

**MALAYSIAN SUSTAINABLE PALM OIL
– ANNUAL SURVEILLANCE ASSESSMENT 1
Public Summary Report**

SPOC Beaufort Group Smallholder Certification
Client company Address: Pejabat MPOB Cawangan Beaufort, Lot 2, Tingkat 1, Bangunan Cerah Light Industrial Beaufort, Sabah Malaysia
Certification Unit: SPOC Beaufort
Location of Certification Unit: Pejabat MPOB Cawangan Beaufort, Lot 2, Tingkat 1, Bangunan Cerah Light Industrial Beaufort, Sabah Malaysia

Report prepared by:
Mohamed Hidhir Zainal Abidin (Lead Auditor)

Report Number: 8778099

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel +603 2242 4211 Fax +603 2242 4218
www.bsigroup.com

TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information.....	3
1.3 Location of Certification Unit.....	3
1.4 FFB Production (Actual) and Projected (tonnage).....	4
1.5 Certified CPO / PK Tonnage	4
1.6 Certified Area	4
1.7 Details of Certification Assessment Scope and Certification Recommendation:.....	5
Section 2: Assessment Process	6
1. Assessment Program.....	7
Section 3: Assessment Findings	9
3.1 Details of audit results	9
3.2 Details of Nonconformities and Opportunity for improvement.....	9
3.3 Status of Nonconformities Previously Identified and OFI	10
3.4 Issues Raised by Stakeholders	10
3.5 Summary of the Nonconformities and Status.....	11
3.6 Summary of the findings by Principles and Criteria	12
Compliance.....	12
4.1 Principle 1: Management commitment & responsibility	12
Criterion 4.1.2 – Continual Improvement	12
4.2 Principle 2: Transparency	14
Criterion 4.2.1 – Traceability	14
Section 4: Assessment Conclusion and Recommendation	25
Appendix A: Assessment Plan.....	26
Appendix B: List of Stakeholders Contacted	28
Appendix C: Smallholder Member Details.....	29
Appendix G: List of Abbreviations	30

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Nil		
Company Name	SPOC Beaufort		
Address	Pejabat MPOB Cawangan Beaufort, Lot 2, Tingkat 1, Bangunan Cerah Light Industrial Beaufort, Sabah, Malaysia		
Group name if applicable:	-		
Subsidiary of (if applicable)	Not applicable		
Contact Person Name	MOHD ADZIZ BIN EDRUS		
Website	Nil	E-mail	mohd.adziz@mpob.gov.my
Telephone	087-222921	Facsimile	087-222924

1.2 Certification Information			
Certificate Number	MSPO 659656		
Issue Date	27/4/17	Expiry date	26/4/2022
Scope of Certification	Production of certified FFB		
Stage 1 Date	24-25 August 2016		
Stage 2 / Initial Assessment Visit Date (IAV)	20-21 October 2016		
Continuous Assessment Visit Date (CAV) 1	1-2/3/2018		
Continuous Assessment Visit Date (CAV) 2	TBA		
Continuous Assessment Visit Date (CAV) 3	TBA		
Continuous Assessment Visit Date (CAV) 4	TBA		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
Nil			

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude

MSPO Public Summary Report
Revision 0 (Aug 2017)

SPOC Beaufort	Pejabat MPOB Cawangan Beaufort, Lot 2, Tingkat 1, Bangunan Cerah Light Industrial Beaufort, Sabah Malaysia	115°43'33.6"E	5°21'29.2"N
*the details of smallholders on Appedix C			

1.4 FFB Production (Actual) and Projected (tonnage)

Producer Group	Projected from last audit	Actual production Jan – Dec 2017	Projected production (Jan – Dec' 2018)
SPOC Beaufort	635.83	671.09	750

**Increase of actual production due to contribution from some of the smallholders after scout harvesting*

1.5 Certified CPO / PK Tonnage

Mill	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
Not applicable	CPO (OER: %)	CPO (OER: %)	CPO (OER: %)
	PK (KER: %)	PK (KER: %)	PK (KER: %)

1.6 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Smallholder (Klias)	23.4	-	-	23.4	100%
Smallholder (Sindumin)	15.9	-	-	15.9	100%
Smallholder (Lumadan)	20.185	-	-	20.185	100%
TOTAL	59.485	-	-	59.485	

1.7 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the **Annual** Surveillance Assessment of **SPOC Beaufort** located in **Beaufort, Sabah** comprising **of 25 smallholders** and infrastructure

The assessment was conducted onsite to assess the compliance of the certification unit against the **MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for Independent Small holders and MSPO Guidance - Part 2(060814)**.

The onsite assessment was conducted on 1-2 March 2018

Based on the assessment result, **SPOC Beaufort** complies with the **MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for Independent Small holders and MSPO Guidance - Part 2_EDITED VERSION (100114)** and recommended for continued certification.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel +603 2242 4211 Fax +603 2242 4218
Nicholas Cheong: Nicholas.Cheong@bsigroup.com
www.bsigroup.com

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 1-2/03/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the independent smallholders groups as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-2:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $N = 1.0\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the MSPO Certification Requirement. The sampling of smallholders were based on the formula $(1.0\sqrt{y}) \times (z)$; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where y is total number of group members and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix B.

All the previous nonconformities are remains closed. The assessment findings for the initial assessment are detailed in Section 4.2.

MSPO Public Summary Report
Revision 0 (Aug 2017)

This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by MSPO approved Peer Reviewer prior to certification decision by BSI.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Eng Lee Heng Trading	√	√	√	√	√
Smallholder (DUN Lumadan)	√	√	√	√	√
Smallholder (DUN Klias)	√	√	√	√	√
Smallholder (DUN Sindumin)	√	√	√	√	√

Tentative Date of Next Visit: March 25, 2019 – March 26, 2019

Total No. of Mandays: 4 mandays

BSI Assessment Team:

Mohamed Hidhir Zainal Abidin– Lead Assessor

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. Recently, he is involved on the aspects of legal, mill best practices, safety and health, environmental and supply chain for palm oil mill during RSPO assessment.

Valence Shem – Team Member

He holds Bachelor Degree in Industrial Technology, graduated from University of Science Malaysia in 1998 and has 9 years working experience in oil palm plantation industry. He has been in the management system auditing line since 2009 for various standards such as ISO 140001, RSPO P&C, RSPO SCCS and SMETA. He completed the ISO 14001 Lead Auditor Course in 2008, ISO 9001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2011, Endorsed RSPO SCCS Lead Assessor Course in 2012 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since 2009 in various companies in Malaysia. During this assessment, he assessed on the aspects of legal, environmental & biodiversity, agriculture best practices and the supply chain element. Able to communicate in Bahasa Malaysia and English

Accompanying Persons:

Nil

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following RSPO normative requirements. The assessment details are provided in Appendix A.

- MSPO MS 2530-2:2013 – General Principles for Independent Smallholders
- MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders
- MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Certification Assessment there was 1 Major nonconformity raised. The SPOC Beaufort Group Smallholder Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	1599988-201802-M1	4.2.1.1
Requirements:	i) The group management shall commit itself to implement and maintain the requirements for traceability. ii) Group Certification, MSPO certification system: 5.2.6.2 - shall keep the list of group members up-to-date, and supply the up-to-date list to the MSPO database	
Statement of Nonconformity:	Requirements for traceability was not effectively maintained	
Objective Evidence:	Smallholder registry dated 2016 has not been updated with the latest information. Sample: Hj Saidun Umbai - only one land title registered and not tally with MPOB license.	
Corrections:	The management will update the MSPO database according to the actual land title of the smallholders.	
Root cause analysis:	Some smallholders would like to register one land title for MSPO purpose as initial implementation	
Corrective Actions:	The group manager will assess back the smallholders registry and keep it updated with latest information	
Assessment Conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Continuous implementation will be further verified in the next assessment visit. The major NC was closed out on 1/5/18.	

Noteworthy Positive Comments	
1	Good corporation from management team and MPOB officer in charge
2	Good positive feedback received from the stakeholders

3.3 Status of Nonconformities Previously Identified and OFI

Finding Reference	1387084M1	Certificate Reference	MSPO 659656
Certificate Standard	MS2530-2:2013	Clause	4.5.3.2
Category	Major		
Area/Process:	SPOC Beaufort Group Smallholder		
Details:	Disposal of chemical container is not appropriate.		
Objective evidence:	According to their Procedure for handling and disposal chemicals (SOP-02/BK/2016) clause 3.6, the chemical container shall be kept at the safe place before disposal. However, during site visit to farm Dully bin Lunggi, two empty chemical container were found under the palm.		
Cause	The owner forgot to collect the empty pesticide containers after finishing his work.		
Correction / containment	The owner has collected the empty pesticide containers, rinsed it, cut into half and buried them.		
Corrective action	A refresher briefing on disposal of empty pesticide containers were given by TUNAS officers to the smallholders/participants of MSPO certification. Agenda and attendance verified. ASA1 verification: No recurrence of issues noted during visit at all visit plots. Thus, the previous NC is remained close.		
Closed?:	Yes		

3.4 Issues Raised by Stakeholders

IS #	Description
1	Issues: Buyer (Mill) – They have good relationship with the smallholders and Group Manager. They are giving full support to the Group Manager for the certification of MSPO.

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<p>Management Responses: The Group Manager will ensure they maintain good relationship with the buyer and supply good quality of FFB to the buyer.</p> <p>Audit Team Findings: No further issue.</p>
2	<p>Issues: Smallholders – They are aware of the requirements of MSPO. Boundaries are clearly demarcated by using the boundary stone, pegging and trenches. They provided full commitment to the Group Manager for MSPO certification.</p> <p>Management Responses: Group Manager will assist the smallholders towards the certification of MSPO.</p> <p>Audit Team Findings: No other issue.</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1387084M1	Major	21/10/16	Closed on 15/11/16
1599988-201802-M1	Major	2/3/18	Closed on 1/5/18

3.6 Summary of the findings by Principles and Criteria

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	There shall be a policy binding smallholders to MSPO. Applicable to independent smallholders under group management. - Major compliance -	MSPO Policy has been established and signed by SPOC Beaufort Group Manager Mr Zainih Bukari, Ketua Pejabat MPOB Cawangan Beaufort, effective May 2016. Refer to MSPO policy, P-01/MSPO-SPOC/2016. The policy was kept by each individual smallholder in their personal file and made available in the cooperative office during the assessment.	Complied
Criterion 4.1.2 – Continual Improvement			
4.1.2.1	The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholder’s group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement. - Major compliance -	The group manager had established a list identifying the social and environmental impact with the action plan. Refer to L-03/ISP/2016, issue:1, effective 1/4/16. Based on the latest stakeholder meeting under” Minit Mesyuarat Jawatankuasa Tindakan Daerah Bil.6/2017 dated 7/12/17. Continual improvement activities incorporated and planned under annual training calendar for 2018. Among programme plan for 2018:	Complied

Criterion / Indicator		Assessment Findings	Compliance
		i)GAP visit programme starting on April 2018, scheduled once per year ii)Programme for smallholders, group manager and ICS for 2018 iii)"Lawatan Khidmat Nasihat" @ LKN twice per year by MPOB under "Pegawai Tunas Kawasan" iv) Dissemination of information via Warta Sawit (3 times per year)	
4.1.2.2	Group management shall establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the group members. - Major compliance -	The new technologies or information will disseminate through training program, site visit and discussion. The record of the training has been organized from time to time. The record of the recommended action will be recorded in the 'Laporan Pensijilan Kod Amalan Pertanian Baik (GAP)' by MPOB. First initial GAP audit for the sample smallholders checked: i) Jafar Asin, date of visit: 4/7/17 ii) Saidon @ Jali Umbai, date of visit: 23/1/14 Sample of "Lawatan Khidmat Nasihat" for one of the smallholder, Hj Sait Bujang dated 18/2/18. No major issues recorded during site visit. On top of GAP audit by MPOB, annual internal audit was carried out by MSPO secretariat on 20/9/17. All MSPO principles and criteria were covered during the audit. All finding raised was close out on 28 December 2017.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Traceability			
4.2.1.1	The group management shall commit itself to implement and maintain the requirements for traceability. - Major compliance -	Smallholder registry dated 2016 has not been updated with the latest information. Sample: Hj Saidun Umbai - only one land title registered and not tally with MPOB license. Cause. Thus a major NC was issued.	Major non-compliance
4.2.1.2	To keep records of sales and delivery or transportation of fresh fruit bunches. - Major compliance -	Records of weighbridge and purchase invoice of FFB sold to the collection centre managed by Group Manager were made available during audit. Sample of transactions: Amin Bin Amit i) January and February 2018 Ticket# 069585 dated 22/1/18, weight: 2.380 mt and ticket# 070254 dated weight: 2.66 mt. Md Jinin Jasmin i) January 2018 Ticket# S032031 dated 2/1/18, weight: 1.07 mt Total production for January 2018: 4.72 mt	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.1	Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations. - Major compliance -	Interview with the smallholders found that they are aware of the compliance with all applicable laws. Document review found all the 25 smallholders have obtained the MPOB license	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	Independent smallholders shall demonstrate rights to their landholdings and there is no evidence of major land disputes. - Major compliance -	Most of the land that owned by the smallholders are registered under native title land @ "bumiputera land" Sample of land title sample: Sait Bin Bujang – serial # FR2200 (2.025 Ac) and NT173115038 (5.95 Ac) Amin Amit - serial # FR174923221 (1.322 Ac) and NT17309181 (1.86 Ac) Mohd Jimin – NT173071371 (6.14 Ac) Saidon Umbai - NT173067381 (7.73 Ac) Jafar Asin – NT7954 (3.76 Ac)	Complied
Criterion 4.3.3 – Customary rights			
4.3.3.1	Independent smallholders shall demonstrate customary rights to their landholdings Note: Where recognized customary or legally owned land has been taken over and where there is documentary proof of a transfer of rights (e.g. sale) and of payment or provision of agreed compensation.	There was no customary rights land for the smallholders under SPOC Beaufort. MPOB licenses of the owners were verified as the legal document for the land ownership.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	There was no customary rights land for the smallholders under SPOC Beaufort. MPOB licenses of the owners were verified as the legal document for the land ownership.	Complied
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Complaints and grievances			
4.4.1.1	Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders. - Major compliance -	Complaint and grievances system [Prosedur Kerja Standard Aduan dan Rungutan, doc. No.: SOP-01/AR/2016, dated 1/4/2016] has been established by the group management for the neighbour or other stakeholders to complaint. Complaints and grievance can be directly reported to the group manager or "Pegawai Tunas Kawasan" for further action through various medium (phone call, e-mail, etc.). A complaint form is utilised to record any complaints [F-01/AR/2016, dated 1/4/2016, issue 1]. There has been no complaint from neighbours or other stakeholders since the last assessment.	Complied
4.4.1.2	The local system should be able to resolve disputes. - Minor compliance -	Local system used to resolve disputes was found to be effective. Based on the interview with the group members and other stakeholder, most of them understand the process and can be escalated to the group manager if the is unresolved issues. There were no dispute reported since the last assessment.	Complied
Criterion 4.4.2: Employees safety and health			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.1	<p>Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe.</p> <p>- Major compliance -</p>	<p>Group Manager has implemented the awareness of safe work practises from time to time. The latest seminar was carried out on 8/2/18 for the smallholder on safe work practices.</p> <p>Most of the smallholder were given a full set of PPE which provided by the group manager. It was confirmed during site observation and interview.</p> <p>Noted during site review at smallholder farms and interview with smallholders found safe working is practiced where PPE is used for chemical spraying and harvesting.</p> <p>Procedure to handle accident case (SOP-03/AK/2016) dated 1 April 2016 was available. Accident cases will be reported by Group Manager. Records will be kept by the group manager to monitor the effectiveness of the work safety implementation. Up to date, no accident reported.</p>	Compliance
Criterion 4.4.3: Employment conditions			
4.4.3.1	<p>For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.</p> <p>- Minor compliance -</p>	<p>Based on the interview with the sampled smallholders, none of them is hiring any third party workers in their field operations. All works were done by themselves assisted by family members.</p>	Complied
4.4.3.2	<p>Independent smallholders & group managers shall provide equal opportunity and treatment regardless of race, gender, religion, political affiliation, nationality, social origin or other distinguishing</p>	<p>There was no evidence of workers were discriminated with regards to race, gender, religion, political affiliation, nationality, social origin or other distinguishing characteristics.</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>characteristics and shall not engage in or support discriminatory practices in line with national aspiration.</p> <p>- Minor compliance -</p>		
4.4.3.3	<p>Group managers for Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements.</p> <p>- Major compliance -</p>	<p>This indicator is not applicable to this group of smallholder as there were no monthly workers being employed in the smallholding as it was managed by themselves and their respective family members or temporarily workers.</p>	Not applicable
4.4.3.4	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities, where available and practical.</p> <p>- Major compliance -</p>	<p>This indicator is not applicable to this group of smallholder as there were no monthly workers being employed in the smallholding as it was managed by themselves and their respective family members or temporarily workers.</p>	Not applicable
4.4.3.5	<p>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 legislation. Work by children is acceptable on family farms, under adult supervision, and when it does not interfere with their education. Children are not to be exposed to hazardous working conditions.</p> <p>- Major compliance -</p>	<p>This indicator is not applicable to this group of smallholder as there were no monthly workers being employed in the smallholding as it was managed by themselves and their respective family members or temporarily workers.</p>	Not applicable
Criterion 4.4.4: Training and competency			
4.4.4.1	<p>Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.</p>	<p>Group Manager together with the "Pegawai Tunas Kawasan" On-site MPOB Officers had planned and conducts regular trainings for the smallholders. Smallholders' interview found that they always</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	seek advice from group manager and MPOB officers to increase their competency in oil palm management. The latest training/seminar was carried out on 8/2/18 for the smallholders. The training has covered the element of MSPO awareness, manuring technique, harvesting technique and weed control.	
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	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 compliance -	Smallholders are trained by the group manager on the environmental Impacts. Last training was conducted on 26 April 2016 for the group smallholders during the MSPO Awareness Training. Interview with smallholders found they were able to explain the environmental impacts and need for the protection of environment.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	The use of renewal energy should be applied where possible. - Minor compliance -	There was no suitable opportunity to use renewal energy where possible.	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified by the group manager. - Major compliance -	Waste products and sources of pollution identified documented in the group procedure of <i>Kelompok Minyak Sawit Mampan (SPOC) – Senarai Sisa Racun dan Domestik; Doc. # L-04/SRD/2016; Effective</i>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p><i>date: 1/4/2016; Rev. 0.</i> Identified waste and other source of pollutions recorded as following:</p> <ol style="list-style-type: none"> 1) Waste generated from agricultural input: <ol style="list-style-type: none"> i) Pesticide chemical (insecticide & herbicide) – empty chemical container, water residue from chemical mixing, contaminated soil with pesticide chemical and etc. ii) Fertilizer – empty fertilizer bag 2) Waste generated from non-agricultural input: <ol style="list-style-type: none"> i) Chemical spray pump – old/damaged spray pump ii) Agriculture machinery – used lubricants, battery, tyres etc iii) Used PPE iv) Domestic waste 	
4.5.3.2	<p>Group managers 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.</p> <p>- Major compliance -</p>	<p>Group manager has established management procedures as following:</p> <ol style="list-style-type: none"> <i>i) Prosedur Pengendalian dan Pelupusan Bahan Kimia; SOP-02/BK/2016; Eff. date: 1/4/2016; Rev. 0</i> <i>ii) Prosedur Pengendalian dan Pelupusan Bahan Buangan Terjadual; SOP-04/BT/2016; Eff. date: 1/4/2016; Rev. 0</i> <p>Verified during field visit, the smallholders able to explain on how they triple rinse, puncture and send them to the recycle centre.</p>	Complied
Criterion 4.5.4: Natural water resources			
4.5.4.1	<p>Group managers should ensure that Independent smallholders can demonstrate that they understand the need to maintain the quality</p>	<p>CoP training covers the need to maintain the quality and availability of surface and ground water. Smallholders interviewed were able to explain the needs and steps were taken such as no blanket spraying in order to minimise soil erosion, no pollution of</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	and availability of surface and ground water and steps are being taken for its implementation. - Minor compliance -	river/creek, etc. Field observations found that none of the sampled smallholders' field had been over-sprayed.	
4.5.4.2	Water harvesting practices should be implemented. - Minor compliance -	Rain water harvesting has been implemented by the smallholders mostly for the purpose of agrochemicals mixing for weeding. Among the methods of rainwater collection observed were preparation of pit in the field, maintaining water in field drain and using drums equipped with zinc sheet.	Complied
Criterion 4.5.5: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.5.1	Group manager or relevant government agency should ensure that Independent smallholders are able to show a basic understanding of any species or habitats of concern, together with their conservation needs. Information on protected species and their habitat with high biodiversity value may be obtained from relevant government agencies, such as the Forestry Department, Forest Research Institute of Malaysia and the Wildlife Department. - Minor compliance -	Interviewed of smallholders found that they are able to show a basic understanding of any species or habitats of concern, together with their conservation needs even though most of their smallholders farms are bordering with other oil palm plantations. According the smallholders, they only observed wild boar and monkey in their farm. Group manager had conducted an awareness training together with Department of Wild Life Sabah for the smallholders on the Status of rare, threatened, or endangered species and high biodiversity value on 5 April 2016.	Complied
Criterion 4.5.6: Zero burning practices			



Criterion / Indicator		Assessment Findings	Compliance
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. - Major compliance -	Visit on the field and confirmed that the sampled independent smallholders were aware of the impact of open burning. Based on site observation, there was no trace of open burning found.	Complied
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Group managers & relevant government agencies should encourage all independent smallholders' to implement best practices such as the MPOB Codes of Practice, Malaysian Standards and the Kod Amalan Baik (GAP) Pekebun Kecil. - Minor compliance -	SPOC Beaufort is actively participating with the MPOB GAP certification activities. All of the smallholders of the SPOC have obtained the GAP certificate. Some of them were about to be renewed this year.	Complied
4.6.1.2	A visual identification or reference system shall be established for each field or block of oil palm planting by group manager (where practical). - Major compliance -	Boundary markers between smallholders were sighted during site visit. Based on site visit at the sampled smallholders, it was noted that the boundaries were demarcated with various ways such as wooden pole, roads and trenches. The lands were mainly of natives title (NT) where there were no disputes noted between the neighbouring land owners. Apart from that the group manager of the SPOC at the back office has the information about all the smallholders area based on their land titles.	Complied
Criterion 4.6.2: Economic and financial viability plan			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.6.2.1	<p>Group manager shall establish a documented business or management plan to demonstrate attention to economic and financial viability.</p> <p>- Major compliance -</p>	<p>Management Plan for year 2018 that related to the field activities such as manuring, spraying and harvesting programme has been prepared by the group manager. The detail of the management plan has been communicated to the small holder through the MPOB officer (pegawai Tunas) and public talk organizes by MPOB from time to time.</p> <p>Manuring and spraying programme for 2018: Spraying: immature - 8 rounds per year, mature – 4 rounds per year Manuring: 3 times per year (recommendation > 6 years 9-12 kg)</p>	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	<p>Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties.</p> <p>- Mino'r compliance -</p>	<p>Group manager with the assistance of MPOB has negotiated FFB pricing with Mill for the smallholders FFB. Discussion on the agreed FFB price was sighted between both parties.</p> <p>FFB price was based on daily price and paid on monthly basis.</p> <p>There were no disputes on the payment noted during the audit. Group manager keeps a copy of all the FFB sales records.</p> <p>Smallholder and group manager has identified the FFB collection centre for within 3 Beaufort area. Interview with smallholder</p> <p>Verified receiving slip, monthly production and income (average ton/Ha) and income average per month.</p> <p>Operation cost was recorded for harvesting and transportation and within the price guideline from Group manager.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: Oil palm shall not be planted on land with a high biodiversity value			
4.7.1.1	Independent smallholders shall not plant oil palm on land with high biodiversity value as identified by local, state and national legislation. - Major compliance -	There's no any new planting by independent smallholders within SPOC Beaufort hence no high biodiversity value as identified by local, state and national legislation were being compromised.	Complied
Criterion 4.7.2: Soil Survey			
4.7.2.1	Independent smallholders should obtain information 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 compliance -	There's no any new planting by independent smallholders within SPOC Beaufort hence no any preparation in consultation with extension service officers conducted.	Complied
Criterion 4.7.3: Extensive planting on steep terrain, marginal and fragile soils			
4.7.3.1	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 compliance -	There's no any new planting by independent smallholders within SPOC Beaufort. There's no any steep terrain, marginal and fragile soils available within independent smallholders estate within SPOC Beaufort too.	Complied

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment SPOC Beaufort Certification Unit complies with the MS 2530-2:2013. It is recommended that the certification of SPOC Beaufort Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Jackie Chua	Name: Mohamed Hidhir Zainal Abidin
Company name: SPOC Beaufort	Company name: BSI Services Malaysia Sdn. Bhd.
Title: <small>(on behalf of)</small> Group Manager	Title: Lead Auditor
Signature: 	Signature: 
Date: 23/07/18	Date: 23/7/18

Appendix A: Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Valence
Wednesday 28/2/2018	PM	Audit Team travelling to Kota Kinabalu via MH2616 (ETA: 1405) Check in at Promenade hotel, Kota Kinabalu	√	√
Thursday 1/3/2018	0700	Traveling to MPOB Beaufort	√	√
	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan 	√	√
	09.00 – 12.30	Field Inspection (Dun Lumadan and Klias): Field visit, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, Landfill, Chemical store and mixing, etc.	√	√
	12.30 – 13.30	Lunch	√	√

MSP0 Public Summary Report
Revision 0 (Aug 2017)

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Valence
	13.30 – 16.30	Field Inspection (Dun Sindumin): Field visit, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, Landfill, Chemical store and mixing, etc.	√	√
	16.30 -	Interim Closing briefing	√	√
Friday 2/3/2018	08.30 – 12.30	Document review: Land use type, customary right land, complaints and grievance, safe work practices, employment conditions, training and competency, environmental management plan, energy usage, waste management plan, natural water resources, bio-D and ERT awareness, zero burning, best practices, site management and development of new planting (if any)	√	√
	12.30 –	Lunch	√	√
	13.30 – 15.30	Document Audit: Public documents, SOPs, Policies, Internal audit, Production & traceability requirements, FFB pricing, legal and other requirements, review on SEIA documents and records, wage records, complaint records, workers records, training records, permits, CIP, etc.	√	√
	15.30 - 17.00	Verify any outstanding issues & Preparation for closing meeting	√	√
	1700	Travelling back to Kota Kinabalu and check in at Promenade Hotel, Kota Kinabalu	√	√
Saturday 3/3/2018	AM	Audit Team travelling back to KL via MH2611 (ETA: 1325)	√	√

Appendix B: List of Stakeholders Contacted

Internal Stakeholders	External Stakeholders
MPOB Officers (Pegawai Tunas Kawasan) MPOB Officers (HQ) Smallholder (Mukim Klias) Smallholder (Mukim Lumadan) Smallholder (Mukim Sindumin)	FFB buyer (Borneo Samudara)

Appendix C: Smallholder Member Details

Bil	Nama Peserta Koperasi	Tahun Tanam	Luas Tanah (Ha)	Anggaran Hasil (Mt/ha/tahun)	Anggaran Hasil (mt)
1	HJ SAIDUN UMBAI	2009	5.01	10.09	52.754
2	CHAM TAT HIN	2009	1.98	14.70	0
3	ABDUL RAHIM B JAMBREH	2009	4.83	6.75	0
4	CHAM TAT SANG	2009	1.54	12.94	0
5	SALIHA BINTI MOHD JUNI	2003	0.92	10.8	33.29
6	RAMNAH BINTI AMIT	2007	1.618	15.82	14.78
7	LUKNEH@SONEY BIN ACHING	2000	4.8	10.53	67.58
8	SAILI@SUHAILI@UKIN@OKIN	2009	2	13.05	30.05
9	MOHD JININ BIN JAMSIN	2003	2.5	9.51	34.33
10	AZIZAH@AMING BINTI JUNAIDI	2011	2.5	4.34	20.7
11	AINEH ABD RAHMAN	2007	1.122	30.1	11.41
12	HAJI JAAFAR BIN ASIN	1995	1.522	14.98	32.78
13	HAJI SAIT BIN BUJANG	2007	4.417	21.73	21.04
14	DUALI LUNGGI	2007	2.56	22.9	20.82
15	HAJI JAIS BIN ENGGUN	2007	3.5	19.5	74.51
16	SITI RABINA BUDIRI	2013	1.626	9.6	49.59
17	ASMAT BIN MUTRA	2013	1.64	16.82	18.4
18	AMIN AMIT	2011	1.28	27.1	29.266
19	KUNAH BINTI KAHAR	2011	1.32	19	0
20	YSSUF TUKAL MASGOP	2013	1.44	1.61	3.91
21	MOHD LAMRIH @ MOHD RAMLEE BIN MOHD SAID	2010	1.5	21.8	18.99
22	AMRI BIN BUSTANI	2010	2	18	36.51
23	MOHD ANGAMALI BIN ABU BAKAR	2014	2.46	19.5	20.63
24	TASIM @ CHUNGIL BIN AHMAT	2011	2.02	15	30.55
25	VICTORIANA BIN GUANI	2010	3.38	19	49.2
TOTAL			59.485	15.87	671.09

Appendix G: List of Abbreviations

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSPO	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure