

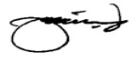
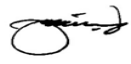
# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

### CERTIFICATION AUDIT REPORT

Sustainable Palm Oil Cluster (SPOC) Selama (A16) Taiping, Perak.  
[Kelompok Minyak Sawit Mampan Malaysia (SPOC) Selama (A16) Taiping, Perak]

#### ANNUAL SURVEILLANCE AUDIT 1 14<sup>th</sup> May 2018 – 16<sup>th</sup> May 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	20/07/18	Issued as Draft Report	Muhammad Syafiq	Lead Auditor	
B	25/07/18	Issued as 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. [thereafter known as GGC] has conducted the Certification Assessment of Sustainable Palm Oil Cluster (SPOC) Selama (A16) Taiping located in Perak.

This certification unit is located 16 KM from Selama, 32 KM from Taiping township and surrounded by Estate Segar and Estate Holyrood that manage by the Agriculture Department of Perak. Formerly this place called as RTBK [Rancangan Tanah Belia Khas] a scheme established by Perak state government in 1971 that promoted the migration of young generation from nearby township to form smallholder settler scheme. In 1988, the settlers were given land title and a cooperative was formed to assist and manage the smallholder's farm which was previously managed by Agriculture Department of Perak. In 2013, Koperasi Pondok Tanjung Berhad been awarded as "Indeks 100 Keperasi Terbaik Malaysia 2013" by the Suruhanjaya Koperasi Malaysia, Perak.

During this Annual Surveillance Audit 1, the audit team briefed by Group Manager and his team, of the supply base disposition. At this moment, SPOC Selama (A16) group of smallholders consists of 68 members with 41 old members and 27 new members totalling of 271.12 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, 13 smallholders were sampled for documentation verification and site visit.

This assessment was conducted onsite from 14<sup>th</sup> May 2018 – 16<sup>th</sup> May 2018 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).

#### 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 13 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 Selama (A16). 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 Annual Surveillance Audit 1.

This report will be internally reviewed prior to certification decision by GGC. During this Annual Surveillance Audit 1, MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General Principles for Independent Smallholders and MSPO Guidance - Part 2\_Edited Version (100114), two major non-conformities have been raised to the facilities that being audited. The major non-compliances were closed on 25<sup>th</sup> July 2018 after submission of corrective action by the Group Manager. All the evidence submitted were found adequate and therefore all major non-conformities are closed. (Refer to Appendix E, non-conformity table for details).

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 the certificate of compliance 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 Selama (A16) is maintained.

## 1.2. Company details and Contact information

<b>Company Name</b>	Malaysia Palm Oil Board (MPOB)
<b>Business Address</b>	Pejabat MPOB Cawangan Taiping, Lembaga Minyak Sawit Malaysia. No. 31 A, Tingkat 1, Susur Simpang. 34700, Simpang Taiping. Perak. Malaysia.
<b>Contact Person</b>	Mr. Mohamad Nizam bin Abd Razak (Group Manager)
<b>Office Telephone</b>	05-847 0716
<b>E-Mail</b>	nizamrazak@mpob.gov.my

### 1.3. Certification Unit

<b>Name of the Certification Unit</b>	Sustainable Palm Oil Cluster (SPOC) Selama (A16).	
<b>Site Address</b>	Pejabat MPOB Cawangan Taiping, Lembaga Minyak Sawit Malaysia. No. 31 A, Tingkat 1, Susur Simpang. 34700, Simpang Taiping. Perak. Malaysia.	
<b>GPS Reference of the site office</b>	<b>Longitude</b>	E 100.706.34'
	<b>Latitude</b>	N 04.821.25'

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

<b>Producer Group</b>	SPOC Selama (A16)
<b>Total Production area (ha)</b>	271.12 Hectare
<b>Projected from last audit</b>	3,000.68 MT
<b>Certified Production (May 2017 – April 2018)</b>	3,480.67 MT
<b>Projected production for next 12 months (May 2018 – April 2019)</b>	5,422.40 MT

## 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>	24 <sup>th</sup> August 2016
<b>Stage 2 / Main Assessment</b>	01 <sup>st</sup> March 2017 – 02 <sup>nd</sup> March 2017
<b>Annual Surveillance 1 [ASA 1]</b>	14 <sup>th</sup> May 2018 – 16 <sup>th</sup> May 2018
<b>Annual Surveillance 2 [ASA 2]</b>	March 2019
<b>Annual Surveillance 3 [ASA 3]</b>	March 2020
<b>Annual Surveillance 4 [ASA 4]</b>	March 2021

## 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:** **Surenthiran Panneerselvam**

He is graduated from University of Abertay Dundee, Scotland, UK majoring in PgDip/ MSc Oil and Gas Accounting and also graduated from Universiti Tenaga Nasional, Malaysia with a Bachelor's Degree in Accounting. Prior to joining Shell Business Operation as a Senior Cash Management Executive, he worked with Crowe Horwath as Senior Associate Auditor. He is equipped with experience in audit field, lecturing and accounting. Fully trained in Malaysian Sustainable Palm Oil (MSPO2530), Roundtable Sustainable Palm Oil (RSPO), ISO9001:2015 and ISO37001:2016. Completed and certified MSPO auditor course in year 2018 held by SGS Academy and ISO9001:2015 auditor course in year 2017 by TOMC. Able to communicate in both English and Bahasa Malaysia (written and spoken).

During this assessment, he assessed on the aspect of Management Commitment, 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:** Mohamad Fitri bin Mustafa

Graduate in degree of agribusiness with more than 8 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in ISCC and MSPO auditing since September 2017. Qualified as Lead Auditor/Auditor for MSPO and ISO 9001. Completed and certified MSPO Auditor course in 2018 held by SGS (M) Sdn Bhd. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

During this assessment, he assessed on the aspect of Transparency, stakeholder's consultation, best practices and etc. Able to speak and understand Bahasa Malaysia and English.

## 2.2. Stakeholder Consultation

During this Annual Surveillance Audit, the audit team has conducted stakeholder consultations to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements. The stakeholder's consultation 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.

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.



### 3. Findings by Principles and Criteria

#### 3.1. Principle 1 : Management commitment and responsibility

##### Criterion 1 MSPO Policy

**Indicator 1** There shall be a policy binding smallholders to MSPO.

**Summary** MSPO Policy has been established and signed by Mr Nizam (Group Manager) for SPOC Selama. As evidence, sighted in all smallholders personal file that has been selected/sampled by audit team.

SPOC Selama under corporation name of RTBK Pondok Tanjung, Perak, – 68 members totaling 271.12 Ha.

Existing: 41 members

New : 27 members

Total : 68 members

In this policy, sighted commitment to comply with the MSPO Requirements by Group Manager and his group.

Training conducted for MSPO SPOC Selama members dated on 3<sup>rd</sup> April 2018 at Dewan JKKK RTBK Pondok Tanjung Selama. 45 members participated, attendance list, photos and training material sighted (MSPO Briefing).

**In Compliance**  **Yes**  **No**  **Not Applicable**

##### Criterion 2 Continual improvement

**Indicator 1** The action plan for continual improvement shall be based on a Consideration of 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.

**Summary** SPOC Selama (A16) Perak has established Continues Improvement Plan (Program Penambahbaikan Berterusan) for year 2018. Also sighted the training program and records for all smallholders on MSPO requirement prepared by Mr Nizam (Group Manager).

The CIP has been included:

- Building of centralized store for Koperasi Kampung Belia Khas, Selama Berhad dated 12<sup>th</sup> January 2017 [Ref: MPOB/SSCC/M001/2017] signed by Hj Mohamad Nor Abdul Rahman.
- Group manager conducted meeting to update status on the application dated 3<sup>rd</sup> May, 2018 with En. Adi B. Mohd Suhaimi (ADO, Pejabat Tanah, Kerian).

Interview with Mr. Nizam, received confirmation for budget from HQ, Bangi.

- Group Manager visiting programme
- Printed Material on Good Agriculture Practise (GAP)

- Advice and training for GAP
- MSPO roadshow by MPOB team.

As per audit and interviewed with smallholders, they are aware and understand the importance of CIP. As evidence, the smallholders are received advice from Group Manager during his visit.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 2** Group management shall establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the group members.

**Summary** Group Manager had established a system to improve practice especially on the Good Agriculture Practice.

As evidence, sighted field visit and "Khidmat Nasihat" by the Group Manager. Sighted Permohonan Kerja Luar Pejabat dated 17<sup>th</sup> April 2018.

Base on Group Manager's "Visiting Calender" actual visiting, sighted Laporan Khidmat Nasihat to the following members:

No	Name	Date Visit
1.	Abdul Wahab Bin Abdul Jali	24/04/18
2.	Abdul Hadi B. Ahmad	18/04/18
3.	Abd Manaf B. Mohamad	19/04/18
4.	Siti Yusnawati Bt. Che Zain	20/04/18
5.	Siti Jamaliah Bt. Tasiman	20/04/18

As at 24/04/18 a total of 25 members has been personally visited and briefed on GAP by the En. Nizam, Group Manager.

**In Compliance**  **Yes**  **No**  **Not Applicable**

### 3.2. Principle 2 : Transparency

#### Criterion 1 Traceability

**Indicator 1** The group management shall commit itself to implement and maintain the requirements for traceability

**Summary** The member's database available (BRL). The traceability mechanism is established and documented as to provide a tracking system of FFB source. The process is also to identify critical control points to prevent contamination of non-certified FFB. The responsible personal for the traceability is the Group Manager.

As per interviewed with Mr Mohamad Nizam Bin Haji Abd Razak (Group Manager), the FFB sales data were collected on monthly basis by him and compiled into FFB sales record for each individual.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 2** To keep records of sales and delivery or transportation of fresh fruit bunches.

**Summary** As per interviewed with Mr Mohamad Nizam Bin Haji Abd Razak (Group Manager), the FFB sales data were collected on monthly basis by him and compiled into FFB sales record for each individu.

5 sample of smallholders are taken:

1. Shamsudin Bin Dollah
2. Haji Muslimin Bin Mat Piah
3. Haji Osman Bin Ahmad
4. Selamat Bin Ngamdi
5. Zakaria Bin Ahmad

As evidence, the compiled data done by Koperasi Kampung Belia Khas Selama Berhad:

- a. Zakarian Bin Ahmad
  - \* Vehicle No: JCE 7945
  - \* License No: 24515130100
  - \* Receiving No: R03692
  - \* Net Weight: 2,470 kg.
  - \* Date: 23/04/2018
  - \* Time in: 08:43:23 am
  - \* Time out: 08:48:57 am
- b. Haji Muslimin Bin Mat Piah
  - \* Vehicle No: AJG 2625
  - \* License No: 24517420100
  - \* Receiving No: R02537
  - \* Net Weight: 3,840 kg.
  - \* Date: 13/12/2017
  - \* Time in: 09:25:09 am
  - \* Time out: 09:28:22 am

**In Compliance**  **Yes**  **No**  **Not Applicable**

### 3.3. Principle 3 : Compliance to legal requirements

#### Criterion 1 Regulatory requirements

**Indicator 1** Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations.

**Summary** SPOC (A16) Selama has established and updated list of applicable laws and regulations that are applicable for the them as per Document No.: MSPO/SSCC/L-01/SKU – “Senarai Keperluan Undang-Undang”; Date effective on 30<sup>th</sup> March 2018; Issue No: 1; Rev: 1.

The list is fully covered the requirements that related to MSPO compliance. These documents include information on laws, enforcement bodies, main requirement, environmental aspect, standard and etc.

Sighted well documented List of Laws.

- 1) Akta 127 : Akta Kualiti Alam Sekeliling 1974
  - Akta A1441 : Akta Kualiti Alam Sekeliling (Pindaan) 2012
  - Peraturan Kualiti Alam Sekeliling (Buangan Terjadual) 2005
  - Peraturan Kualiti Alam Sekeliling (Buangan Berjadual)(Pindaan) 2007
  - Perintah Kualiti Alam Sekeliling (Aktiviti Yang Diisytiharkan)(Pembakaran Terbuka) 2003.
  - Garis Panduan Bekas Buangan Terjadual Yang Tidak Tegar
- 2) Akta 149 : Akta Racun Makhluk Perosak 1974
- 3) Akta 155 : Akta Imigresen 1959
- 4) Akta 226 : Akta Taman Negara 1980
- 5) Akta 265 : Akta Pekerjaan 1955
- 6) Akta 350 : Akta Kanak-kanak dan Orang Muda (Pekerjaan) 1966
- 7) Akta 446 : Akta Standard Minimum Perumahan dan Kemudahan Pekerja 1990
- 8) Akta 514 : Akta Keselamatan dan Kesihatan Pekerjaan 1994
- 9) Akta 582 : Akta MPOB 1998
  - Peraturan – peraturan Lembaga Minyak Sawit Malaysia ( Perlesenan ) 2005
- 10) Akta 716: Akta Pemuliharaan Hidupan Liar 2010
  - Peraturan-peraturan Pemuliharaan Hidupan Liar (Fi Lesen, Permit dan Permit Khas) Pindaan 2013
- 11) Ordinan Sumber Asli dan Alam Sekeliling 1993
  - Perintah Ordinan Sumber Asli dan Alam Sekeliling (Aktiviti Yang Diistiharkan) 1994.
- 12) Enakmen Perlindungan Alam Sekitar 2002

As per interviewed with the smallholders, they know that all the activities must follow the laws and regulations. They already brief and training by Group Manager. As evidence, briefing on MSPO requirements were done on various dates, the latest was on 03/04/2018 attended by 45 members.

One major nonconformity has been raised to the SPOC A16 Selama. Sighted the employee contract agreement between worker and "Koperasi Kampung Belia Khas Selama Berhad", stated that the "Koperasi" will make advance payment for levy expenses and the cost will be recovered through monthly wages deduction for a period of 12 months upon the workers concerned started employment in Malaysia.

During the audit, it was discovered that the levy expenses has been deducted by the employer through the worker's monthly salary which is against the Fi Act 1951 (Act 209).

**In Compliance**    **Yes**                       **No**                       **Not Applicable**

**Criterion 2 Land use rights**

**Indicator 1** Independent smallholders shall demonstrate rights to their landholdings and there is no evidence of major land disputes.

**Summary** SPOC Selama have 68 members totaling 271.12 HA.

Samples with 4 Independent Smallholders:

- 1) Name: Ariffin bin Kassim (Khatijah bt Muhammad)  
No. Hak Milik: 1833  
Lot No: Lot 5627  
Ha: 3.917  
Category: Agriculture (Oil Palm)
- 2) Name: Ramli bin Awang  
No. Hak Milik: 3473  
Lot No: PT 5801  
Ha: 4.047  
Category: Agriculture (Oil Palm)
- 3) Name: Razzuan bin Mohd Rasdi  
No. Hak Milik: 3819  
Lot No: Lot 7928  
Ha: 3.495  
Category: Agriculture (Oil Palm)
- 4) Name: Yusoff bin Mat  
No. Hak Milik: 1468  
Lot No: Lot 5828  
Ha: 3.9634  
Category: Agriculture (Oil Palm)

The copy of land titles are kept in the MPOB office and were sighted during the audit, while the original copies were kept by independent smallholders. Evidence of annual payment of land cess and quit rent the state government is available in the form of receipts.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 3 Customary land rights**

**Indicator 1** Independent smallholders shall demonstrate customary rights to their landholdings.

**Summary** There is no customary land in or surrounding all the 68-independent smallholder's area. There are also no land disputes or claims involving their area.

**In Compliance**  **Yes**  **No**  **Not Applicable**



**Indicator 2** Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available.

**Summary** There is no customary land in or surrounding all the 68-independent smallholder's area. There are also no land disputes or claims involving their area.

**In Compliance**  **Yes**  **No**  **Not Applicable**

### 3.4. Principle 4 : Social responsibility, health, safety and employment condition

#### Criterion 1 Complaints and grievances

**Indicator 1** Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.

**Summary** MPOB has established SOP "Aduan dan Rungutan". Sighted Document No. MSPO/SSCC/SOP-01/AR; Effective date: 30/03/2018; Issue No: 1; Rev No: 0 as the consultation and communication procedures to relevant stakeholders.

As per the complaint record file, there 4 complaints lodged. As evidence,

1. Mat Isa Bin Haji Selamun dated 30/01/2018, action taken dated 01/02/2018 by Group Manager.
2. Muhd Jamal B. Suboh dated 13/04/2018, action taken dated 17/04/2018 by Group Manager.
3. Hj Sedek Bin Othman dated 13/04/2018, action taken dated 18/04/2018 by Group Manager.
4. Hj Zakaria Bin Ahmad dated 03/05/2018, action taken dated 07/05/2018 by Group Manager.

As evidence, sighted field visit and "Khidmat Nasihat" by the Group Manager. Sighted Permohonan Kerja Luar Pejabat dated 17<sup>th</sup> April 2018.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 2** The local system should be able to resolve disputes.

**Summary** Sighted SOP "Aduan dan Rungutan" Document No. MSPO/SSCC/SOP-01/AR; Effective date: 30/03/2018; Issue No: 1; Rev No: 0 as the consultation and communication procedures to relevant stakeholders.

As per interviewed with Mohamad Nizam B. Hj Abd Razak. (Group Manager), the independents smallholders or any stakeholders can fill their complaint form at RTBK Pondok Tanjung Selama office. Form "Borang Aduan dan Rungutan" and a flow chart "Aduan Pekebun Kecil" are established that capture any complaint and grievance and include the closure of complaint and signed off by the complainant. As per group manager, complaint forms will be collected on 3 times in a week basis from RTBK.

However, as per Mr. Nizam statement, he has attended all the complaints within stipulated period as per SOP: MSPO/SSCC/SOP-01/AR and sighted document no. F-01/AR/2016 dated 13/04/2018.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 2 Employees safety and health**

**Indicator 1** Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe.

**Summary** Mohamad Nizam B. Hj Abd Razak. as Group Manager already brief to all smallholders SPOC- Selama (A16) regarding the health and safety during their work in the estate.

It is part of the Group manager's routine job to brief, enhance and educate the independent smallholders on best agriculture practice. As evidence, sighted 3 of training conducted on:

1. 25<sup>th</sup> August 2017, sighted attendance record list (13 members attended at RTBK).
2. 30<sup>th</sup> August 2017, sighted attendance record list (10 members attended at RTBK).
3. 30<sup>th</sup> August 2017, sighted attendance record list, photos and training materials (45 members attended at RTBK).

As per interview with Group Manager, all PPE's to independent smallholders will be provided by MPOB Head Quarters. Sighted "Perakuan Penerimaan Set PPE" by Shamsuddin Md Rawi dated 30/08/17 and approved by Mohd Nizam (Group Manager).

Group Manager has implemented the awareness of safe work practices from time to time. Pegawai Tunas Kawasan provide awareness training during their field visit. Group manager has provided PPE's to the workers through the cooperative. Interview and observation at the field found that the workers were using the provided PPE's. SOP for accident notification has been established by the group manager (Document No.: SOP-03/AK/2016) dated 1/4/2016.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 3 Employment conditions**

**Indicator 1** For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.

**Summary** As per interviewed with Mr Nizam (Group Manager), there are 68 independents smallholders in SPOC Selama (A16). He mentioned that some of the independent smallholders engaging temporary workers.

The independents smallholders that engaging temporary workers, the work condition accordance with a mutual verbal agreement (transparently and freely) between both party.

At this moment, Group Manager did not receive any complaint regarding work condition with both party.



Smallholders does not engage any workers. They manage the farm themselves or fully manage by the cooperative. Cooperative has employed 6 Indonesian workers. Employment contract "Surat Perjanjian Pekerja Asing" dated 25/2/2017. The contract clearly stated the terms and conditions of the employment. Payslips were provided stating the total earnings and deductions. Interview with the workers found that the work conditions are as per agreement.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 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.

**Summary** No evidence of discrimination based on 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. This was confirmed through interview with independent smallholders. They will provide equal opportunity and treatment all stakeholders (internal or external).

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 3** Group managers for Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements.

**Summary** Smallholders does not engage any workers. They manage the farm themselves or fully manage by the cooperative. Cooperative has employed 6 Indonesian workers. Employment contract "Surat Perjanjian Pekerja Asing" dated 25/2/2017. The contract clearly stated the terms and conditions of the employment. Payslips were provided stating the total earnings and deductions. Interview with the workers found that their pay was above the minimum legal standards.

As sampled:

1. Imam Kambali [Passport: AS 547149]  
Employment contract dated 21/08/2017.  
Sighted payslip and payment voucher [T001/03/2018]
2. Tulus Pujiono [Passport: AP743856]
3. Employment contract dated 25/02/2017. Sighted payslip and payment voucher.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 4** In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities, where available and practical.

**Summary** As per interviewed with independent smallholders, the temporary workers that are employed consist of local and foreigner workers. Sighted the quarters provided during on-



site visit. This is also accordance with a mutual verbal agreement agreed (transparently and freely) between both party.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 5** Children and young persons are not to be employed or exploited. The minimum age and conditions of employment shall comply with local, state or national 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.

**Summary**

Based on the interview resulted from Group Manager, there is no employment of young/ child workers except where the land fully manages by the family members, their children tends to help their parents during school leaves.

During site visit to the farms, the independent smallholders stated that the children's were assist their parents during the weekends under supervision of adults. The youngest workers were sighted is on the year 1989.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 4 Training and competency**

**Indicator 1** Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.

**Summary**

Training for members conducted on 19 & 20<sup>th</sup> December 2017 at Dewan JKKK Kg Belia Khas. Sighted attendance list record, consist of 34 members attended on 19<sup>th</sup> December 2017 and 19 members attended on 20<sup>th</sup> December 2017.

During on site visit, smallholders aware on the training and briefing conducted by MPOB.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**3.5. Principle 5 : Environment, natural resources, biodiversity, and ecosystem services**

**Criterion 1 Environmental management plan**

**Indicator 1** Independent smallholders are expected to be aware of the environmental impact but are not expected to undertake any formal impact assessment unless there is a legal requirement.

**Summary**

SPOC (A16) Selama has established the "Senarai Keperluan Undang-Undang" by MPOB. Sighted Document No.: MSPO/SSCC/L-01/SKU – "Senarai Keperluan Undang-Undang"; Date effective on 30th March 2018; Issue No: 1; Rev: 1.

Sighted "Senarai Impak Sosial, Persekitaran & Pelan Tindakan. Doc No: MSPO/SSCC/L-04/ISP; Date 30/03/2018; Issue No: 01

Sighted the training programme was conducted on 12th April 2017.



**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 2 Efficiency of energy use and use of renewable energy**

**Indicator 1** The use of renewal energy should be applied where possible.

**Summary** Diesel usage is minimum. As per interviewed with independent smallholders, some of them using hilux for transportation their FFB to the mill or traders.

The efficiency and renewable energy is currently not practise as smallholder does not have the capacity and means to start such practice.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 3 Waste management and disposal**

**Indicator 1** All waste products and sources of pollution shall be identified by the group manager.

**Summary** MPOB has established "Senarai Sisa Racun Dan Domestik" - Doc No: MSPO/SSCC/L-03/SRD; Date 30/03/2018; Issue No: 01. Two group of waste products produce from the field activities being identified. Data as per below:

- 1) "Senarai sisa yang terhasil dari input pertanian"
  - Racun perosak
  - Baja
  - Racun rumput
- 2) "Senarai sisa yang terhasil bukan dari input pertanian"
  - Pam Racun
  - Jentera pertanian
  - Peralatan perlindungan keselamatan diri
  - Sisa/bahan buangan dari kawasan perumahan

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 2** Independent smallholders shall ensure that waste from the smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers.

**Summary** Base on the interview with the Group Manager, Mr Mohamad Nizam bin Abd Razak, no monitoring on the Schedule Waste Management as per SOP on Pengendalian dan Pelupusan Bahan Kimia under document No MSPO/SSCC/SOP-02/BK and Pengurusan Bahan Buangan Terjadual under document No SOP- MSPO/SSCC/SOP-03/BK both dated 30/03/2018 Issue No 1 being conducted thus far.

However, during site visit there were empty chemical containers were found at certain blocks and linesite area. It was not well disposed as per both SOP's and the Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005.

**In Compliance**  **Yes**  **No**  **Not Applicable**



**Criterion 4 Natural water resources**

**Indicator 1** 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.

**Summary** As per interviewed with Group Manager, the independent smallholders already attend the training done by "Pegawai Tunas MPOB".

Sighted the documentation regarding the Reserve River from "Jabatan Pengairan Dan Saliran (JPS).

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 2** Water harvesting practices should be implemented.

**Summary** As per interviewed with Group Manager, the independent smallholders already attend the training done by "Pegawai Tunas MPOB".

This practice already done by a few independents smallholders. Others in progress to implement.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 5 Status of rare, threatened, or endangered species and high biodiversity value**

**Indicator 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.

**Summary** As per interviewed with GM, the independent smallholders already attend the training for RTE species, MSPO Training and etc.

Sighted briefing on MSPO requirements were done on various dates, the latest was on 03/04/2018 attended by 45 members.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 6 Zero burning practices**

**Indicator 1** Independent smallholders shall not practice open burning during land preparation for oil palm cultivation or replanting, unless with the permission of relevant state authorities.

**Summary** As per interviewed with GM, the independent smallholders already attend the training done by "Pegawai Tunas". All the independents follow "Akta Kualiti Alam Sekeliling 1974".

Sighted the training programme was conducted on 03/04/2018 attended by 45 members in related to "Akta Kualiti Alam Sekeliling 1974".

**In Compliance**  **Yes**  **No**  **Not Applicable**

### 3.6. Principle 6 : Best practices

#### Criterion 1 Site management

**Indicator 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.

**Summary** Sighted "Manual Penanaman Dan Penyelenggaraan Sawit Untuk Sektor Pekebun Kecil" by MPOB.

12 independent smallholders been awarded with Good Agriculture Procedure. The certificate valid for 2 years.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Indicator 2** A visual identification or reference system shall be established for each field or block of oil palm planting by group manager (where practical).

**Summary** 41 permanent signboards already done by SPOC Selama. The Group Manager has taken an initiative to provide 17 new independent smallholders with temporary signboards.

Sighted Manual Prosedur Kerja MSPO SPOC, doc no: MSPO/SSCC/GP-01/PEK dated 30/03/2018.

**In Compliance**  **Yes**  **No**  **Not Applicable**

#### Criterion 2 Economic and financial viability plan

**Indicator 1** Group manager shall establish a documented business or management plan to demonstrate attention to economic and financial viability.

**Summary** Sighted Manual Prosedur Kerja MSPO SPOC, doc no: MSPO/SSCC/GP-01/PEK dated 30/03/2018, for Pelan Daya Ekonomi dan Kewangan. The Manual indicate the GAP to be implemented by the independent smallholders.

Evidence of the year and monthly programme presented by Group Manager.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 3 Transparent and fair price dealing,**

**Indicator 1** Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties..

**Summary** For the SPOC, the pricing of FFB is done based on MPOB pricing every month. However, GM has been compiled the pricing every mill and FFB collector and informed to the smallholders. Smallholders will choose the mill or FFB collector.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**3.7. Principle 7 : Development of new planting**

**Criterion 1 Oil palm shall not be planted on land with a high biodiversity value**

**Indicator 1** Independent smallholders shall not plant oil palm on land with high biodiversity value as identified by local, state and national legislation.

**Summary** Not applicable. As per interviewed with Mr Mohamad Nizam bin Abd Razak (Group Manager), no planting on land with high biodiversity value. However, MPOB has established "Manual Penanaman Dan Penyelenggaraan Sawit Untuk Sektor Pekebun Kecil"; Date on Julai 2004. It can be used as the guideline for any new panting.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 2 Soil survey**

**Indicator 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.

**Summary** Not applicable. As per interviewed with Mr Mohamad Nizam bin Abd Razak (Group Manager), there is no new planting as of time of audit and this was verified during interview with smallholders.

However, the existing GAP procedures to outline the new planting procedure that to include mechanism to obtaining soil and topography maps from government agencies.

**In Compliance**  **Yes**  **No**  **Not Applicable**

**Criterion 3 Extensive planting on steep terrain, marginal and fragile soils**

**Indicator 1** Extensive planting on steep terrain, marginal and fragile soils, shall be avoided unless permitted by local legislation. Independent smallholders who establish new plantings on steep terrain, marginal and fragile soils, should adopt appropriate and viable conservation measures.



**Summary** Not applicable. As per interviewed with Mr Mohamad Nizam bin Abd Razak (Group Manager), there is no new planting as of time of audit and this was verified during interview with smallholders.

However, MPOB has established "Manual Penanaman Dan Penyelenggaraan Sawit Untuk Sektor Pekebun Kecil"; Date on Julai 2004. It can be used as the guideline for any new panting.

**In Compliance**     **Yes**                       **No**                       **Not Applicable**

**4. Issues Raised by Stakeholders and Findings with respect to each issue**

In this stakeholders meeting, external and internal stakeholders were presented which came from local communities, government agencies, workers and etc. In overall, there are lots of positive issues highlighted by the stakeholders during the meeting. There are tremendous improvements either from environmental, social and safety aspect. There are also positive statements given by the participants required aspects in MSPO especially in social aspect. These statements were accepted by the management representative as a good feedback and will do the necessary. Details, as per below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Independent Smallholders A-M	<ul style="list-style-type: none"> <li>• Good understanding about MSPO.</li> <li>• They are very happy with the MPOB management</li> <li>• PPE will be given by MPOB HQ – free.</li> <li>• Permanent signages of his block will provide by MPOB HQ – free.</li> <li>• They were treated equally with no discrimination based on 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.</li> <li>• They have good relationship with the MPOB management.</li> <li>• The MPOB management will provide an assistance whenever they requested.</li> </ul>	No action requires	Positive findings



2.	External stakeholder	<ul style="list-style-type: none"> <li>• Has good understanding about MSPO.</li> <li>• MPOB give good commitment in maintaining relationship with stakeholder.</li> <li>• Appreciation to MPOB for fast comment or feedback if any issue happens.</li> </ul>	No action requires	Positive findings
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## 5. Findings Identified for this audit

### 5.1. Summary Findings

<b>Major Nonconformities</b>	<b>2</b>
<b>Minor Nonconformities</b>	<b>0</b>
<b>Area of Concern</b>	<b>0</b>
<b>Noteworthy / Positive Comments</b>	<b>3</b>

### 5.2. Details Non-Conformity

-see Appendix E-

### 5.3. Details of Area of Concern

-NIL-

### 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.

### 6.3. Signing of Report

*Signed for on behalf of*  
**SPOC A16 Selama**

  
MOHAMAD NIZAM B. HJ. ABD. RAZAK  
PEGAWAI TUHAS KAWASAN SELAMA  
LEMBAGA MINYAK SAWIT MALAYSIA (MPOB)  
PEJABAT CAWANGAN TAIPING  
TEL: 012-4947375

Name :  
Role :  
Date : 25<sup>th</sup> July 2018

*Signed for on behalf of*  
**Global Gateway Certifications Sdn. Bhd**

  
Name : Muhammad Syafiq Abd Razak  
Role : GGC Lead Auditor  
Date : 25<sup>th</sup> July 2018



## Appendix A: MSPO ASA 1 Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
14 <sup>th</sup> May 2018	08:00 – 09:00	<ul style="list-style-type: none"> <li>➤ <b>Opening Meeting at MPOB Taiping Office:</b> <ul style="list-style-type: none"> <li>• Presentation by the manager/coordinator</li> <li>• Presentation by Lead Auditor</li> </ul> </li> <li>➤ Confirmation of assessment scope and finalize Audit plan</li> </ul>	MS	SP/MF
	09:00 – 13:00	<b>SPOC A16 Selama</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b> <ul style="list-style-type: none"> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul> </li> </ul>	MS	SP/MF
	13:00 – 14:00	Lunch	MS	SP/MF
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b> Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul>	MS	SP/MF
	16:00 – 17:00	<ul style="list-style-type: none"> <li>➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.</li> </ul>	MS	SP/MF

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
15 <sup>th</sup> May 2018	08:00 – 13:00	<b>SPOC A16 Selama</b> <ul style="list-style-type: none"> <li>➤ <b>Field Inspection:</b> <ul style="list-style-type: none"> <li>• Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul> </li> </ul>	MS	SP/MF
	13:00 – 14:00	<ul style="list-style-type: none"> <li>➤ <b>Lunch</b></li> </ul>	MS	SP/MF
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue field inspection</b> <ul style="list-style-type: none"> <li>• Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul> </li> </ul>	MS	SP/MF



	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MS	SP/MF
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<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
16 <sup>th</sup> May 2018	08:00 – 13:00	<b>SPOC A16 Selama</b> ➤ <b>Field Inspection:</b> <ul style="list-style-type: none"> <li>• Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul>	MS	SP/MF
	13:00 – 14:00	➤ <b>Lunch</b>	MS	SP/MF
	14:00 – 15:00	➤ <b>Continue field inspection</b> <ul style="list-style-type: none"> <li>• Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul>	MS	SP/MF
	15:00 – 16:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 3.	MS	SP/MF
	16:00 – 17:00	<b>Centralize Closing Meeting at MPOB Taiping Office:</b> ➤ <b>Chaired by the audit Lead Auditor</b> <ul style="list-style-type: none"> <li>• Welcome and introduction by the Lead Auditor</li> <li>• Presentation of findings by the audit team</li> <li>• Questions &amp; answers and Final summary by Lead Auditor</li> </ul> ➤ End of assessment	MS	SP/MF



## Appendix B: List of Stakeholders Contacted

### Internal Stakeholders

- 1) Group Manager – Mr. Mohamad Nizam bin Abd Razak

### External Stakeholders

- 1) RTBK Pondok Tanjung, Perak

### Group Members sampled (13/68)

#### Old Members

- 1) Selamat bin Ahmad Ngabdi
- 2) Maimunah bt Mohd Nasir
- 3) Muslimin bin Mat Piah
- 4) Osman bin Ahmad
- 5) Zakaria bin Ahmad
- 6) Ramli bin Awang
- 7) Ismail bin Hashim
- 8) Siti Jamaliah bte Tasman

#### New Members

- 1) Maznah bte Desa
- 2) Zamhariri bin Shafie
- 3) Yusof bin Bakar
- 4) Ramlah bte Awang Kechik
- 5) Mohd Rashid bin Yahya

### Appendix C: SPOC Selama (A16) Group Member's Details

No.	Name	Ha	Year Planted	Lot No.	Longitude	Latitude	Address
1	Muhd Jamal bin Suboh	3.97	2009	5842	100° 43' 20.814"	5° 6' 39.181"	Lot 5842, Mukim Hulu Ijok, Selama, Perak
2	Mohd Sharip bin Yatim	3.97	2009	5819	100° 43' 50.381"	5° 6' 52.217"	Lot 5819, Mukim Hulu Ijok, Selama, Perak
3	Mohd Zubir bin Abdul Hamid	3.92	2010	5821	100° 44' 40.016"	5° 6' 39.181"	Lot 5851, Mukim Hulu Ijok, Selama, Perak
4	Siti Zubaidah bt Sharif	3.92	2009	5820	100° 44' 40.016"	5° 6' 39.181"	Lot 5820, Mukim Hulu Ijok, Selama, Perak
5	Selamat bin Ahmad Ngabdi	4.02	2010	5850	100° 46' 8.619"	5° 7' 6.548"	Lot 5850, Mukim Hulu Ijok, Selama, Perak
6	Maimunah bt Hamid	3.92	2010	5853/ 5854	100° 46' 8.619"	5° 7' 6.548"	Lot 5542, Mukim Hulu Ijok, Selama, Perak
7	Safie bin Shamsuddin	3.91	2002	5844	100° 43' 13.113"	5° 6' 47.983"	Lot 5844, Mukim Hulu Ijok, Selama, Perak
8	Zalkafeli bin Mohd	4.17	2010	5832/5833	100° 46' 8.619"	5° 7' 6.548"	Lot 5832, Mukim Hulu Ijok, Selama, Perak
9	Mohamad bin Saleh	5.62	2008	4805	100° 42' 29.910"	5° 6' 44.712"	Lot 4805, Mukim Beriah, Kerian, Perak
10	Mat Daud bin Mat Jam	3.89	2008	5839	100° 44' 40.016"	5° 6' 39.181"	Lot 5839, Mukim Beriah, Kerian, Perak
11	Oshman bin Darus	3.91	2008	5826	100° 44' 40.016"	5° 6' 39.181"	Lot 5826, Mukim Beriah, Kerian, Perak
12	Maimunah bt. Mohd Nasir	3.80	2006	5836	100° 44' 40.016"	5° 6' 39.181"	Lot 5836, Mukim Hulu Ijok, Selama, Perak
13	Idrus bin Mohamad	3.87	2008	5838	100° 44' 40.016"	5° 6' 39.181"	Lot 5838, Mukim Hulu Ijok, Selama, Perak
14	Ab. Basir bin Muhamad	4.02	2008	5851	100° 46' 8.619"	5° 7' 6.548"	Lot 5851, Mukim Hulu Ijok, Selama, Perak
15	Idris bin Abd Hamid	4.01	2007	4809	100° 42' 42.66"	5° 6' 34.992"	Lot 4809, Mukim Hulu Ijok, Selama, Perak



16	Muslimin bin Mat Piah	3.89	2009	5843	100° 43' 13.113"	5° 6' 47.983"	Lot 5843, Mukim Hulu Ijok, Selama, Perak
17	Abd Manaf bin Mohamad	4.00	2006	5849	100° 43' 13.113"	5° 6' 47.983"	Lot 5849, Mukim Hulu Ijok, Selama, Perak
18	Saad bin Awang	3.97	2010	5835	100° 43' 28.163"	5° 6' 43.666"	Lot 5835, Mukim Hulu Ijok, Selama, Perak
19	Mastura bt Mahmud	4.00	2010	5811	100° 46' 8.619"	5° 7' 6.548"	Lot 511, Mukim Hulu Ijok, Selama, Perak
20	Ghazali bin Ibas	4.17	2010	5813/5814	100° 46' 8.619"	5° 7' 6.548"	Lot 5813 & 5814 Mukim Beriah, Kerian, Perak
21	Md Yusof bin Sharif	3.98	2010	6967	100° 44' 8.31"	5° 6' 32.26"	Lot 6967, Mukim Beriah, Kerian, Perak
22	Mohd Hadin bin Che Hat	4.01	2010	5809	100° 45' 33.916"	5° 8' 45.903"	Lot 5809, Mukim Hulu Ijok, Selama, Perak
23	Rafizul Azni bin Ghazali	4.04	2010	5824	100° 43' 49.257"	5° 12' 24.504"	Lot 5824, Mukim Hulu Ijok, Selama, Perak
24	Silahuiddin bin Musa	3.96	2010	5827	100° 43' 49.669"	5° 6' 35.465"	Lot 5827, Mukim Hulu Ijok, Selama, Perak
25	Osman bin Ahmad	3.96	2010	5825	100° 45' 46.468"	5° 6' 59.705"	Lot 5825, Mukim Hulu Ijok, Selama, Perak
26	Darus bin Suid	3.91	2010	4802	100° 42' 24.912"	5° 6' 41.76"	Lot 4802, Mukim Hulu Ijok, Selama, Perak
27	Khatijah bt Muhamad	3.88	2010	5627	100° 43' 8.688"	5° 6' 25.92"	Lot 5627, Mukim Hulu Ijok, Selama, Perak
28	Mohammad Noraizam bin Ishak	3.92	2010	5629	100° 43' 10.272"	5° 6' 14.724"	Lot 5629, Mukim Hulu Ijok, Selama, Perak
29	Maheran bin Mohd Yusof	3.90	2010	7934	100° 42' 45.756"	5° 6' 56.076"	Lot 7934, Mukim Beriah, Kerian, Perak
30	Mohd Hafir bin Mansor	4.03	2010	7916	100° 42' 16.704"	5° 5' 30.084"	Lot 7916, Mukim Beriah, Kerian, Perak
31	Zakaria bin Ahmad	3.98	2010	4824	100° 42' 34.956"	5° 6' 5.94"	Lot 4824, Mukim Beriah, Kerian, Perak
32	Abd Ghani bin Saad	4.00	2010	4818	100° 42' 35.712"	5° 6' 20.016"	Lot 4818, Mukim Beriah, Kerian, Perak
33	Sedek bin Othman	4.00	2010	5628	100° 43' 9.156"	5° 6' 16.164"	Lot 5628, Mukim Hulu Ijok, Selama, Perak



34	Ismail bin Murat	3.98	2009	4812	100° 42' 41.796"	5° 6' 34.992"	Lot 4812, Mukim Beriah, Kerian, Perak
35	Ramli bin Awang	3.99	2010	4801	100° 42' 22.608"	5° 6' 42.516"	Lot 4801, Mukim Beriah, Kerian, Perak
36	Shaari bin Abdullah	3.89	2001	4710/ 4709	100° 42' 46.836"	5° 6' 25.74"	Lot 4710 & 4709, Mukim Beriah, Kerian, Perak
37	Halideh bin Abas	3.90	2001	4716	100° 42' 19.855"	5° 6' 17.535"	Lot 4716, Mukim Selama, Selama, Perak
38	abas bin durahman	3.78	2002	4807	100° 42' 31.617"	5° 6' 44.769"	Lot 4807, Mukim Selama, Selama, Perak
39	Mohamad Asrah bin Zulkipli	3.98	2009	4711/ 4712	100° 42' 39.746"	5° 7' 2.832"	Lot 4711, Mukim Selama, Selama, Perak
40	Shamsuddin bin Mohd Rawi	4.10	2010	5808	100° 42' 7.593"	5° 6' 59.703"	Lot 5808, Mukim Hulu Ijok, Selama, Perak
41	Mat Asa bin Selamun	3.94	2010	5855	100° 42' 58.061"	5° 6' 46.709"	Lot 5855, Mukim Hulu Ijok, Selama, Perak
42	Ismail bin Hashim	3.938	2011	4735	100° 42' 24.958"	5° 07' 02.166"	Lot 4735, Mukim Beriah, Kerian, Perak
43	Hasarah binti Abdul Hamid	3.94	2011	5761	100° 42' 42.628"	5° 06' 00.678"	Lot 5761, Mukim Beriah, Kerian, Perak
44	Ramli bin Jaib	3.96	2011	4724/ 4725	100° 42' 06.359"	5° 07' 06.046"	Lot 4724 & 4725, Mukim Beriah, Daerah Kerian, Perak
45	Siti Jamaliah Binti Tasiman	3.91	2011	4813	100° 42' 30.374"	5° 06' 33.859"	Lot 4813, Mukim Beriah, Daerah Kerian, Perak
46	Latif bin Tila	3.93	2011	5780	100° 42' 18.484"	5° 06' 39.570"	Lot 5780, Mukim Beriah, Daerah Kerian, Perak
47	Abdul Aziz bin Mohd Nasir	3.94	2010	5746	100° 42' 07.373"	5° 06' 39.454"	Lot 5746, Mukim Beriah, Daerah Kerian, Perak
48	Hussin bin Abdullah	3.974	2009	5762	100° 42' 13.303"	5° 06' 39.972"	lot 5762 mukim beriah, daerah selama, perak
49	Badadin @ badarudin bin md tasin	4.03	2011	12220	100° 41' 57.399"	5° 06' 41.702"	Lot 12220, Mukim Beriah, Daerah Kerian, Perak
50	Mohamad Noor bin Latif	3.99	2011	5789	100° 42' 19.854"	5° 06' 39.748"	Lot 5789, Mukim Beriah, Daerah Kerian, Perak

51	Sariah binti Md Nordin	3.903	1995	4788	100° 41' 42.234"	5° 06' 45.347"	Lot 4788, Mukim Beriah, Daerah Kerian, Perak
52	Aziz bin Sulaiman	4.038	2010	12219	100° 41' 53.712"	5° 06' 42.607"	Lot 12219, Mukim Beriah, Daerah Kerian, Perak
53	Mohamad bin Abd Latif	4.02	2011	4792	100° 41' 55.309"	5° 06' 42.298"	Lot 4792, Mukim Beriah, Daerah Kerian, Perak
54	Mariam binti Che Muk @ Jehyae Tayeh	3.961	2011	5799	100° 42' 01.643"	5° 06' 04.407"	Lot 5799, Mukim Beriah, Daerah Kerian, Perak
55	Mohd Nizam bin Ahmad	3.892	2011	5753	100° 42' 18.150"	5° 06' 54.222"	Lot 5733, Mukim Beriah, Daerah Kerian, Perak
56	Abdul Wahab bin Abdul Jali	3.94	2001	4717	100° 42' 54.821"	5° 07' 18.726"	Lot 4717, Mukim Beriah, Daerah Kerian, Perak
57	Muhammad Jaafar bin Hamdan	3.92	2010	4729	100° 42' 14.268"	5° 07'02.942"	Lot 4729, Mukim Beriah, Daerah Kerian, Perak
58	Che Puteh binti Ahamad	3.947	2003	4734	100° 42' 28.653"	5° 07'04.460"	Lot 4734, Mukim Beriah, Daerah Kerian, Perak
59	Che Manan bin Itam Jasin	3.96	2011	5852	100° 43' 12.325"	5° 06' 38.362"	Lot 5852, Mukim Ulu Ijok, Daerah Selama, Perak
60	Razzuan bin Mohd Rasdi	4.05	1981	7626/ 7928	100° 42' 28.048"	5° 05' 51.494"	Lot 7626 & 7928, Mukim Beriah, Daerah Kerian, Perak
61	Mazenah binti Desa	4.00	2011	4721	100° 42' 17.919"	5° 07' 16.791"	Lot 4721, Mukim Beriah, Daerah Kerian, Perak
62	Zaiton binti Saari	3.96	2011	4825	100° 42' 34.371"	5° 05' 59.757"	Lot 4825, Mukim Beriah, Daerah Kerian, Perak
63	Jusop bin Bakar	3.92	2011	4719/ 4720	100° 42' 03.676"	5° 07' 16.401"	Lot 4719 & 4720, Mukim Beriah, Daerah Kerian, Perak
64	Ramli bin Abd Rahim	4.036	2014	7930	100° 42' 32.480"	5° 05' 41.052"	Lot 7930, Mukim Beriah, Daerah Kerian, Perak
65	Mohd Sohan bin Mat Jab	3.97	2012	4831	100° 42' 28.565"	5° 06' 11.978"	Lot 4831, Mukim Beriah, Daerah Kerian, Perak

66	Mohamad Alias bin Mat Abu	3.98	2011	5782	100° 42' 47.622"	5° 06' 01.013"	Lot 5782, Mukim Beriah, Daerah Kerian, Perak
67	Abdul Hadi bin Musa	3.97	2011	5751	100° 42' 47.580"	5° 05' 56.998"	Lot 5751, Mukim Beriah, Daerah Kerian, Perak
68	Yusoff bin Mat	3.96	2002	5828	100° 43' 44.380"	5° 06' 35.961"	Lot 5828, Mukim Beriah, Daerah Kerian, Perak





## Appendix D: Non-Conformity details

Company Name	SPOC A16 Selama
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input type="checkbox"/> ASA <input checked="" type="checkbox"/>
Audited Standard	Part 2: General Principles for Independent Smallholders
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	16 <sup>th</sup> May 2018
Site(s) concern	SPOC A16 Selama	Target Completion	90 days
Normative Reference and Requirement	4.3.1.1 Major Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratifies international laws and regulations.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Deduction for foreign workers levy		
Objective Evidence:			
Sighted the employee contract agreement between worker and "Koperasi Kampung Belia Khas Selama Berhad", stated that the "Koperasi" will make advance payment for levy expenses and the cost will be recovered through monthly wages deduction for a period of 12 months upon the workers concerned started employment in Malaysia.			
During the audit, it was discovered that the levy expenses has been deducted by the employer through the worker's monthly salary which is against the Fi Act 1951 (Act 209).			
Root cause Analysis (to be filled by client):			
The management was not aware on the requirements of Fi Act 1951 (Act 209) regarding responsibility of the employer for levy expenses.			
Corrective action planned (to be filled by client):			
The levy expenses deducted from monthly salary of Mr. Suhadak (employee) have been returned back to him.			
Preventive Action (to be filled by client):			

The management through Jawatankuasa Koperasi Kampung Belia Khas had been reminded on the aforesaid matter during post-mortem meeting on Surveillance Audit of MSPO 2018 for SPOC Selama and will maintain the transparency of the employees' wages pay slip to ensure that there will be no more deduction on levy expenses.

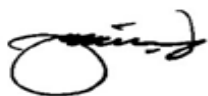
Review of corrective/preventive action (to be filled by Lead Auditor)

All the evidence submitted by Mr. Mohamad Nizam bin Abd Razak as Group Manager were found adequate and therefore this major non-compliance is closed.

NC Closed:  Yes  No

Site verification:  Yes  No

Lead Auditor Signature:



Date: 25<sup>th</sup> July 2018

Client Signature:





MOHAMAD NIZAM B. HJ. ABD. RAZAK  
PEGAWAI TUNAS KAWASAN SELAMA  
LEMBAGA BUNYAK SAWIT MALAYSIA (MPOB)  
PEJABAT CAWANGAN TAIPING  
TEL: 012-4947376

Date: 25<sup>th</sup> July 2018

Company Name	SPOC A16 Selama
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input type="checkbox"/> ASA <input checked="" type="checkbox"/>
Audited Standard	Part 2: General Principles for Independent Smallholders
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	16 <sup>th</sup> May 2018
Site(s) concern	SPOC A16 Selama	Target Completion	90 days
Normative Reference and Requirement	4.5.3.2 Major Independent smallholders shall ensure that waste from their smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence of monitoring for Schedule Waste Management		

Objective Evidence:	
<p>There is SOP "Pengendalian dan Pelupusan Bahan Kimia" under document No MSPO/SSCC/SOP-02/BK and "Pengurusan Bahan Buangan Terjadual" under document No MSPO/SSCC/SOP-03/BT both dated 30/03/2018.</p> <p>However, during site visit there were empty chemical containers were found at certain blocks and linesite area. It was not well disposed as per both SOP's and the Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005.</p>	
Root cause Analysis (to be filled by client):	
<p>There was lack of awareness on the correct way of handling and disposal of empty chemicals containers among contract workers and lack of monitoring from management (employer).</p>	
Corrective action planned (to be filled by client):	
<p>The empty chemical containers found at the said blocks and line site have been removed, rinsed three times and placed at temporary store before disposal.</p>	
Preventive Action (to be filled by client):	
<p>Lawatan Khidmat Nasihat (LKN) was conducted to the owner (smallholder) by Group Manager. Among advises delivered were on the importance of proper disposal of empty chemical containers and effect of chemical exposure to one health, and ; handling and disposal of empty chemical containers as per SOP and legal requirement. The management of cooperative was also reminded to monitor the site's area to ensure the compliance as per legal requirements.</p>	
Review of corrective/preventive action (to be filled by Lead Auditor)	
<p>All the evidence submitted by Mr. Mohamad Nizam bin Abd Razak as Group Manager were found adequate and therefore this major non-compliance is closed.</p>	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Signature:	Client Signature:
	
Date: 25 <sup>th</sup> July 2018	Date: 25 <sup>th</sup> July 2018
<p>MOHAMAD NIZAM B. HJ. ABD. RAZAK          PEGAWAI TUHAS KAWASAN SELAMA          LEMBAGA HIRYAK SAWIT MALAYSIA (MPOB)          PEJABAT CAWANGAN TAIPING          TEL: 012-4947375</p>	

