

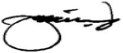
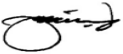
# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

### CERTIFICATION AUDIT REPORT

**Sustainable Palm Oil Cluster (SPOC) Kalabakan (S29) Tawau, Sabah.  
[Kelompok Minyak Sawit Mampan Malaysia (SPOC) Kalabakan (S29) Tawau, Sabah]**

**MAIN ASSESSMENT  
30<sup>th</sup> October 2017 – 02<sup>nd</sup> November 2017**

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	20/12/17	Issued as Draf Report	Muhammad Syafiq	Lead Auditor	
B	29/01/18	Incorporated Peer Review Comments and Issued for Final Report	Muhammad Syafiq	Lead Auditor	



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## 1. Executive Summary

### 1.1. Objective, Audit Methodology, Certification Scope and Recommendation

#### Objective of Certification Assessment

Global Gateway Certifications Sdn. Bhd. [hereafter known as GGC] has conducted the Certification Assessment of Sustainable Palm Oil Cluster (SPOC) Kalabakan (S29) Tawau located in Sabah. This certification unit is located at 30 KM from Tawau Airport. There are 50 numbers of small holder in this certification unit. The smallholders estate area are Kalabakan, Merotai and Pulau Sebatik. The plantations will be managed by MPOB Tawau Branch.

During this Main Assessment (Stage 2) Audit, the audit team briefed by Group Manager and his team, of the supply base disposition. At this moment, SPOC Kalabakan (S29) Tawau have 50 smallholders totalling of 183.93 Hectare.

The formula for calculating sample size of the audit is explained in the risk classification determination as per Malaysian Sustainable Palm Oil (MSPO) Risk Management (Doc No: MPOB/MSPO/RMP/06 dated 19 Nov 2013). Thus, 15 smallholders were sampled for documentation verification and site visit.

This assessment was conducted onsite from 30<sup>th</sup> October 2017 to 02<sup>nd</sup> November 2017 by 3 auditors 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 Smallholders and MSPO Guidance - Part 2\_Edited Version (100114).

As per the MSPO System Document's requirements, GGC already conducted Stage 1 Audit on 21<sup>st</sup> August 2017.

#### Audit Methodology

The methodology for collecting of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, smallholders, SPOC officers, review of documentation and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also taken into account in the assessment.

#### Certification Scope Methodology

The approach to the audit was to treat the independent smallholders group as a MSPO Certification Unit. Based on the planted area, year of planting and geographical locations 15 smallholders were sampled together with its cooperative management and infrastructure. The assessment focused on compliance to legal requirements on the land title, land use rights, trainings on good agriculture practices, awareness towards environmental and conservation value management, waste management and disposal and plantation activities such as fertilising, chemical spraying and harvesting.

## Recommendation

The company has established Sustainability Manual for policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of SPOC Kalabakan (S29) Tawau. Group Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The smallholders are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by MPOB panel reviewers. During this Main Assessment (Stage 2) Audit MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General Principles for Independent Smallholders and MSPO Guidance - Part 2\_Edited Version (100114), three major non-conformities, 1 minor non conformity and 1 area to concern has been raised to the facilities that being audited. Please refer to part 3.2, non-conformity table for details. The major non-compliances were closed on 14<sup>th</sup> December 2017 after submission of corrective action by the Group Manager. The verification audit assessment carry out is evident and therefore this major non-compliances are closed.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted with closed the major non-conformity findings. Therefore, the lead auditor recommends to award the certificate of MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General Principles for Independent Smallholders and MSPO Guidance - Part 2\_Edited Version (100114) to SPOC Kalabakan (S29) Tawau.

## 1.2. Company details and Contact information

<b>Company Name</b>	Malaysia Palm Oil Board (MPOB)
<b>Business Address</b>	Malaysia Palm Oil Board (MPOB), SPOC Kalabakan (S29) Tawau, Ground Floor, Lot 3477, Lorong Abaca, Jalan Masjid, Beg Berkunci No.5, 91000. Tawau, Sabah, Malaysia.
<b>Contact Person</b>	Mr. Junaidi bin Suri (Group Manager)
<b>Office Telephone</b>	6089-755813
<b>E-Mail</b>	junaidi.suri@mpob.gov.my

### 1.3. Certification Unit

<b>Name of the Certification Unit</b>	Sustainable Palm Oil Cluster (SPOC) Kalabakan S29 Tawau, Sabah.	
<b>Site Address</b>	Malaysia Palm Oil Board (MPOB), SPOC Kalabakan (S29) Tawau, Ground Floor, Lot 3477, Lorong Abaca, Jalan Masjid, Beg Berkunci No.5, 91000. Tawau, Sabah, Malaysia.	
<b>GPS Reference of the site office</b>	<b>Longitude</b>	E 117.53'16.3"
	<b>Latitude</b>	N 4.14'45.5"

### 1.4. Production Area, Actual and Projected FFB Production (MT)

<b>Producer Group</b>	SPOC Kalabakan (S29) Tawau, Sabah.
<b>Total Production area (ha)</b>	183.93

### 1.5. Certification Details

<b>Certification body</b>	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 - <a href="http://www.ggc.my">www.ggc.my</a>
<b>Assessment standard</b>	MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General Principles for Independent Smallholders and MSPO Guidance - Part 2_Edited Version (100114)
<b>Certificate number</b>	To be released after report approval
<b>Initial certificate issued date</b>	To be released after report approval



<b>Certificate expiry date</b>	To be released after report approval
<b>Stage 1 Assessment date</b>	21 <sup>st</sup> August 2017
<b>Stage 2 / Main Assessment</b>	30 <sup>th</sup> October 2017 – 02 <sup>nd</sup> November 2017
<b>Annual Surveillance 1 [ASA 1]</b>	Not applicable
<b>Annual Surveillance 2 [ASA 2]</b>	Not applicable
<b>Annual Surveillance 3 [ASA 3]</b>	Not applicable
<b>Annual Surveillance 4 [ASA 4]</b>	Not applicable

## 2. Assessment Process

### 2.1. Qualification of the Lead Auditor and Team

#### Lead Auditor

**Name:** **Muhammad Syafiq bin Abd Razak**

Graduate in plantation management with more than 7 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Fully trained in similar agriculture certification programs such as RSPO, SCCS, MSPO and etc. Qualified as Lead Auditor/Auditor in several certification programme. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia, Indonesia, Australia, Pakistan, Arab Saudi and Ivory Coast. Completed and certified MSPO Auditor course in 2014 (3rd Batch) held by MPOB. Member of GGC MSPO audit team.

Experienced in handling mineral and peat soil oil palm estate. Knowledgeable in chemical in control of weeds and pest & disease in Oil Palm Plantation sector. Understanding in Industrial relation and labour law. Attended OSH Act 1994 & Regulations and Factories & Machinery Act 1967 & Regulations Training. Participated in Workshop for Oil Palm Growers on Peat at Bogor, Indonesia. Completed and attended Social Impact Assessment Training at Bogor, Indonesia organized by Remark Asia. Also, has attended training for RSPO GHG calculation on year 2015 in Kuala Lumpur.

During this assessment, he assessed on the aspect of Management Commitment, Transparency, Legal, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare, Environment and etc. He is able to speak and understand Bahasa Malaysia and English.

#### Auditor

**Name:** **Ismadi bin Hj Ismail**

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Safety and Health, Employment Condition, Social and community engagements, stakeholder's consultation, and workers welfare. Able to speak and understand Bahasa Malaysia and English.

## Auditor

**Name:** Ahzahar bin Amir

Graduated from Mara Institute of Technology in Planting Industry Management and obtained Bac. Degree in Bioindustry from University Putra Malaysia. Has more than 32 years' experience in oil palm industry managing commercial oil palm plantation and also research activities. Attached to MPOB for 22 years and Tradewinds Plantation Berhad for 10 years. Good in Agricultural Practices (GAP) including Integrated Pest Management (IPM). Other scope works also as Verification Officer by Jab. Pembangunan Kemahiran/Ministry of Human Resource for SKM Level 3 students. As guest lecturer for Felcra, IIPM and Perbadanan Pembangunan Pertanian Negeri Perak in Good Agriculture Practices in Oil Palm Plantation. Successfully attended and qualified MSPO Lead Auditor Accessor course and also MPOB CoP Lead Auditor Course. Currently as a freelance and a member of GGC Audit Team.

During this assessment, he assessed on the aspect of Legal, stakeholder's consultation, and workers welfare. Able to speak and understand Bahasa Malaysia and English.

## 2.2. Stakeholder Consultation

GGC has published the public notification on 27<sup>th</sup> September 2017 and as to accommodate a stakeholders' consultation meeting for SPOC Kalabakan (S29) Tawau. Therefore, it was conducted on 30/10/2017-02/11/2017 in SPOC Kalabakan (S29) Tawau area to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of MPOB management.

In this stakeholders meeting, external and internal stakeholders were presented which came from local communities, government agencies, independents smallholders and etc. For external stakeholders attended by 13 participants and for internal attended by 15 participants. (See Appendix C)

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the MPOB management before incorporating into the assessment findings. There was no complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders.



## 5. Findings Identified for this audit

### 5.1. Summary Findings

<b>Major Nonconformities</b>	<b>3</b>
<b>Minor Nonconformities</b>	<b>1</b>
<b>Area of Concern</b>	<b>1</b>
<b>Noteworthy / Positive Comments</b>	<b>2</b>

### 5.2. Details Non-Conformity

-see Appendix E-

### 5.3. Details of Area of Concern

-see Appendix E-

### 5.4. Details of Noteworthy / Positive Findings

1. The Group Manager and independent smallholders are highly committed to comply the MSPO system by adopting continuous improvement programs.
2. Top management (MPOB) continuously establishes directions for the middle and upper management to execute in ways to sustain the MSPO management system in future.
3. Good relationship being maintained with surrounding smallholder and villages.



## 6. Acknowledgement

### 6.1. Date of Next Surveillance Audit

The first annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

### 6.2. Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

<b>6.3. Signing of Report</b>	
<i>Signed for on behalf of</i> <b>SPOC Kalabakan (S29) Tawau</b>  Name : Junaidi bin Suri Role : Group Manager Date : 10 <sup>th</sup> January 2018	<i>Signed for on behalf of</i> <b>Global Gateway Certifications Sdn. Bhd</b>  Name : Muhammad Syafiq Abd Razak Role : GGC Lead Auditor Date : 20 <sup>th</sup> December 2017