology based on update through warta sawit. File Penambah baikan has been reviewed.</p> <p>Internal audit was conducted on 28/08/2017 lead by Pegawai Penyelidik MPOB HQ. During this Internal audit 1 NC and one OBS has been raised.</p> <p>The noncompliance of 7.1 of internal audit report was closed on 13/09/2017. Root cause, correction and corrective action has been reviewed by lead assessor from HQ and closed out successfully.</p> <p>Site visit to the smallholder plantation There is new technology has been applied in regards on oil palm management,</p> <p>Example:</p> <p>The use of pheromone trap to attract pest, rhinoceros beetle in the replanting area for smallholder, Tay Kong Peng lot number 716.</p>	
4.2	Principle 2	Transparency			
4.2.1	Criterion 1	Traceability			

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 Certifying Unit: SPOC Labis (J38)

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 Audit Type: Stage 2

Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No																		
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>Smallholder's sell FFBs to the ramp collectors. The smallholder knows the FFB pricing and was available at weighbridge ramp. The smallholder has the records of FFB for their own 'Rekod Hasil Dan Pendapatan'.</p> <p>Example:</p> <p>FFB payment voucher, Ibrahim Bin Hashim lot number 797 from Koperasi Pekebun Kecil Daerah Segamat Berhad P000123 date 03/01/2017 weight 0.61 mt price RM 715.00 and 06/06/2017 P000384 weight 2.22 mt price RM 510.</p> <p>It has been counter verify with the record from BRL which tally with the weighbridge ticket.</p> <table><tr><td colspan="2">Lot no: 797</td></tr><tr><td colspan="2">Area: 2.2359 Ha</td></tr><tr><td>Month</td><td>Yield (mt)</td></tr><tr><td>Jan 2017</td><td>0.61</td></tr><tr><td>June 2017</td><td>2.22</td></tr></table> <p>'Rekod Hasil Dan Pendapatan'</p> <table><tr><td>Tarikh Tuai</td><td>Hasil BTS (tan)</td><td>Harga Jualan (RM/tan)</td><td>Pendapatan (RM)</td></tr><tr><td>02/10/2017</td><td>7.90</td><td>540.00</td><td>4,266.00</td></tr></table>	Lot no: 797		Area: 2.2359 Ha		Month	Yield (mt)	Jan 2017	0.61	June 2017	2.22	Tarikh Tuai	Hasil BTS (tan)	Harga Jualan (RM/tan)	Pendapatan (RM)	02/10/2017	7.90	540.00	4,266.00	
Lot no: 797																							
Area: 2.2359 Ha																							
Month	Yield (mt)																						
Jan 2017	0.61																						
June 2017	2.22																						
Tarikh Tuai	Hasil BTS (tan)	Harga Jualan (RM/tan)	Pendapatan (RM)																				
02/10/2017	7.90	540.00	4,266.00																				

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



Company Name: MPOB Cawangan Segamat
 Certifying Unit: SPOC Labis (J38)

Client No: 92-038
 Audit Type: Stage 2

Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments				Conformity Yes / No
				20/10/2017	2.70	557.00	1,503.90	
				15/11/2017	1.04	612.00	636.48	
				Lot number MLO 499, ticket Ref no 00151 weight 01/12/2017 ticket no 0062667 is 1.36 mt price RM 579.36 and 20/12/2017 ticket no 0062912 is 1.02 mt price 434.52 from Syarikat Sin Kian Heng				
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	Records of FFB harvested and sales was available at the group manager office. The group manager has established the FFB records of sales and delivery for the smallholder and available. The data was collect from the smallholders during field visit and updated to the records. The records were sighted in individual Buku Rekod Ladang.. Example: Lot number 992, from January 2017 to December 2017 is 33.05 mt. and lot number 994 from January 2017 to December 2017 is 255.70 mt				Yes
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	- Interview to test awareness : <ul style="list-style-type: none">Licensing requirementsLabour Law	Group management has established lists of applicable laws. Total of 23 laws availbale. . Mechanism and dissemination of information including training and LKN (Lawatan Khidmat nasihat) of which				Major NC 2

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Company Name: MPOB Cawangan Segamat
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Client No: 92-038
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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		international laws and regulations. (MAJOR)	<ul style="list-style-type: none"> Environmental Act Immigration Child Labour – not applicable on family farms 	<p>explain the law and the need of compliance with legal requirements.</p> <p>Training of legal requirement was conducted by JKPP dated 17/04/2017. All members of SPOC attended the training.</p> <p>Training slides have been evaluated. Training include OSHA and wildlife conservation.</p> <p>Example:</p> <p>Akta Keselamatan dan Kesihatan Pekerjaan 1994, Perintah Gaji Minimum Wildlife conservation Act Immigration Act Environment Quality Act 1974</p> <p>Interviews with smallholders indicate that several laws were not well understood. For example;</p> <ol style="list-style-type: none"> 1. The requirement in hiring workers for field works such as harvesting, manuring and spraying. 2. Usage of paraquat, which is a controlled item requires approval from Department of Agriculture. <p>Non-conformity:</p> <p>Group manager does not have a mechanism to ensure compliance with legal requirement for the smallholders in the SPOC group. During the site visit, it was noted that members were hiring foreigners where their legal status were not identified. The usage of controlled chemical such as</p>	

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Client No: 92-038
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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>paraquat was not checked by the group manager on the member. Members were found having paraquat containers in their store and interview with the respective smallholder confirmed the usage. Therefore, the group manager shall ensure the legal compliance of the SPOC members but not limited to employment, chemical, environmental and social.</p> <p>1. 2.</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>All individual member file contain Borang 5DK and Borang BI. Catatan Carian Persendirian was use as proof of ownership for the process of changing grant name.</p> <p>The borang 5DK which is the Geran Mukim for freehold land. Borang B1 is a form which consist of land map that has been approved by Land Department.</p> <p>All smallholders have obtained land title. The documents were verified. One member which has NCR land. See details in 4.3.3.</p> <p>Smallholders are aware of the boundary. Copy of land title was available for each individual member file. Field visit at smallholder's farm demonstrate they are aware and recognized their land boundary. Pegs and boundary stones sighted and boundary drain as mark of the area.</p> <p>Example: Lot number 472, boundary stone N 2°18'35"</p>	Yes

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Client No: 92-038
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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				E 103° 8' 48" and lot number 797 N 2° 19' 34" E 103° 5' 23".	
4.3.2.2	Indicator 2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	-	<p>All members file contain the land title. Land titles were evaluated and land area was verified against MPOB license.</p> <p>Example</p> <p>J38 44</p> <p>MPOB License: 586647-501000</p> <p>Validity date: 12/09/17 – 31/08.2022</p> <p>Land coverage: 3.98 Ha</p> <p>Land title</p> <p>Borang 11BK</p> <p>Luas sementara: 2.0234 ha</p> <p>Syarat Nyata: Tanah ini hendaklah di tanam dengan tanaman kelapa sawit</p> <p>Borang B2 dated 31/04/2001 reviewed and maps of the plot was available and reviewed.</p>	Yes
4.3.3	Criterion 3	Customary rights			
4.3.3.1	Indicator 1	Independent smallholders shall demonstrate customary rights to their landholdings (MAJOR)	- Verification of land ownership or user rights	<p>Orang Asli obtain the land rights through the Jabatan Orang Asli. Sighted Letter Bil(38) JSD 1.021/JIn 3 dated 27/09/2013</p> <p>Document review such as Pengesahan Rizab Orang Asli</p> <p>Ha: 2.42ha</p>	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		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.		Perakuan penyertaan dated: 17/07/2017 MPOB licence: 511229201000 (07/10/2013 – 30/09/2018) Lot: TNH6305911	
4.3.3.2	Indicator 2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. (MINOR)	- Group manager to provide evidence to show that the land does not overlap with neighbours. This can be done through participatory mapping, where applicable.	Pelan Kawasan Rancangan pengumpulan Semula (RPS) indicates the ownership of land for Orang Asli. Whereby for freehold land, borang B1 with a map approved by Land department was used as proof of land ownership. Pelan Kawasan Rancangan Pengumpulan Semula (RPS) Masyarakat orang Asli Mukim Bekok. Borang B1 was reviewed Map certified by JAKOA was made available to prove of land ownership of which belong to the person. Dated 27/09/2013. Letter reviewed states “Pengesahan tanah rezab orang asli” signed by pegawai kemajuan orang asli. Map provided in the individual file was counter checked in field and verify as valid. Site visit confirmed that smallholder know about the land title and sketch map from the ‘Pejabat Tanah’ was provided in each individual file.	Yes

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Client No: 92-038
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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
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>SOP document number SOP 01/AR/2016 revision 01 dated 01/04/2016 on complaint and grievance procedure is established. Template consist of 3 sections: bahagian A: aduan /rungutan, Bahagian B: Tindakan Penyelesaian and bahagian C: pengesahan tindakan</p> <p>In addressing the stage one findings, the procedure has been updated to include timeline. Procedure mention “Tempoh penyelesaian adaun atau rungutan adalah 14 hari dari tempoh penerimaan aduan atau rungutan tersebut”.</p> <p>Procedure has mention that the complaint or grievance will be handled by group manager.</p> <p>Flowchart “aduan pekebun kecil” was reviewed.</p> <p>At the time of audit there was no complaint or grievance received from stage 1 to stage 2 audit. Therefore, implementation of the procedure effectiveness can only be evaluated when there is a case.</p> <p>Interviews with smallholders demonstrate most of them understand and aware the process in making complaint</p>	Yes
4.4.1.2	Indicator 2	The local system should be able to resolve	<ul style="list-style-type: none"> - Group manager to implement a system to collect complaints / 	SOP document number SOP 01/AR/2016 revision 01 dated 01/04/2016 complaint and grievance procedure	Min NC 1

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		disputes. (MINOR)	suggestions / disputes - 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	Procedure stages the group manager is in charge to investigate and resolve the issue. At the time of audit there was no complaint or grievance received.. Therefore, implementation of the procedure effectiveness can only be evaluated when there is a case. Non-conformity: During visit to a smallholder, file number 10, he raised question regarding his letter sent to MPOB head office dated 23/02/2017. Further investigation onto the issue found that the respond letter has been sent by MPOB headquarters dated 29/03/2017. According to SOP “aduan dan rungutan” SOP01/AR/2016 effective dated 01/04/2016 issue number 01 stated that complain must be address within 14 days’ period. Thus, the respond made on the issue was not following the SOP.	
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)	- 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 conducted dated 17/07/2017 consist of training materials related to Safety and health. Budget for PPE was provided and planned for the year 2018. Memorandum dated 05/09/2017 was sighted and reviewed. Programme to provide PPE to smallholder with the amount of MYR14,628 was allocated. However, the purchase is still in progress and this will be evaluated in the next surveillance.	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
			<ul style="list-style-type: none"> Training on safety and health Observation of operation at site 	<p>Site visit to smallholders demonstrate that they are aware on safe working practices. They are able to list down the PPEs applicable for each activity. Example; for spraying - goggles, hand gloves, long sleeves shirt and safety shoes. They informed they had attended '<i>Latihan Khidmat Nasihat</i>' conducted by SPOC Labis.</p> <p>Interview with smallholders indicate that they are aware on the importance and usage of proper PPE. PPE such as face mask, gloves and boots are available and kept in the store at site.</p>	
4.4.3	Criterion 3	Employment Conditions			
4.4.3.1	Indicator 1	For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely. (MINOR)	<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>Site interview indicates that there are three types of activity in smallholder's plantation:</p> <ol style="list-style-type: none"> Self-employed which the smallholders managing the activities by themselves. Through traders; smallholder depend on traders (Independent Ramp Operator) workers for harvesting, manuring and /or spraying. Casual workers who are independent workers hired during crop harvesting. <p>Agreement is made verbally by both parties . This is for both casual worker and traders</p> <p>This has been confirmed example: Verbal agreement between Perdagangan tropika (Independent Weighbridge operator) and lot number 852</p>	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				for harvesting and manuring activities. During interview with smallholder, the verbal agree term on wages for workers for field work example harvesting rate RM 30-70 per ton depending on the weight of FFB bunches.	
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 	Site visit and interviews with smallholders indicates no discrimination occurs in any process of hiring and dealing for smallholder's field works either from traders or casual workers.	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) 	Most of smallholder engaged sub-contractors for field operations. For casual workers, they were paid on basis of metric ton FFB they harvest. Examples: ,Smallholder with lot number 583 harvesting rate at RM50.00 per mt. I,Smallholder with lot number 797 harvesting rate at	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
			<ul style="list-style-type: none"> Contractor Job specification Payment Satisfaction 	RM60.00 per mt. When smallholders engaged traders, the payment will be deducted from mt FFB harvest agreed by both parties.	
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 	Site visit and interview with smallholders confirmed that no living quarters available or provided by them to casual workers. For workers supplied by trader, living quarters is provided by the trader. Sighted worker housing compound within the weighbridge area for traders Perdagangan Tropia	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	<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) 	Labor requirement was covered in Akta 350 was sighted in the list of legal documents. During the stakeholder consultation, it is confirmed that no child hired or engaged for farm activities. There were no young persons or child workers observed during site visit and interviews with smallholders	Yes

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Client No: 92-038
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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments			Conformity Yes / No						
		conditions. (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)	<div>- Training to be provided for smallholders by the group manager:<ul style="list-style-type: none">GAPSafetyFinancial management</div> <div>- Interviews</div> <div>- Expenditure on visits or reading materials.</div>	<div>Training to smallholders was provided. Latihan Khidmat Nasihat was conducted on 17/07/2017 includes good agricultural practices.</div> <div>Training slides were reviewed covering aspect of farm management.</div> <div>For example<ul style="list-style-type: none">GAPMSPO MS 2530-2:2013 part 2OSHAWildlife conservationEnvironmental</div> <div>All the training above include best practices and legal aspects. Trainers were invited from other government departments such as DOE, DOSH, Perhutanan dan perhilitan.</div> <div>Training for the year 2018 was reviewed.</div> <div>Example:<table><tr><td>Area covered</td><td>Training</td><td>Date</td></tr><tr><td>Parit Raja</td><td>Program Latihan MPOB</td><td>16/03/2018</td></tr></table></div>			Area covered	Training	Date	Parit Raja	Program Latihan MPOB	16/03/2018	Minor NC 2
Area covered	Training	Date											
Parit Raja	Program Latihan MPOB	16/03/2018											

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments			Conformity Yes / No
					GAP/MSPO		
					Kursus Sehari Sawit Bersama Pekebun Kecil	23/07/2018	
				Tangkak	Program Latihan MPOB GAP/MSPO	14/03/2018	
				Muar	Program Latihan MPOB GAP/MSPO	06/03/2018	
					Lawatan Sambil Belajar Kepada Perkebun Kecil	09/05/2018	
				Rengit	Program Latihan MPOB GAP/MSPO	21/03/2018	
					Lawatan Sambil Belajar Kepada Perkebun Kecil	25/04/2018	
				Site visit and interviews with smallholders indicates that the smallholders have involved in the training conducted by MPOB. Site interview with the sampled smallholder demonstrates that they were not aware MSPO or any policies related to MSPO. Non-conformity: The effectiveness of training has been reviewed and is deemed not sufficient. During the site visit, member were not able to confirm the training and demonstrate the effectiveness. This include but not			

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No						
				limited to the policy, environmental issue and OSHA.							
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 impact but are not expected to undertake any formal impact assessment unless there is a legal requirement. (MINOR)	<ul style="list-style-type: none">- Training to be provided by the group manager- Interviews :<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- Site visits- Observation	<p>Training was conducted on 17/07/2017</p> <p>Training slides were reviewed. Among the topics covered include</p> <ol style="list-style-type: none">1. Dasar Alam Sekitar Negara2. Akta Kualiti Alam Sekeliling 19743. Perkara Perkara yang perlu Di Kawal Oleh Perkebun Kecil Di Ladang Kelapa Sawit. <p>Training was provided by Jabatan Alam Sekitar on 17/07/2017.</p> <p>Reviewed “Senarai Impak Social, Persekitaran & Pelan Tindakan” Document no: L-03/ISP/2016</p> <table><tr><td>Aktiviti</td><td>Impak Social</td><td>Pelan Tindakan</td></tr><tr><td>Pembukaan Kawasan Kebun, mambaja, meracun</td><td>Memberikan peluang pekerjaan kepada penduduk di kawasan penempatan sekitar ladang</td><td>Amalan diteruskan</td></tr></table>	Aktiviti	Impak Social	Pelan Tindakan	Pembukaan Kawasan Kebun, mambaja, meracun	Memberikan peluang pekerjaan kepada penduduk di kawasan penempatan sekitar ladang	Amalan diteruskan	Yes
Aktiviti	Impak Social	Pelan Tindakan									
Pembukaan Kawasan Kebun, mambaja, meracun	Memberikan peluang pekerjaan kepada penduduk di kawasan penempatan sekitar ladang	Amalan diteruskan									

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments			Conformity Yes / No
				dan menuai			
				Menuai	Masalah Kecurian BTS berlaku	Laporan pada JKKK/polis dibuat	
				Membaja dan meracun	Kesihatan terjejas sama ada dalam jangka masa pendek atau Panjang semasa kerja penyelenggaraan kebun	Pengurusan dan penggunaan PPE yang lengkap dan betul	
				Pembukaan kawasan kebun, merumpai secara biologi	Pencerobohan binatang ternakan ke dalam kebun	Laporan pada JKKK.	
				Aktiviti	Impak Persekitaran	Pelan Tindakan	
				Meracun	Pelupusan bahan buangan berjadual (tong racun kosong)	Pembasuhan 3X, ditebuk lubang dan disimpan di tempat khas	

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				Meracun	Hakisan tanah boleh berlaku sekiranya tiada amalan baik	Amalan GAP dan lawatan khidmat nasihat oleh TUNAS	
				Pembukaan kawasan kebun di kawasan hutan	Pengurangan habitat bagi flora dan fauna. Haiwan berasimilasi Bersama penduduk kampung	Laporan dan aduan pada Perhilitan	
				Smallholders do understand the need to preserve riparian area and was sighted during field visit. The river flow at the boarder of the field, the vegetation was retain and no sign of spraying or other non-permitted activities occur.			
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) 	. Usage of diesel for the filed activities is at the minimum. There is no means to change the practise at the current moment. Site observation on smallholder's farm indicates that there are no use of renewable energy..			Yes
4.5.3	Criterion 3	Waste management and disposal	-				
4.5.3.1	Indicator 1	All waste products and	- All field and domestic waste are	The list of chemicals and domestic wastes were			Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		sources of pollution shall be identified. (MAJOR)	identified by the group manager	<div>identified and the effect toward environment is stated as below in section “Kesan”.. To review “Senarai Sisa Racun Dan Domestik” Example – Senarai sisa yang terhasil dari input pertanian</div> <div><div>Baja</div><div><div>Sisa yang dihasilkan</div><div><div>i. Beg baja kosong yang tercemar dengan kimia dan boleh terurai</div><div>ii. Plastik dari beg baja yang tercemar dengan bahan kimia</div><div>iii. Sisa dari bilasan air beg baja yang tercemar dengan bahan kimia</div><div>iv. Asap yang terhasil jika terbakar</div></div></div><div><div>Kesan</div><div><div>i. Menjadi tempat pembiakan nyamuk</div><div>ii. Mencemarkan sumber air semulajadi</div><div>iii. Mencemarkan kualiti udara</div></div></div><div>Example: Senarai sisa yang terhasil bukan dari input pertanian</div><div><div>Perealatan perlindungan keselamatan diri</div><div>Sisa yang dihasilkan:</div></div></div>	

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<ol style="list-style-type: none"> 1. Pembuangan PPE yang rosak dan tercemar dengan bahan kimia dengan cara yang salah 2. Lebihan sisa air yang terlepas ke dalam sumber air dari PPE yang tercemar dengan bahan kimia 3. PPE yang tercemar dengan bahan kimia dan tidak boleh terurai 	
				Kesan: <ol style="list-style-type: none"> 1. Mencemarkan sumber air 	
4.5.3.2	Indicator 2	Independent smallholders shall ensure that waste from the smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers. (MAJOR)	<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 according to the Pesticide Board recommendation of the triple rinsing and punctured - Assurance that collected containers are not used to store food items or water for consumption. 	SOP "Pengurusan Bahan Buangan Terjadual" SOP-04/BT/2016 dated 01/04/16 was reviewed. Procedure list 7 specific actions. <ol style="list-style-type: none"> 1. Menyeneraikan sisa buangan terjadual yang dihasilkan 2. Pemberitahuan penghasilan sisa buangan terjadual ke Jabatan Alam Sekitar 3. Menyediakan inventori 4. Pengasingan dan pengumpulan sisa 5. Pelabelan buangan terjadual 6. Penstoran buangan terjadual 7. Pelupusan di premis yang telah ditetapkan "Garis panduan Bekas Buangan Terjadual Yang Tidak Tegar, Jabatan Alam Sekitar 2011" document was available as a guidance.	Major NC 3

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				<p>Annex 1 of schedule one in the Schedule waste document is available. Peraturan 2 specify SW1 to SW 5 Training on scheduled waste was conducted on 17/07/2017. Training slide was reviewed. Slide title “Pengurusan Pekebun Kecil Lestari” mention on scheduled waste.</p> <p>Example</p> <ul style="list-style-type: none"> - Bekas racun SW409 adalah buangan terjadual perlu dirurukan mengikut peraturan peraturan kualiti alam sekeliling (Buangan terjadual) 2005 - Tidak Debernarkan sebarang pelupusa buangan terjadual / sisa toksid di kawasan kebun atau lading - Seksyen 34B – Larangan penempatan perletakan buangan terjadual. <p>Visit to smallholder’s farm indicates that they are aware of waste they produced. On field observation indicates no record was made by the individual smallholders for any scheduled waste they produced.</p> <p>Non-conformity:</p> <p>SOP “Pengurusan Bahan Buangan Terjadual” SOP-04/BT/2016 dated 01/04/2016 mention establishment of individual inventory for quantity of schedule waste produced.</p> <p>During site visit to smallholders, there were no records available for those who produce schedule waste.</p>	

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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)	Group manager should provide training on the following (where applicable) <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 	The LKN cover topic related to water conservation. Training material includes soil management and drainage. Visit to smallholder's farms indicates that they understand the farm good practices on their farms. Observations found in the field such as: a) Circle spraying and retaining soft grasses. b) Fronds stack properly within the stacking row. c) Preservation of natural river and buffer zone	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 	Training provided on 17/07/2017 under the topic "Pengairan" specify the encouragement on water harvesting method to be used where possible. All smallholders visited during site visit use rain water collected for spraying purposes.	Yes
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	<ul style="list-style-type: none"> - Interview to test understanding on any species / habitats of concern, in compliance with Wildlife Department 	Training was provided by Perhilitan on 17/07/2017. Training slides cover wildlife protection and legal requirement which come under the wildlife conservation	Min NC 3

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		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)	Malaysia and Forestry Department - Interview to test understanding on the conservation needs of the rare, threatened, and endangered species (RTE) elements identified in above	act. Human wildlife conflicts included in the training. Interviews with smallholders demonstrate that several of them sighted wild boar and porcupines at the field. Further interview with smallholders indicate no endangered species sighted on their plantation. Smallholders are aware on protection of endangered species made aware during the Latihan Khidmat nasihat. Non-conformity: The group should consider obtaining inventory from relevant departments in order to understand species of wildlife together with their conservation needs. The group is not aware and unable to demonstrate understanding of species or habitat of wildlife within the area.	
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 of relevant state authorities. (MAJOR)	- Group manager should ensure that independent smallholders follow the GAP guidance on zero burning technique for replanting - Observation on any evidence of open burning (including domestic wastes)	The training materials Ceramah Alam Sekitar di Ladang Kelapa Sawit includes zero burning. Example: Latihan Khidmat Nasihat training conducted on 17/07/2017. “Borang pemeriksaan Kebun ke-2 (setelah siap tebang dan tanam) SKIM tanam semula pekebun kecil (TSSPK)” have been reviewed. The document states land preparation method is felling of old palms. The document includes terracing. No burning should be used in the preparation as per the	Major NC 4

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>document.</p> <p>“Panduan Penyediaan Kawasan Bagi Tanam Baru Sawit” have been reviewed and no usage of fire was specify for land preparation.</p> <p>Site visit to smallholders indicates no open burning occur in their farm except at one of the smallholder. Open burning was sighted as the burning was occur at the fronds stack</p> <p>Non-conformity:</p> <p>During site visit to Smallholder file number 39, it was sighted that the burning on the field. Smallholder’s explained that it was for repelling mosquito. But, the burning occurred at the frond stacking and possibility that the fire cannot be controlled.</p>	
4.6	Principle 6	Best Practices			
4.6.1	Criterion 1	Site management			
4.6.1.1	Indicator 1	<p>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.</p> <p>(MINOR)</p>	<ul style="list-style-type: none"> - Verification of certification - Status of certification - Physical observation of implemented best practices that are practical for independent smallholders. 	<p>GAP applicable for smallholder. Field Inspection was carried out after planting of new palms by Pegawai Tunas following the requirement under MPOB GAP</p> <p>GAP training was conducted on 17/07/2017.</p> <p>All the smallholders have gone through the assessment for Good Agricultural Practices (GAP) under MPOB. The assessment evaluated based on list of good practices that has been established by MPOB.</p> <p>There are several list of best practises observed during</p>	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				the field visit to smallholders' farms. a) Planting cash crops such chilies, banana, papaya as part of integrated farming Sighted at smallholders: Tay Kong Peng Lot number 716, Mohamed Md Da lot number 4271. b) IPM as part of pest control Sighted at smallholder; Lot number 716	
4.6.1.2	Indicator 2	A visual identification or reference system shall be established for each field or block of oil palm planting. (MAJOR)	- Identification or reference system established for each field or block of oil palm planting.	Site visit to smallholders that there are signage installed as part of identification of each farm. Example: Kelompok Minyak Sawit Mampan (SPOC) J 38 No Lot: 5368 Keluasan (Ha): 2.60 Tahun Tanam: 2014 Koordinate GPS: 103° 03' 52.405 "E 2° 3' 01' 688"N The signage of individual field was sighted during the side verification example. No Lot: 472 Keluasan (HA): 2.89 Tahun Tanam: 2014 Koordinat GPS 103° 09' 49.993" E 2° 19' 45.124" N No Lot: 596 Keluasan (HA): 2.26 Tahun Tanam: 2017	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Koordinat GPS 103 ⁰ 01' 35.139" E 2 ⁰ 28' 17.733" N	
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	<p>Group manager has established production cost per year based on palm age. List of daily payment rate for field work relevant to site operation.</p> <p>Cost of preparation for PPE have been identified for the year f 2018. Total MYR14,628 have been allocated. The memo on this matter dated 05/09/2017 have been reviewed.</p> <p>Planning for the year 2018 have been reviewed</p> <p>"Kursus Sehari Sawit Bersama Pekebun Kecil MPOB Kawasan Bekok, Labis Segamat Johore"</p> <p>Proposed training</p> <p>Date: 08/03/2018</p> <p>Time: 9am-3pm</p> <p>Location: Dewan Serbaguna Bekok, Labis Segamat</p> <p>"Kertas kerja taklimat Malaysia Sustainable Palm Oil (MSPO) kepada Kelompok Penanam Sawit Mampan (SPOC) Zon selatan 2, J38 - Labis"</p> <p>Proposed</p> <p>Date: 21/03/2018</p> <p>Location: Dewan serbaguna Bekok Labis, Johor</p>	Yes
4.6.3	Criterion 3	Transparent and fair			

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		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 	Interviewed with smallholders indicate they records the prices of FFB through several ways such : <ol style="list-style-type: none"> 1. Updated by the dealer via phone call or weighbridge ticket. 2. Information from MPOB officers 	Yes
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 	Planting cycle of all members have been evaluated. Last replanting was in year 2016. No new planting was sighted. Therefore, these criteria is not applicable.	Yes
4.7.2	Criterion 2	Soil Survey			
4.7.2.1	Indicator 1	Independent smallholders should obtain information	<ul style="list-style-type: none"> - Group manager to provide soil and topography maps for cluster (where 	Planting cycle of all members have been evaluated. Last replanting was in year 2016. No new planting. was	Yes

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Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		on soil types, topography 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)	applicable)	sighted. Therefore, these criteria is not applicable.	
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>	Planting cycle of all members have been evaluated. Last replanting was in year 2016. No new planting was sighted. Therefore, these criteria is not applicable.	Yes