

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 14th May 2018 – 16th May 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	20/07/18	Issued as Draf Report	Muhammad Syafiq	Lead Auditor	
B	26/07/18	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. [hereafter 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 14th May 2018 – 16th 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 Main Assessment 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 25th 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

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

1.3. Certification Unit

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

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

Producer Group	SPOC Selama (A16)
Total Production area (ha)	271.12 Hectare
Projected from last audit	3,000.68 MT
Certified Production (May 2017 – April 2018)	3,480.67 MT
Projected production for next 12 months (May 2018 – April 2019)	5,422.40 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	To be released after report approval
Initial certificate issued date	To be released after report approval
Certificate expiry date	To be released after report approval
Stage 1 Assessment date	24 th August 2016
Stage 2 / Main Assessment	01 st March 2017 – 02 nd March 2017
Annual Surveillance 1 [ASA 1]	14 th May 2018 – 16 th May 2018
Annual Surveillance 2 [ASA 2]	March 2019
Annual Surveillance 3 [ASA 3]	March 2020
Annual Surveillance 4 [ASA 4]	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.

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 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
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PEJABAT CAWANGAN TAIPING
TEL: 012-4947375

Signed for on behalf of
Global Gateway Certifications Sdn. Bhd



Name : Mohamad Nizam bin Abd Razak	Name : Muhammad Syafiq Abd Razak
Role : Group Manager	Role : GGC Lead Auditor
Date : 25 th July 2018	Date : 25 th July 2018

