

MALAYSIAN SUSTAINABLE PALM OIL**INITIAL ASSESSMENT
Public Summary Report**

Client Company name
Head Office: Pejabat MPOB Cawangan Beaufort, Lot 2 & 3, Tingkat 1, Bangunan Cerah, Light Industrial, 89807 Beaufort, Sabah Malaysia
Certification Unit: MPOB Sustainable Palm Oil Cluster (SPOC) S7 Lumadan/Sindumin
Location of Certification Unit: Pejabat MPOB Cawangan Beaufort, Lot 2 & 3, Tingkat 1, Bangunan Cerah, Light Industrial, 89807 Beaufort, Sabah Malaysia

Report prepared by:
Valence Shem (Lead Auditor)

Report Number: 9657118

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

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Section 1: Executive Summary

1.1 Organizational Information and Contact Person

MPOB License	NA		
Company Name	MPOB Sustainable Palm Oil Cluster (SPOC) S7 Lumadan/Sindumin		
Address	Pejabat MPOB Cawangan Beaufort, Lot 2 & 3, Tingkat 1, Bangunan CeraH, Light Industrial, 89807 Beaufort, Sabah Malaysia		
Group name if applicable:	NA		
Subsidiary of (if applicable)	NA		
Contact Person Name	Boonny Masumboh		
Website	www.mpob.gov.my	E-mail	boonny@mpob.gov.my
Telephone	087-222921	Facsimile	087-222924

1.2 Certification Information

Certificate Number	MSPO 700759		
Issue Date	09/04/2019	Expiry date	08/04/2024
Scope of Certification	Estate: Production of Sustainable Oil Palm Fruits 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).		
Stage 1 Date	4-5/10/2018		
Stage 2 / Initial Assessment Visit Date (IAV)	10-12/12/2018		
Continuous Assessment Visit Date (CAV) 1	NA		
Continuous Assessment Visit Date (CAV) 2	NA		
Continuous Assessment Visit Date (CAV) 3	NA		
Continuous Assessment Visit Date (CAV) 4	NA		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
Nil			

1.3 Location of Certification Unit			
Name of the Certification Unit	Site Address	GPS Reference of the site office	
		Latitude	Longitude
MPOB Sustainable Palm Oil Cluster (SPOC) S7 Lumadan/Sindumin	Pejabat MPOB Cawangan Beaufort, Lot 2 & 3, Tingkat 1, Bangunan Cerah, Light Industrial, 89807 Beaufort, Sabah Malaysia	5° 21' 17" N	115° 43' 34" E

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
NA					

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1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected	Actual production	Projected FFB production (mt) (Jan 2019-Dec 2019)
MPOB Sustainable Palm Oil Cluster (SPOC) S7 Lumadan/Sindumin	NA	NA	2,326

1.6 Certified Tonnage			
Mill Capacity: MT/hr	Estimated	Actual	Forecast (Jan 2019-Dec 2019)
	FFB	FFB	FFB
	NA	NA	2,326 mt
SCC Model:	CPO (OER: %)	CPO (OER: %)	CPO (OER: %)
	NA	NA	NA
	PK (KER: %)	PK (KER: %)	PK (KER: %)
	NA	NA	NA

1.7 Description of Supply Base					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
NA					

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Initial Assessment of MPOB Sustainable Palm Oil Cluster (SPOC) S7 Lumadan/Sindumin which is located in Lumadan and Sindumin, Sabah comprises 50 independent smallholders.

The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-2:2013 Part 2: General principles for independent smallholders and MSPO Guidance. The onsite assessment was conducted on 10-12/12/2018.

Based on the assessment result, SPOC S7 complies with the MS 2530-2:2013 Part 2: General principles for independent smallholders and recommended for 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 10-12/12/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the 50 smallholders as an MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, 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 was 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 public notification was made on 27/9/2018 via BSI website.

The estates or smallholders sample were determined based on formula $S = r\sqrt{n}$ where n 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 $(r\sqrt{n})$; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. 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.

The assessment findings for the this assessment are detailed in Section 4.2.

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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)
MPOB Beaufort Office	✓	✓	✓	✓	✓
Smallholder members (sampled)	✓	✓	✓	✓	✓
Stakeholder consultation	✓				

Tentative Date of Next Visit: December 10, 2019 – December 12, 2019

Total No. of Mandays: 6.0

BSI Assessment Team:**Valence Shem – Lead Auditor**

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, social aspects, workers welfare and stakeholders consultation.

Mohd Hafiz Mat Hussain - Team Member

He holds Bachelor Degree in Plantation Technology and Management, graduated from University Technology Mara (UiTM) on 2009. He has 4 years working experience in oil palm plantation industry. He also has the experiences as an 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 2013, Endorsed RSPO P&C Lead Auditor Course in 2014, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2016. He had been involved in RSPO auditing since May 2013 within Malaysia, Papua New Guinea, Solomon Islands, Gabon and Liberia. During this assessment, he assessed on the aspects of legal, estate best practices, safety and health, environmental and biodiversity.

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following MSPO 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 Initial Certification Assessment there was no nonconformity raised, but only two (2) OFIs.

Finding Reference	1718440-201810-I1	Certificate Reference	MSPO 700759
Certificate Standard	MS2530-2:2013	Clause	4.2.1.1
Category	Opportunity for Improvement		
Area/Process:	As per public summary report.		
Details	The traceability recordings of FFB can be further improved, therefore only the certified FFB is counted for without any additional from non-certified FFB.		

Finding Reference	1718440-201810-I2	Certificate Reference	MSPO 700759
Certificate Standard	MS2530-2:2013	Clause	4.4.4.1
Category	Opportunity for Improvement		
Area/Process:	As per public summary report.		
Details	The understanding of operational procedures among the members can be further improved especially in harvesting quality, usage of PPE, types of herbicide and triple rinsing method.		

Noteworthy Positive Comments

1.	Positive comments from all stakeholders interviewed
2.	All personnel were cooperative during the assessment process

3.3 Status of Nonconformities Previously Identified and OFI

NA as this is the Initial Assessment

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues: No negative comments from the interviewed stakeholders. Generally, relationship between the stakeholders and smallholders was good.</p> <p>Management Responses: Maintain the good relationship</p> <p>Audit Team Findings: No further action is required.</p>
2	<p>Issues:</p> <p>Management Responses:</p> <p>Audit Team Findings:</p>

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
NA			

3.6 Summary of the findings by Principles and Criteria

A) MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General Principles for Independent Smallholders

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 -	The MSPO Policy for SPOC S7 Lumadan-Sindumin has been established which has been signed by Boony Masumboh, (Group Manager) dated Nov 2017. Noted that the policy is communicated with smallholders through group briefing which was held on 16/4/2018.	Yes
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 as per " <i>Jadual Pemantauan Lawatan Khidmatan Nasihat/ GAP 2019</i> ". Training for the smallholders in the event for improvement on the awareness of best practices, MSPO, safety and health, environmental, RTE has been provided. For examples, the training namely " <i>Kursus MSPO</i> " was conducted on 16/4/2018 (Sipitang) by Group Manager and ICS. The record of the recommended action will be recorded in the 'Laporan lawatan khidmat nasihat' MPOB (as part of internal audit).	Yes

Criterion / Indicator		Assessment Findings		Compliance																		
		<table border="1"> <thead> <tr> <th>Date</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>28/3/18</td> <td>Paris Manung</td> </tr> <tr> <td>4/4/18</td> <td>Sylvester</td> </tr> <tr> <td>27/3/18</td> <td>Ubil Batangan</td> </tr> <tr> <td>27/3/18</td> <td>Malik Panjang</td> </tr> <tr> <td>12/11/18</td> <td>Joseph Boh</td> </tr> <tr> <td>30/11/18</td> <td>Marcus Sakai</td> </tr> <tr> <td>27/11/18</td> <td>Hee Ting Loi</td> </tr> <tr> <td>26/11/18</td> <td>Munir Liman</td> </tr> </tbody> </table> <p>The MSPO Internal Audit was done on 18/7/2018 by "Unit Piawaian Kemampanan dan Pensijilar", MPOB.</p>	Date	Name	28/3/18	Paris Manung	4/4/18	Sylvester	27/3/18	Ubil Batangan	27/3/18	Malik Panjang	12/11/18	Joseph Boh	30/11/18	Marcus Sakai	27/11/18	Hee Ting Loi	26/11/18	Munir Liman		
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4.1.2.2	<p>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.</p> <p>- Major compliance -</p>	<p>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 lawatan khidmat nasihat' MPOB (as part of internal audit).</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>28/3/18</td> <td>Paris Manung</td> </tr> <tr> <td>4/4/18</td> <td>Sylvester</td> </tr> <tr> <td>27/3/18</td> <td>Ubil Batangan</td> </tr> <tr> <td>27/3/18</td> <td>Malik Panjang</td> </tr> <tr> <td>12/11/18</td> <td>Joseph Boh</td> </tr> <tr> <td>30/11/18</td> <td>Marcus Sakai</td> </tr> </tbody> </table>	Date	Name	28/3/18	Paris Manung	4/4/18	Sylvester	27/3/18	Ubil Batangan	27/3/18	Malik Panjang	12/11/18	Joseph Boh	30/11/18	Marcus Sakai		Yes				
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4.2 Principle 2: Transparency																											
Criterion 4.2.1 – Traceability																											
4.2.1.1	<p>The group management shall commit itself to implement and maintain the requirements for traceability.</p> <p>- Major compliance -</p>	<p>The individual field record book system has been implemented. The FFB sales data were collected on monthly basis by Group manager and compiled in the "<i>Buku Rekod Ladang</i>" as master list. Nonetheless, the traceability recordings of FFB can be further improved, therefore only the certified FFB is counted for without any additional from non-certified FFB (OFI).</p>	Yes																								
4.2.1.2	<p>To keep records of sales and delivery or transportation of fresh fruit bunches.</p> <p>- Major compliance -</p>	<p>The record for the FFB sold to the dealer was available with the group management.</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Name</th> <th>Tonnage</th> </tr> </thead> <tbody> <tr> <td>July 18</td> <td>Paris Manung</td> <td>4.29 mt</td> </tr> <tr> <td>July 18</td> <td>Sylvester</td> <td>0.50 mt</td> </tr> <tr> <td>Aug 18</td> <td>Ubil Batangan</td> <td>4.99 mt</td> </tr> <tr> <td>July 18</td> <td>Malik Panjang</td> <td>12.20 mt</td> </tr> <tr> <td>Sept 18</td> <td>Joseph Boh</td> <td>3.12 mt</td> </tr> <tr> <td>July 18</td> <td>Marcus Sakai</td> <td>3.54 mt</td> </tr> <tr> <td>Oct 18</td> <td>Hee Ting Loi</td> <td>1.46 mt</td> </tr> </tbody> </table>	Month	Name	Tonnage	July 18	Paris Manung	4.29 mt	July 18	Sylvester	0.50 mt	Aug 18	Ubil Batangan	4.99 mt	July 18	Malik Panjang	12.20 mt	Sept 18	Joseph Boh	3.12 mt	July 18	Marcus Sakai	3.54 mt	Oct 18	Hee Ting Loi	1.46 mt	Yes
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4.3 Principle 3: Compliance to legal requirements																																										
Criterion 4.3.1 – Regulatory requirements																																										
4.3.1.1	<p>Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Interview with the smallholders found that they are aware of the compliance with all applicable laws. Document review found all the 50 smallholders have obtained the MPOB license Samples of the MPOB license checked:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>MPOB License</th> <th>Ha.</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>Paris Manung</td> <td>526616-801000</td> <td>3.2</td> <td>31/8/19</td> </tr> <tr> <td>Sylvester Bangileh</td> <td>500222-501000</td> <td>2.751</td> <td>30/11/22</td> </tr> <tr> <td>Ubil Batangan</td> <td>574517-101000</td> <td>5.00</td> <td>30/11/21</td> </tr> <tr> <td>Malik Panjang</td> <td>318487-401000</td> <td>2.04</td> <td>31/1/21</td> </tr> <tr> <td>Joseph Boh</td> <td>500220-901000</td> <td>6.40</td> <td>30/11/22</td> </tr> <tr> <td>Marcus Sakai</td> <td>536010-501000</td> <td>2.019</td> <td>28/2/20</td> </tr> <tr> <td>Hee Ting Loi</td> <td>536007-501000</td> <td>2.91</td> <td>31/12/19</td> </tr> <tr> <td>Munir Liman</td> <td>455012-701000</td> <td>3.644</td> <td>31/7/20</td> </tr> </tbody> </table>				Name	MPOB License	Ha.	Expiry	Paris Manung	526616-801000	3.2	31/8/19	Sylvester Bangileh	500222-501000	2.751	30/11/22	Ubil Batangan	574517-101000	5.00	30/11/21	Malik Panjang	318487-401000	2.04	31/1/21	Joseph Boh	500220-901000	6.40	30/11/22	Marcus Sakai	536010-501000	2.019	28/2/20	Hee Ting Loi	536007-501000	2.91	31/12/19	Munir Liman	455012-701000	3.644	31/7/20	Yes
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Criterion 4.3.2 – Lands use rights																																										
4.3.2.1	<p>Independent smallholders shall demonstrate rights to their landholdings and there is no evidence of major land disputes.</p>	<p>Most of the land that owned by the smallholders are registered under native title land and country list. E.g. of the titles verified:</p> <ul style="list-style-type: none"> - Paris Manung (NT 3447) - Marcus Sakai @ Kapol (NT 193103374) 				Yes																																				

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<ul style="list-style-type: none"> - Hee Ting Loi @ Koh Ting Loi (CL 7316) - Sylvester Bin Bangileh @ Banglileh (NT 193100980) - Malek Panjang (NT 193078474) - Joseph Boh (NT 193088336) - Munir Bin Liman (NT 169) - Ubil Bantangon (NT 193070423) 	
Criterion 4.3.3 – Customary rights			
4.3.3.1	<p>Independent smallholders shall demonstrate customary rights to their landholdings</p> <p>Note: Where recognized customary or legally owned land has been taken over and where there is documentary proof of a transfer of rights (e.g. sale) and of payment or provision of agreed compensation.</p> <p>- Major compliance -</p>	There was no customary rights land for the smallholders under SPOC Lumadan/Sindumin. MPOB licenses of the owners were verified as the legal document for the land ownership.	Yes
4.3.3.2	<p>Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.</p> <p>- Minor compliance -</p>	There was no customary rights land for the smallholders under SPOC Lumadan/Sindumin. MPOB licenses of the owners were verified as the legal document for the land ownership.	Yes
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Complaints and grievances			
4.4.1.1	<p>Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.</p> <p>- Major compliance -</p>	Complaint and grievances system [<i>Prosedur Kerja Standard Aduan dan Rungutan</i> , 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	Yes

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		directly reported to the group manager or " <i>Pegawai Tunas Kawasar</i> " 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 so far.	
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 so far.	Yes
Criterion 4.4.2: Employees safety and health			
4.4.2.1	Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe. - Major compliance -	<p>The management already establish "Manual Prosedur Kerja MSPO Kelompok Minyak Sawit Mampan (SPOC) for Garis Panduan Keselamatan Dan Kesehatan Pekerjaan" (MSPO/SSCC/GP-02/KKP) ssue No 1. The group manager has conducted training "Kursus Pensijilan Minyak Sawit Mampan (MSPO)" on 16/4/2018 on the awareness of best practices, MSPO, safety and health, environmental, RTE. For examples, the training namely "<i>Kursus MSPO</i>" was conducted on 16/4/2018 (Sipitang) by Group Manager and ICS.</p> <p>The MPOB officers also conduct regular visits to the smallholder farms to ensure the implementation. The record of the accidents reports is recorded followed as per Prosedur Notifikasi Aduan, Kemalangan, Kemalangan Nyaris, Kejadian Berbahaya, Keracunan Pekerjaan (MSPO/SSCC/SOP-04/KK) dated 1/4/16. No record of</p>	Yes

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Criterion / Indicator		Assessment Findings	Compliance
		accident or incident in SPOC Lumadan.	
Criterion 4.4.3: Employment conditions			
4.4.3.1	For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely. - Minor compliance -	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.	Yes
4.4.3.2	Independent smallholders & group managers shall provide equal opportunity and treatment regardless of race, gender, 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 compliance -	Not applicable as works were done by the smallholders themselves assisted by family members.	NA
4.4.3.3	Group managers for Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements. - Major compliance -	Not applicable as works were done by the smallholders themselves assisted by family members.	NA
4.4.3.4	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities, where available and practical. - Major compliance -	Not applicable as works were done by the smallholders themselves assisted by family members.	NA

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Criterion / Indicator		Assessment Findings	Compliance
4.4.3.5	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 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. - Major compliance -	Based on interview, the sampled smallholders were aware of the limitation of allowing children to work in the farm. There was no observation of children working in the field.	NA
Criterion 4.4.4: Training and competency			
4.4.4.1	Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management. - Minor compliance -	Training for the smallholders in the event for improvement on the awareness of best practices, MSPO, safety and health, environmental, RTE has been provided. For examples, the training namely "Kursus MSPO" was conducted on 16/4/2018 (Sipitang) by Group Manager and ICS. Nonetheless, the understanding of operational procedures among the members can be further improved especially in harvesting quality, usage of PPE, types of herbicide and triple rinsing method (OFI).	Yes
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 -	The Smallholders were trained by the group manager on the environmental Impacts. Last training was conducted on 16/4/2018 (Sipitang), on the awareness of best practices, MSPO, safety and health, environmental, RTE has been provided.	Yes

Criterion / Indicator		Assessment Findings	Compliance
		Interview with smallholders found they were able to explain the environmental impacts and needs for the protection of environment.	
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 -	So far there was no possible area identified that the smallholders could use renewable energy.	Yes
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 -	<p>Guided by its "Senarai Sisa Racun dan Domestik" [L-04/SRD/2016, 1/4/2016, issue 1, rev. 0], the wastes products and sources are listed in " Senarai Bahan Buangan Terjadual yang Terdapat di SPOC S7 & S8". Among the wastes identified:</p> <ul style="list-style-type: none"> • used battery • spent oil – lubricants and hydraulic • spillage kit – contaminated soil/saw dust • empty chemical containers • fertiliser bags • contaminated rags, filters, papers, etc. <p>- the method of wastes handling is defined in SOP "Pengendalian dan Pelupusan Bahan Kimia" [SOP-02/BK/2016, 1/4/2016, issue 1, rev. 0] – described about how to store fertilisers, pesticides, empty chemical containers (triple rinsed description included),</p>	Yes

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Criterion / Indicator		Assessment Findings	Compliance
		<p>excess triple rinsed water and obsolete chemicals.</p> <p>- the awareness of triple rinsed method from DOA was given during the course mentioned in 4.4.4.1 by DOE. Seen presentation slides of the DOE.</p>	
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>Based on the interview, the smallholders were able to demonstrate their understanding on how to do the triple rinsing procedure and aware of the hazard should the process is skipped. The triple rinsed and punctured empty chemical containers were then disposed through Majlis Daerah Sipitang. Seen letter from the DOE [ref.: JAS 91/110/619/130 Jld 51(8), dated 24/5/2018] on reclassification of empty chemical containers to non-scheduled wastes after triple rinse.</p>	Yes
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 and availability of surface and ground water and steps are being taken for its implementation.</p> <p>- Minor compliance -</p>	<p>The training namely the training namely "Kursus MSPO" was conducted on 16/4/2018 (Sipitang) by Group Manager and ICS to covers the need to maintain the quality and availability of surface and ground water. Smallholders interviewed are able to explain the needs and steps were taken such as no blanket spraying, maintenance of riparian buffer zones.</p>	Yes
4.5.4.2	<p>Water harvesting practices should be implemented.</p> <p>- Minor compliance -</p>	<p>Rain water harvesting has been implemented by the smallholders that were being used for pre-mix of agrochemicals.</p>	Yes
Criterion 4.5.5: Status of rare, threatened, or endangered species and high biodiversity value			

Criterion / Indicator		Assessment Findings	Compliance
4.5.5.1	<p>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.</p> <p>- Minor compliance -</p>	<p>The group manager has managed to conduct the training on 16/4/2018 (Sipitang), on the awareness of best practices, MSPO, safety and health, environmental, RTE has been provided. Based on interview, the smallholders were able to demonstrate their understanding on the importance of wildlife conservation. There was no observation of wild animals by the sampled smallholders so far.</p>	Yes
Criterion 4.5.6: Zero burning practices			
4.5.6.1	<p>Independent smallholders shall not practice open burning during land preparation for oil palm cultivation or replanting, unless with the permission of relevant state authorities.</p> <p>- Major compliance -</p>	<p>Group manager conduct regular visit to the smallholder fields to monitor for any open burning activity. During site visit at smallholder's farm, there was no open burning was carried out. The group manager has been brief to all smallholders on the restriction of open burning for land preparation during training on 16/4/2018 (Sipitang), which covered the awareness for best practices, MSPO, safety and health, environmental, RTE.</p>	Yes
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	<p>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.</p>	<p>Group manager conduct regular inspection following the MPOB Good Agricultural Practice. Trainings on best practices have been given to smallholders during " <i>Kursus MSPO</i>" which was conducted on 16/4/2018 (Sipitang) by Group Manager and ICS Field visit found that smallholders are implementing best practices</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	such as frond stacking, road maintenance, water management.	
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 -	A visual identification has been established by the group manager for all members. During site visit, it was found that all 8 members were install a visual identification which was install on the palm trunk.	Yes
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	Group manager shall establish a documented business or management plan to demonstrate attention to economic and financial viability. - Major compliance -	The business management plan namely " <i>Dana Insentif MSPO Pekebun Kecil for 2018</i> " has been prepared by Finance Department, Sustainability Department and Implementation Research Extension Department, MPOB HQ. The budget includes MSPO training, documentation, audit fees, PPE cost, and other cost. The budget has been presented during the committee meeting on 12/02/2018.	Yes
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties. - Minor compliance -	The price was clearly stated at dealer's ramp as per negotiated FFB price with palm oil mill. There was no disputes on the payment noted during the audit. Group manager keeps a copy of all the FFB sales records and compiled in the "Buku Rekod Ladang" as master list.	Yes
4.7 Principle 7: Development of new planting			

Criterion / Indicator		Assessment Findings	Compliance
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 -	NA as no new planting was done by the group members.	NA
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 -	NA as no new planting was done by the group members.	NA
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 -	NA as no new planting was done by the group members.	NA

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment MPOB Sustainable Palm Oil Cluster (SPOC) S7 Lumadan/Sindumin complies with the MS 2530-2:2013 . It is recommended that the certification of SPOC S7 Lumadan/Sindumin is approved and/or continued.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: <i>Boomy Bin Masumboh</i>	Name: Valence Shem
Company name: SPOC Lumadan/Sindumin S7	Company name: BSI Services Malaysia Sdn Bhd
Title: <i>Group Manager</i>	Title: Lead Auditor
Signature: 	Signature: 
Date: <i>02/04/2019</i>	Date: 28/3/2019

Appendix A: Assessment Plan

Date	Time	Subjects	VSH	MHM
Monday 10/12/2018	0845-0915	Opening meeting: <ul style="list-style-type: none"> Opening presentation by audit team leader Confirmation of assessment scope and finalize audit plan 	✓	✓
	0915-1200	Field Inspection of 2 members of SPOC Lumadan/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.	✓	✓
	1200-1300	Lunch break		
	1300-1630	Field Inspection of 2 members of SPOC Lumadan/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.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Tuesday 11/12/2018	0900-1200	Field Inspection of 2 members of SPOC Lumadan/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.	✓	✓
	1200-1300	Lunch break		
	1300-1630	Field Inspection of 2 members of SPOC Lumadan/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.	✓	✓
	1630-1700	Interim closing briefing	✓	✓
Wednesday 12/12/2018	0900-1200	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)	✓	✓
	1000-1200	Meeting with stakeholders (Government, village representatives, smallholders, Workers Leader, contractor, FFB collection centres, etc.)	✓	
	1200-1300	Lunch break		
	1300-1530	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.	✓	✓
	1530-1600	Preparation for closing meeting	✓	✓
	1600-1700	Closing meeting	✓	✓

Appendix B: List of Stakeholders Contacted

Internal Stakeholders

Group Manager MPOB Officers (Pegawai Tunas Kawasan) MPOB Officers (HQ) Cooperative Assistant Cooperative Smallholders

External Stakeholders

Government Departments	NGOs and others	Local Communities
Malaysian Palm Oil Board Drainage and Irrigation Department	Pertubuhan Peladang Beaufort	FFB Dealer (collection centre)

Appendix C: Smallholder Member Details

No.	Names of Smallholder	Year Planted	Land Area (Ha)	Forecasted FFB production (mt) (Jan-Dec 2019)	Sampled for assessment				
					Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
1	Umum bin Kulaya	2011	4.847	73					
2	Rostati bin Abdullah	2011	4.65	70					
3	Lee Eng lim	2002	8.1	170					
4	Mondom Bin Boh	2012	5	60					
5	Mariam Binti Kawati	2013	3.334	30					
6	Ali Rahman Bin Shabeli	2005	5.02	95					
7	Paris Manung	2011	3.2	48	x				
8	Musa Bin Bangau	2010	5	75					
9	Haeryati Bnti Asli	2014	3.236	26					
10	Ungkau Suyan	2016	4.28	15					
11	Paulus Bin Maguring	2008	5.4	92					
12	Samayung Using	2013	5	45					
13	Yasai @ James Bin Sakai	2013	1.177	11					
14	Malis Binti Kapol	2014	2.581	21					
15	Rajimin bin Kardo	2004	1.2	25					
16	Marcus Sakai @ Kapol	2013	2.019	18	x				
17	Gurkah Bin Ipun	2014	2.595	21					
18	Jerald Herodes Bin Samuel Balang	2014	5.1	40					
19	Petrus Bin Ansibul	2015	5	20					
20	Yumbune bin Lambang	2015	2.776	11					
21	Simun J. Rugag	2013	2.771	25					
22	Hee Ting Loi @ Koh Ting Loi	2014	2.91	23	x				
23	Neili Tingki	2016	1.344	5					
24	Rizal Bin Nawi	2007	5	95					
25	Thomas Siro	2011	5.08	76					

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26	Kelopan Sibak	2008	3.23	55					
27	Sylvester Bin Bangileh @ Banglileh	2012	2.751	33	x				
28	Balau Bin Tulali	2015	2.22	9					
29	Malek Panjang	2002	2.04	43	x				
30	Joseph Boh	2009	6.4	109	x				
31	Robert Sadom	2005	7	133					
32	Murang Sinau	2013	3.45	31					
33	Patrick Agong	2014	2.023	16					
34	Rayner @ Epul	2014	2.9	23					
35	DONEY BIN PENGIRAN	2012	2.66	32					
36	Jilit Bin Matusin	2008	4.74	81					
37	Munir Bin Liman	2005	3.644	69	x				
38	Shem @ Andy Bin Balang	2012	2.34	28					
39	Hamdan @ Daud Bin Mesir	2009	5.07	86					
40	Tadom Bin Salat	2013	5.46	49					
41	Esim Bin Labo	2013	6.2	56					
42	Dahmus Adus	2013	3	27					
43	Mohamad bin Abu Bakar	2014	5.02	40					
44	Rendey Lim Bin Lim Shau Mow	2010	1.74	26					
45	Ubil Bantagon	2014	5	40	x				
46	Vun Yap ken	2016	2.52	9					
47	Mohd Zairi Hm. Suntiri	2015	5.61	22					
48	Fung Kin Kiong	2015	3.32	13					
49	Yuak Talakus	2015	5	20					
50	Rib binti Balang	2011	5.71	86					

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Appendix D : Location and Field Map

Location map for the group members are not available. Nevertheless, the GPS coordinates are as follows:

No.	Names	GPS Coordinates
1	Umum bin Kulaya	4°58'121.759"N 115°40'11.280"E
2	Rostati bin Abdullah	4°57'40.701"N 115°40'43.661"E
3	Lee Eng lim	5°05'52.172"N 115°36'59.707"E
4	Mondom Bin Boh	4°58'17.277"N 115°40'17.000"E
5	Mariam Binti Kawati	4°57'42.161"N 115°40'40.900"E
6	Ali Rahman Bin Shabeli	5°00'44.037"N 115°38'08.739"E
7	Paris Manung	5°07'16.523"N 115°37'51.698"E
8	Musa Bin Bangau	5°00'11.697"N 115°35'00.856"E
9	Haeryati Bnti Asli	5°07'29.000"N 115°34'23.00"E
10	Ungkau Suyan	4°59'43"N 115°46'28"E
11	Paulus Bin Maguring	5°05'58.578"N 115°34'15.033"E
12	Samayung Using	4°58'07.164"N 115°42'22.914"E
13	Yasai @ James Bin Sakai	4°58'22.446"N 115°40'11.601"E
14	Malis Binti Kapol	4°58'33.693"N 115°40'11.601"E
15	Rajimin bin Kardo	4°58'33.615"N 115°40'11.801"E
16	Marcus Sakai @ Kapol	4°57'41.955"N 115°40'41.711"E
17	Gurkah Bin Ipun	4°57'49.950"N 115°40'42.355"E
18	Jerald Herodes Bin Samuel Balang	4°58'07.164"N 115°42'22.914"E
19	Petrus Bin Ansibul	4°58'22.446"N 115°42'10.179"E
20	Yumbune bin Lambang	5°00'10.229"N 115°46'34.990"E
21	Simun J. Rugag	4°58'44"N 115°45'33"E
22	Hee Ting Loi @ Koh Ting Loi	5°13'24"N 115°39'4"E
23	Neili Tingki	5°20'7"N 115°41'47"E
24	Rizal Bin Nawi	4°59'4"N 115°29'18"E
25	Thomas Siro	5°00'20.054"N 115°46'34.927"E
26	Kelopan Sibak	4°57'20.280"N 115°40'35.400"E
27	Sylvester Bin Bangileh @ Banglileh	4°59'26.606"N 115°30'25.788"E
28	Balau Bin Tulali	4°58'32.755"N 115°43'44.180"E
29	Malek Panjang	5°9'4"N 115°35'52"E
30	Joseph Boh	4°58'21.030"N 115°40'16.239"E
31	Robert Sodom	4°59'27.510"N 115°36'44.100"E
32	Murang Sinau	4°55'45.627"N 115°42'03.156"E

33	Patrick Agong	4°56'40.322"N 115°42'13.363"E
34	Rayner @ Epul	4°59'50.780"N 115°36'18.045"E
35	Doney Bin Pengiran	5°06'37.435"N 115°37'10.441"E
36	Jilit Bin Matusin	4°59'03.793"N 115°29'18.090"E
37	Munir Bin Liman	5°06'48.471"N 115°33'51.035"E
38	Shem @ Andy Bin Balang	4°56'04.838"N 115°41'52.208"E
39	Hamdan @ Daud Bin Mesir	4°59'14.330"N 115°28'16.447"E
40	Tadom Bin Salat	5°00'59.312"N 115°46'21.677"E
41	Esim Bin Labo	4°58'43.152"N 115°36'41.154"E
42	Dahmus Adus	4°58'53.315"N 115°37'16.703"E
43	Mohamad bin Abu Bakar	5°10'44"N 115°34'25"E
44	Rendey Lim Bin Lim Shau Mow	4°59'04.897"N 115°37'21.844"E
45	Ubil Bantangon	4°59'43.000"N 115°46'44.000"E
46	Vun Yap ken	5°21'35.0"N 115°40'60.00"E
47	Mohd Zairi Hm. Suntiri	5°16'22.350"N 115°38'39.079"E
48	Fung Kin Kiong	5°19'42"N 115°41'43"E
49	Yuak Talakus	5°1'24"N 115°47'43"E
50	Rib binti Balang	5°00'08.487"N 115°47'22.509"E

Appendix E: List of Abbreviations Used

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids