



Assessment Report

Date: 5 Feb to 7 Feb

2018

[Disclaimer: The audit report has been generated to reflect the compliance of the company toward the MSPO standard and every criterion's have been in every effort taken to ensure the accuracy of the assessment and reporting produced. As the assessment is been carried out based on sampling, certain areas or processes may not be able to verified on its compliances.]

MSPO 2530:2013
Part 2

Company name	SMALLHOLDER PALM OIL CLUSTER (KLUANG)
Address	Stesen Penyelidikan MPOB Kluang, P.O.Box 532, KM 11, Jalan Johor Tenggara, 86009 Kluang, Johor
Report no	MS17SM0001
Status of audit	Surveillance If surveillance No.1

Section A General Information

General	
Audit objectives	<input type="checkbox"/> To verify that the system initial implementation is in accordance to requirements of the standard adopted. <input checked="" type="checkbox"/> To verify that the system implementation is continuously in accordance to the requirements of the standards adopted. <input type="checkbox"/> To verify that the system implementation is continuously after and in third years of implementation is in accordance to the standards adopted. <input type="checkbox"/> Other, (please specify)
Integrate Assessment	No
Issue of certificate	Yes

Scope of Certification	
Scope of certification in English	The provision of planting and harvesting of small land owner palm oil planters
Requirement not being applicable	Principle 7: New Planting
Justification	No new planting
Other language than above	NA
Changes from Previous registration	No
Extension/changes of scope date	NA

Contact Details	
Management Representative	Nor Azila binti Mat Ripin
Alternate contacts	-
Management Representative contact no.	019 788 0477
E-mail address	azila@mpob.gov.my
Fax Number	07-789 2282
Fixed Line Number	07-789 2282
NO OF SPOC MEMBERS	119

Section B Previous Audit Result

The result of the last audit system have been reviewed, in particular to ensure appropriate correction and corrective action has been implemented to address any nonconformities identified. This review has concluded that:

<input type="checkbox"/>	No nonconformities have been raised during last assessment.
<input checked="" type="checkbox"/>	Any nonconformities identified during last previous audit have been corrected and the corrective action continuous to be effective.
<input type="checkbox"/>	The management system has not adequately addressed non conformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

Section C Conclusion

The audit team conducted a process based audit focusing on significant aspects/risk objectives required by the standard(s). The audit methodology used is based on 3P which were People, Paper and Practice.

The audit team concludes and express

CONGRATULATION and has

- CONGRATULATION however some processes need to address non-compliance(s) but others has
 SORRY and the organization has not established and maintained its management system in line with the requirements of the standard and

- demonstrated
 not demonstrated

the ability of the system to systematically achieved agreed requirements within the scope of the organizations.

Base on the record, there is/are NIL unresolved issue.

Therefore the audit team recommends that based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

- Granted (initial certification or recertification)
 Granted upon the acceptance of the noncompliance(s)
 Continued (surveillance)
 Continued (surveillance) upon the acceptance of the noncompliance(s)
 Withheld
 suspend until satisfactory corrective action(s) is completed
 Others (please specify)

Note :

The assessment and recommendation for the initial or continue was based on random samples and therefore nonconformities may exist which have not been identified. All the pages should be attached if the organization wishes to copy and delivered to the interested party.

Section D (For Recertification only)

1	The company has demonstrated effective implementation and maintenance/improvement on its management system	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	The internal audit program has been fully implemented and demonstrates its effectiveness as a tool for maintaining and improving the management system.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	The management review process demonstrates its capability to ensure the continuing suitability, adequacy and effectiveness of the management system	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	The management review process demonstrates its capability to ensure the continuing suitability, adequacy and effectiveness of the management system	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	Throughout the audit process, the management system demonstrates overall conformance with the requirements of the audit standard	<input type="checkbox"/> Yes <input type="checkbox"/> No

Section E Auditor and Auditees Names

CCI Assessors	Attendance during opening and closing meeting	
Team leader	Name	Designation

Mohamad Zulkefli bin Md. Isa	1) Pn Nor Azila	SPOC Manager
Team member		
1) Mohammad Hafizuddin bin Rossley 2) Badrul Hisham		
Trainee auditor		
NA		
Observer		
NA		

Section F Audit Process Matrix

Next Audit Matrix (legend "☒" plan to cover & covered, "☐" for uncover)

Planned month & year	01/2018	01/2019	01/2020	01/2021	01/2022
Internal Audits	☒	☒	☒	☒	☒
Stakeholder consultation / survey	☒	☒	☒	☒	☒
Use of logo	☒	☒	☒	☒	☒
Follow-up from previous audit finding	☒	☒	☒	☒	☒
4.1 Management Commitment & Responsibility					
4.1.1 MSPO Policy	☒	☒	☒	☒	☒
4.1.2 Continual Improvement	☒	☒	☒	☒	☒
4.2 Transparency					
4.2.1 Traceability	☒	☒	☒	☒	☒
4.3 Compliance to legal requirements					
4.3.1 Regulatory requirements	☒	☒	☒	☒	☒
4.3.2 Land use rights	☒	☒	☒	☒	☒
4.3.3 Customary rights	☒	☒	☒	☒	☒
4.4 Social responsibility, health, safety and employment condition					
4.4.1 Complaints and grievances	☒	☒	☒	☒	☒
4.4.2 Employees safety and health	☒	☒	☒	☒	☒
4.4.3 Employment conditions	☒	☒	☒	☒	☒
4.4.4 Training and competency	☒	☒	☒	☒	☒
4.5 Environment, natural resources, biodiversity and ecosystem services					
4.5.1 Environmental management plan	☒	☒	☒	☒	☒
4.5.2 Efficiency of energy use and use of renewable energy	☒	☒	☒	☒	☒
4.5.3 Waste management and disposal	☒	☒	☒	☒	☒
4.5.4 Natural water resource	☒	☒	☒	☒	☒
4.5.5 Status of rare, threatened, or endangered species and high biodiversity value	☒	☒	☒	☒	☒
4.5.6 Zero burning practices	☒	☒	☒	☒	☒
4.6 Best Practices					

4.6.1 Site management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.6.2 Economic and financial viability plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.6.3 Transparent and fair price dealing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.7 Development of new planting					
4.7.1 Oil palm shall not mplant on land with a high biodiversity value	<input type="checkbox"/> NA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.2 Soil survey	<input type="checkbox"/> NA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7.3 Extensive planting on steep terrain, marginal and fragile soils	<input type="checkbox"/> NA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Assessment man days for the next assessment : _md. Recertification:

Note: Recertification should be carry out minimum 2 months prior to the expiry of the certificate

Section G Audit Note

Summary of Area Audited

BUSINESS AREAS	DETAILS OF AUDITED SUMMARY	
Auditor	Date	Time
ZU	5-7/2/2018	9.30
<p>Opening Meeting</p> <ul style="list-style-type: none"> a) introduction of the participants, including an outline of their roles; b) confirmation of the scope of certification; c) confirmation of the audit plan (including type and scope of audit, objectives and criteria), any changes, and other relevant arrangements with the client, such as the date and time for the closing meeting, interim meetings between the audit team and the client's management; d) confirmation of formal communication channels between the audit team and the client; e) confirmation that the resources and facilities needed by the audit team are available; f) confirmation of matters relating to confidentiality; g) confirmation of relevant work safety, emergency and security procedures for the audit team; h) confirmation of the availability, roles and identities of any guides and observers; i) the method of reporting, including any grading of audit findings; j) information about the conditions under which the audit may be premature terminated; k) confirmation that the audit team leader and audit team representing the certification body is responsible for the audit and shall be in control of executing the audit plan including audit activities and audit trails; l) confirmation of the status of findings of the previous review or audit, if applicable; m) methods and procedures to be used to conduct the audit based on sampling; n) confirmation of the language to be used during the audit; o) confirmation that, during the audit, the client will be kept informed of audit progress and any concerns; p) opportunity for the client to ask questions. <p>Closing Meeting</p> <ul style="list-style-type: none"> a) informing the client that the audit evidence collected was based on a sample of the information; thereby introducing an element of uncertainty b) the method and timeframe of reporting, including any grading of audit findings; c) the certification body's process for handling nonconformities including any consequences relating to the status of the client's certification; d) the timeframe for the client to present a plan for correction and corrective action for any nonconformities identified during the audit; e) the certification body's post audit activities; f) information about the complaint handling and appeal processes. g) Any diverging opinion that are not resolved. h) opportunity for the client to ask questions. 		
Executive Summary		
<p>The audit was based on the MSPO2503:2013 Part 2 Standard, procedure and and applicable requirements. There is no issue during the First Assessment Visit (FAV) conducted on 09-10/08/2017 and found all the required document, procedure and form are available.</p> <p>The audit are divided into two session which first session is a documentation review on the Day 1 and second session is the site visit on the Day 2 and Day 3. This audit conducted based on the sampling and 18 smallholders been chosen and involve in this assessment activity. Noted that all the SPOC member are still in the awareness stage and all the implementation are still monitored by Group Manager.</p> <p>The audit was lead by Mr Mohamad Zulkefli who are have almost 8 years in the sustainable certification and other</p>		

management system certification such as RSPO, ISCC, ISO 14001, ISO9001 etc and also attended the MSPO Lead Assessor Course conducted by SIRIM. Co auditor is Mr Badrul Hisham who are having experince in palm oil industry for almost 8 years and attended the MSPO Lead Assessor conducted by SIRIM. Second Co auditor Mr Mohammad Hafizuddin Bin Rossley who are having experince in palm oil industry for almost 5 years and attended the MSPO Lead Assessor and ISO 9001 Lead Auditor conducted by SIRIM.

Previous number of member for SPOC Kluang is 21, however there is an additional of the SPOC members to 98 and total of the SPOC Kluang members as at January 2018 is 119.

The list of selected SPOC members as a sampling are listed as below:

- 1) Sia Kar Poh dated on 19/11/17. .
- 2) Sia Leong Sonn dated on 19/11/17.
- 3) Vathumala A/K Nagaretnam dated on 19/11/17.
- 4) Mohd Hosaini Bin Abdul jalil dated on 19/11/17
- 5) Noraiman Azwan Bin Mohd Hosaini dated on 19/11/17
- 6) Mohamad Mastam Bin Abd Jalil dated on 19/11/17.
- 7) Tee A be @ Tay Ah Ber dated 19/11/2017
- 8) Liew Boon Yit dated 19/11/2017
- 9) Lin Soon Teck dated 19/01/201
- 10) Loo Feng Loy dated 19/11/2017
- 11) Chong Hoo Chyun dated 19/11/2017
- 12) Ng Chong Meng dated 19/11/2017
- 13) Ang Thiam Siew dated 19/11/2017
- 14) Ang Chih Siang dated 19/11/2017
- 15) Goh Kuan Yang - 19/11/2017
- 16) Chai Koo Peng - 19/11/2017
- 17) Hamidah Bt Kadir - 20/11/2017
- 18) Md Lasi Bin Somiran - 19/11/2017
- 19) Hamzah Bin Mat Yasan - 19/11/2017

Audit Summary

The audit was cover all the MSPO 2503:2013 Part 2 Principle & Criterion and the summary of the finding are as below:

Principle 4.1. Management Commitment & Responsibility

SPOC has implementing the system according to Malaysian Sustainable Palm Oil (MSPO) demonstrated by the established SOP. It addressed the procedures and instructions to comply with the requirements of MSPO. Group manager MSPO has established training and briefing as per Laporan Taklimat MSPO to all smallholders. Sighted all SPOC members was signed the Perakuan Menyertai Pensijilan MSPO and attached together with the MSPO Policy. During site visit and interview sesseion with the smallholders, sighted there a aware with the standard requirement and implement to their palm oil activities.

Principle 4.2 Transparency

All the smallholders in SPOC Kluang has record FFB received from smallholder and summaries on monthly basis. Record of sales and delivery of FFB has recorded weighbridge ticket and FFB receipt of payment statement on monthly basis.

Principle 4.3 Compliance to legal requirement

Noted that Senarai Keperluan Undang-Undang has been established effective date 1st April 2016, No Dokumen: L-02/SKU/2016. All SPOC have a valid license as per MPOB requirements Akta Lembaga Minyak Sawit Malaysia 1998. During interview all smallholders show their awareness on the legal & regulation such as OSHA 1994, EQA 1974, etc. Noted from the land title out of 119 smallholders, 5 land titles is stated as "Getah, Koko, and Dusun "etc.

Principle 4.4 Social responsibility, health, safety and employment condition

No complaint by stakeholder was recorded since the implementation of MSPO Scheme by SPOC Kluang. Stakeholder consultation was conducted on 31/10/2017 and participate by JKKK Chairman(Penghulu/Ketua Kampung) and crop dealers. No issue were raised during the stakeholder consultation. No occupational accident and health issue were reported since and there have no complaint raised regarding wage, payment, contract and ect. resulted all mutual verbal agreement has been agreed by both parties before work start. Group Manager organised the required training to give an awareness to all SPOC member in occupational safety and health issue.

Noted from interview majority of the smallholders are practised the Triple Rinsing Method to all their empty used pesticide container before sold to the solid waste collectors.

Principle 4.5 Environment, natural resources, biodiversity and ecosystem services

Awareness training was conducted in order to give an understanding of sensitive area (river, steep, slope, forest, swamp area) and there is a format to monitor the usage of diesel. Noted all the smallholdings is far from the natural water resources such as river or water catchment. All smallholders been brief on the awareness of wild life by the PERHILITAN Negeri Sembilan and during interview they show on the awareness on the handling of the conflict with the wildlife. No issue on the conflict with the wild life reported.

Principle 4.6 Best Practice

The group manager are responsible to visit the smallholders field and do the auditing to ensure they comply with all the requirement from the Code of Practice- Good Agriculture Practice (CoPGAP). From the sampling sighted all the smallholders was done the audit and found all smallholders was comply with the CoPGAP requirement. During site visit, sighted some of smallholders practice the blanket spraying at their field and wrong application method for manuring which is not follow the best practice requirement.

Principle 4.7 Development of New Planting

Not Applicable.

Stakeholder Consultation

During audit, the stakeholder consultation is conducted by meeting the nearby stakeholder. Below are the list stakeholder been interview by the auditor :

a) Perniagaan Kelapa Sawit Macap Sdn Bhd (63142-V) No Lesen : 50516715000 (ramp of FFB collector)

- Seow Tan peng

- Lau Cheng Hong

b)Tei Guan Tiong (PENGHULU mukim Macap)

c) En Mustazar Herman- (PERHILITAN Kluang)

d) Mr Ng- Kg Gajah U-Lee Oil Palm Trading

e) Hj Mat Ismail- Pengerusi JKKKK Kg Palembang

issue raised during the stakeholder consultation as below:

a) During interview with Mrs Seow Tan Peng the representative of Perniagaan Kelapa Sawit Macap , the ramp of FFB collector, no issues or complaint were raised.

b)Based on the interview with Penghulu, Tei Guan Tiong, he aware about MSPO and also know how to make a complaint.

c) PERHILITAN Kluang raised a concern on the threat of elephant at the Kahang area and always take a necessary action on the conflict of elephant with the smallholders at the Kahang area. Due to of the budget constraint PERHILITAN Kluang not able to conduct the elephant relocation program at this moment. However PERHILITAN conduct the awareness and give a suggestion on how to prevent the elephant come to the resident area by burn the used tyre.

d) Mr Ng and Hj Mat Ismail give a positive respond on the MSPO certification program to the smallholders where it can give a benefits to the smallholders and it may increase their income and the quality of FFB. No any complaint was raised due to the implementation of the MSPO to the smallholders.

Introduction

SPOC was established and manage by TUNAS, MPOB Cawangan Seremban with 119 smallholder participate to apply the MSPO Certification Scheme with total planted hectareage is around 324.928 hectares. The list of the smallholder and the detail of each smallholder as per Appendix 1. Noted there is 119 smallholder are participate in this SPOC Kluang Sustainable Palm Oil Cluster (SPOC). SPOC Kluang was manage and monitored by TUNAS, MPOB Cawangan Kluang. All member of SPOC Kluang been certified and audited for the Code Of Good Agriculture Practice by MPOB Cawangan Kluang. The SPOC Kluang was located at Kluang, Kahang, Macap, Nyior(Chamek) and Paloh. Previous number of member for SPOC Kluang is 21, however there is an additional of the SPOC members to 98 and total of the SPOC Kluang members as at January 2018 is 119.

Audit Checklist

P1: Management Commitment & Responsibility		
Criterion 1	Malaysian Sustainable Palm Oil (MSPO) Policy	
Indicator	Requirement	Findings
4.1.1.1	There shall be a policy binding smallholders to MSPO	Verified MSPO Policy for Kelompok Minyak Sawit Mampan (SPOC) Daerah Kluang were established dated June 2016 verified by Pn Nor Azila Binti Mat Ripin. Veirified the Policy content of commitment smallholders to commit with complaint & grievances, safety, environmental,identification rare and endangered