


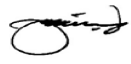
GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT

Sustainable Palm Oil Cluster (SPOC) Q32 Belaga, Sarawak.
[Kelompok Minyak Sawit Mampan Malaysia (SPOC) Q32 Belaga, Sarawak]

ANNUAL SURVEILLANCE AUDIT 1 31st July 2018 – 02nd August 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	25/10/18	Issued as Draf Report	Muhammad Syafiq	Lead Auditor	
B	31/10/18	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) Belaga (Q32) located in Belaga, Sarawak.

This certification unit is located 145 KM from Bintulu Town. 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 Belaga (Q32) group of smallholders consists of 71 members with 25 old members and 46 new members totalling of 454.60 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 31st July 2018 – 02nd August 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 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 group 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 Belaga (Q32). 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.

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 22nd October 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 Belaga (Q32) is maintained.

1.2. Company details and Contact information

Company Name	Malaysia Palm Oil Board (MPOB)
Business Address	Stesen Penyelidikan MPOB Belaga, KM 02, Jalan Sg. Asap, Belaga. Bakun Resettlement Scheme, 96950. Belaga, Kapit, Sarawak. Malaysia.
Contact Person	Mr. Redza Ashmiruddin bin Roslan (Group Manager)
Office Telephone	086 – 472 024
E-Mail	redza@mpob.gov.my

1.3. Certification Unit

Name of the Certification Unit	Sustainable Palm Oil Cluster (SPOC) Belaga (Q32).	
Site Address	Stesen Penyelidikan MPOB Belaga, KM 02, Jalan Sg. Asap, Belaga. Bakun Resettlement Scheme, 96950. Belaga, Kapit, Sarawak. Malaysia.	
GPS Reference of the site office	Longitude	E 113°54'38.531"
	Latitude	N 3°02'33.540"

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

Producer Group	SPOC Belaga (Q32)
Total Production area (ha)	454.60 Hectare
Projected from last audit	3,027 MT
Certified Production (August 2017 – June 2018)	2,071.25 MT
Projected production for next 12 months (July 2018 – June 2019)	5,652.68 MT

1.5. Certification Details

Certification body	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 - www.ggc.my
Assessment standard	MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General Principles for Independent Smallholders and MSPO Guidance - Part 2_Edited Version (100114)
Certificate number	GGC-MPOB002-MSPO-02-2017
Initial certificate issued date	10th August 2017
Certificate expiry date	9th August 2017
Stage 1 Assessment date	11 th August 2016
Stage 2 / Main Assessment	07 th March 2017 – 08 th March 2017
Annual Surveillance 1 [ASA 1]	31 st July 2018 – 02 nd August 2018
Annual Surveillance 2 [ASA 2]	July 2019
Annual Surveillance 3 [ASA 3]	July 2020
Annual Surveillance 4 [ASA 4]	July 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.

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-O	<ul style="list-style-type: none"> • Good understanding about MSPO. • They are very happy with the MPOB management • PPE will be given by MPOB HQ – free. • Permanent signages of his block will provide by MPOB HQ – free. • 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. • They have good relationship with the MPOB management. • The MPOB management will provide an assistance whenever they requested. 	No action requires	Positive findings

5. Findings Identified for this audit

5.1. Summary Findings

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

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 assessment will be approved by the client prior to publication.

6.3. Signing of Report

Signed for on behalf of

SPOC Q32 Belaga



REDZA ASHMIRUDDIN

Name : Pembantu Penyelidik
Role : Unit Khidmat Pengembangan
Date : **Slesen Penyelidikan MPOB Belaga**
Date : 31st October 2018

Signed for on behalf of

Global Gateway Certifications Sdn. Bhd



Name : Muhammad Syafiq Abd Razak
Role : GGC Lead Auditor
Date : 31st October 2018