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MSPO Summary Report for Initial Certification Assessment

KOPERASI PENANAM SAWIT MAMPAN DAERAH BEAUFORT BERHAD (BEAUFORT - SPOC)

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Report Number: BSI/MSPO/2016-Beaufort(SPOC)-IAV

Assessment Conducted by:

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1.0 SUMMARY

1.1 Details of Pilot Certification Assessment Scope and Certification Recommendation:			
<p>BSI has conducted the Initial Certification Assessment of KOPERASI PENANAM SAWIT MAMPAN DAERAH BEAUFORT BERHAD (SPOC), located in Beaufort, Sabah Malaysia comprising of 25 smallholders and infrastructure.</p> <p>The assessment was conducted onsite 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 Small holders and MSPO Guidance - Part 2(060814).</p> <p>The onsite assessment was conducted on 20-21 October 2016.</p> <p>Based on the assessment result, KOPERASI PENANAM SAWIT MAMPAN BEAUFORT complies with the MS 2530-2:2013 Malaysian Sustainable Palm Oil (MSPO) Part 2: General principles for Independent Small holders and MSPO Guidance - Part 2_EDITED VERSION (100114) and recommended for certification.</p>			
1.2 Identity of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
KOPERASI PENANAM SAWIT MAMPAN DAERAH BEAUFORT BERHAD	Pejabat MPOB Cawangan Beaufort, Lot 2, Tingkat 1, Bangunan Cerah Light Industrial Beaufort, Sabah Malaysia	115°43'33.6"E	5°21'29.2"N
1.3 FFB Production (Actual) and Projected (tonnage).			
Producer Group	Projected from last audit	Actual production Jan – September 2016	Projected production for next 12 months (Jan – Dec' 2017)
Beaufort SPOC	N/A	491.10	635.83
1.4 Certification Details			
Number	(will be assigned upon MPOB Approval)		
Issued Date	(will be assigned upon MPOB Approval)		
Expiry Date	(will be assigned upon MPOB Approval)		
Stage 1 Date	24-25 August 2016		
Stage 2 / Initial Assessment Visit Date (IAV)	Initial Certification Assessment: 20-21 October 2016		
Continuous Assessment Visit Date (CAV) 1	NA		
Continuous Assessment Visit Date (CAV) 2	NA		

Continuous Assessment Visit Date (CAV) 3	NA		
Continuous Assessment Visit Date (CAV) 4	NA		
1.5 Detail of other certification held			
No.	Type of Certification	Certificate #	Expiry Date
	nil		
1.6 Organizational Information and Contact Person			
Company name:	KELOMPOK PENANAM SAWIT MAMPAN DAERAH BEAUFORT BERHAD		
Business address:	Pejabat MPOB Cawangan Beaufort, Lot 2, Tingkat 1, Bangunan Cerah Light Industrial Beaufort, Sabah Malaysia		
Group name if applicable:	SPOC Beaufort		
Contact person:	En Zainih Bukari		
Tel.:	087-222921		
Fax:	087-222924		
e-mail:	zainih@mpob.gov.my		
Web site:	-		

2.0 ASSESSMENT PROCESS

2.1 Certification Body	
<p>BSI Services Malaysia Sdn Bhd Unit 10-03, Level 10, Tower A, The Vertical Business Suites, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Tel: +603- 2242 4211 Fax: +603- 2242 4218 www.bsigroup.com.my</p>	
2.2 Qualification of the Lead Assessor and Assessment Team	
Mohamed Hidhir Bin Zainal Abidin – Team Leader	<p>He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 14001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. Recently, he is involved on the aspects of legal, mill best practices, safety and health, environmental and supply chain for palm oil mill during RSPO assessment.</p>

<p>Hoo Boon Han – Team member</p>	<p>He holds Master of Technology (Environmental Management) from the University Malaya and Bachelor of Science Forestry (Hons) Majored in International Tropical Forestry from University Malaysia Sabah. He has more than 3 years working experience in in environmental monitoring & audit, carbon accounting & reduction, wastewater treatment, waste management and sustainable development. He has successfully completed the RSPO Lead Auditor and RSPO Supply Chain Training in April 2012. He has been involved in RSPO P&C audit in Indonesia and Malaysia as well as RSPO SC audit across different region including Asia, Europe and North America for the past 4 years. During this assessment, he assessed on the aspect of environment, Safety and Health, Legal, social and community engagements, stakeholders consultation, and workers welfare. He is able to speak and understand Bahasa Malaysia, English and Mandarin.</p>
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2.3 Assessment Methodology, Programme and Site Visits

The Initial Certification Assessment was conducted on 20-21 October 2016. The audit programme is included as Appendix A.

The approach to the audit was to treat the independent smallholders group as a MSPO Certification Unit. 5 Smallholders were sampled together with its cooperative management and infrastructure. A range of safety & health, environmental and social factors were covered. These included consideration of safe working practice, environmental issues and local communities.

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

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss the smallholder’s practices in relation to environmental and social performance.

Meetings were held with stakeholders to seek their views on the performance of the smallholders with respect to the MSPO requirements and aspects where they considered that improvements could be made. The meeting was conducted without the present of group management of Certification Unit. At the start of each meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the smallholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the group management before incorporating into the assessment findings. A list of Stakeholders contacted is included as Appendix B.

3.0 ASSESSMENT FINDINGS

3.1 Summary of the findings by Principles and Criteria		
Principle 1: Management commitment and responsibility		
Criterion 1: MSPO Policy		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: There shall be a policy binding smallholders to MSPO.	<p>MSPO Policy has been established and signed by SPOC Beaufort Group Manager Mr Zainih Bukari, Ketua Pejabat MPOB Cawangan Beaufort, effective May 2016. Refer to MSPO policy, P-01/MSPO-SPOC/2016.</p> <p>The policy was kept by each individual smallholder in their personal file and made available in the cooperative office during the assessment.</p>	Yes
Criterion 2: Continual improvement		
Indicator	Summary	Compliance (Yes / No)
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.	The group manager had established a list identifying the social and environmental impact with the action plan. Refer to L-03/ISP/2016, issue:1, effective 1/4/16. As per stage 1 audit finding, no additional issues noted based on the latest stakeholder meeting under "Minit Mesyuarat Jawatankuasa Tindakan Daerah Bil.2/2016 dated 5/5/16.	Yes
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.	<p>The new technologies or information will disseminate through training program, site visit and discussion. The record of the training has been organized from time to time. The record of the recommended action will be recorded in the 'Laporan lawatan khidmat nasihat' MPOB.</p> <p>Lawatan Khidmat Nasihat MPOB for the sample smallholders:</p> <p>i)Cham Tat Hin, date of visit; 27/4/16 (PPE used for spraying, circle spray/selective spraying for woodies)</p> <p>ii)Amri Bustani, date of visit: 27/3/16 (water conservation/field drain, weeding cycle (slashing and chemical spraying, VOPS control etc)</p> <p>iii)Aneh Abd Rahman, date of visit: 4/5/16 (harvesting and over-pruning)</p> <p>iv)Dully Lunggi, date of visit: 19/5/16 (Proper</p>	Yes

	<p>method of chemical spraying) v)Azizah @ Aming, date of visit: 4/1/16 (Over-pruning issue)</p> <p>On top of Lawatan Khidmat Nasihat MPOB, annual internal audit was carried out by MSPO secretariat on 22-23/8/16. All MSPO principles and criteria were covered during the audit. All finding raised was close out on 18/10/16.</p>	
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Principle 2: Transparency

Criterion 1: Traceability

Indicator	Summary	Compliance (Yes / No)
Indicator 1: The group management shall commit itself to implement and maintain the requirements for traceability	The record of selling FFB to collection centre has been maintained by individual smallholder. Summary records were monitored by Pegawai Tunas Kawasan (PTK) for each "Dewan Undangan Negeri" @ DUN.	Yes
Indicator 2: To keep records of sales and delivery or transportation of fresh fruit bunches.	<p>The record of weighbridge ticket for the FFB sold to the collection centre was available. Sample of transactions:</p> <p>Anieh Abd Rahman i) Pemborong Selinsing, WB ticket: 012875 dated 27/9/16, weight (nett): 2.29 tonnes, lorry: SB 4778C. "Rekod Hasil Pendapatan" for September 2016: 5.16 tonne</p> <p>Cham Tat Hin) Hong Wing Enterprise, WB ticket: 097069 dated 16/8/16, weight (nett): 1.420 tonnes, lorry: SA 7502 M "Rekod Hasil Pendapatan" for September: 5 tonne</p>	Yes

Principle 3: Compliance to legal requirements

Criterion 1: Regulatory requirements

Indicator	Summary	Compliance (Yes / No)
Indicator 1: Independent smallholders shall show awareness of compliance with all applicable local, state, national and ratified international laws and regulations.	Interview with the smallholders found that they are aware of the compliance with all applicable laws. Document review found all the 25 smallholders have obtained the MPOB license Samples of the MPOB license checked:-	Yes

	<p>Sample of MPOB licence checked for the sampled smallholders :</p> <p>i) Cham Tat Hin, MPOB license 497380-001000, 1.98 ha, valid until 30/9/17</p> <p>ii) Duly Bin Lunggi, MPOB licence 523738-901000 2.56 Ha, valid until 31/5/19.</p> <p>iii) Azizah @ Aming Binti Junaidi, 2.81 ha (in-process of renewal, refer to ref#2016107002.</p> <p>iv) Amri Bin Bustani, 2 Ha (in-process of renewal, refer to ref#2016106762</p> <p>v) Aineh Abd Rahman, MPOB license 421958-701000, 9.6 ha, valid until 31/5/18</p> <p>License activities : Selling and transporting FFB</p> <p>List of applicable legal and other requirements, L-02/SKU/2016, issue:1 dated 1/4/16 was verified. All applicable legal was identified for the farm operation as well statutory requirement like Labour Ordinance Sabah (Cap 67 and Environmental Protection Enactment Sabah 2002.</p>	
Criterion 2 : Land use rights		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Independent smallholders shall demonstrate rights to their landholdings and there is no evidence of major land disputes.	<p>Most of the land that owned by the smallholders are registered under native title land @ "bumiputera land"</p> <p>Sample of land title sample:</p> <p>i) Duly Bin Lunggi – serial# 7955, survey# 2784 under Mukim Limbawang, Kg Lupak (6.24 acre)</p> <p>ii) Azizah @ Aming Binti Junaidi- Serial# 1746, survey# 1746, under Mukim Limbawang, Kg Bawang (2.5 Ha)</p> <p>iii) Cham Tat Hin - Serial# I73107803, under Mukim Limbawang, Kg Kelabu (1.98 Ha)</p> <p>iv) Aineh Abd Rahman – Serial# 173183616, under Mukim Limbawang, Kg Kepawa. (1.22 Ha)</p> <p>v) Amri Bustani – Serial# 8584, under Mukim Limbawang, Kg Luagan Junginum (5 Acre)</p>	Yes
Criterion 3 : Customary land rights		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Independent smallholders shall demonstrate	There was no customary rights land for the smallholders under SPOC Beaufort. Verified MPOB license as the legal document for the	

customary rights to their landholdings.	land ownership.	Yes
Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.	There was no customary rights land for the smallholders under SPOC Beaufort. Verified MPOB license as the legal document for the land ownership.	Yes

Principle 4: Social responsibility, health, safety and employment condition

Criterion 1: Complaints and grievances

Indicator	Summary	Compliance (Yes / No)
Indicator 1: Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.	Complaint and grievances system has been established by the group management for the neighbour or other stakeholders to complaint. Complaints and grievance can be directly reported to the group manager or "Pegawai Tunas Kawasan" for further action.	Yes
Indicator 2: The local system should be able to resolve disputes.	Local system used to resolve disputes was found to be effective. Based on the interview with the group members and other stakeholder, most of them understand the process and can be escalated to the group manager if the is unresolved issues. Based on the record of complaint recorded on 23 Aug 2016, the buffalo entering one of the smallholder farmers. Group manager had taken action on 8 Sep 2016.	Yes

Criterion 2: Employees safety and health

Indicator	Summary	Compliance (Yes / No)
Indicator 1: Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe.	Group Manager has implemented the awareness of safe work practises from time to time. Sample of training record checked; "Safety and Health in Plantation" dated 26 April 2016. Most of the smallholder prepared their own PPE. It was confirmed during site observation and interview. Noted during site review at smallholder farms and interview with smallholders found safe working is practiced where PPE is used for chemical spraying and harvesting. Procedure to handle accident case (SOP-03/AK/2016) dated 1 April 2016 was available. Accident cases will be reported to "Pegawai	Yes

	Tunas Kawasan” for compilation and reporting. Records will be kept by the group manager to monitor the effectiveness of the work safety implementation. Up to date, no accident reported.	
Criterion 3: Employment conditions		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.	<p>Interviewed with the smallholders, they always discussed with temporary workers such as sprayer operator and harvester verbally on term and condition. The workers only proceed to work after both party agreed on terms and conditions. For example, smallholder- Dully stated that the casual worker harvester charge RM100 per tonne of FFB.</p> <p>Some of the farmers did not employ any workers, most of the activities will run by their family members.</p>	Yes
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.	Interviewed with the workers that confirmed no complaint from the workers regarding the opportunity and treatment regardless of race, gender, religion, political affiliation, nationality, social origin or other discrimination by neither the independent smallholder nor group manager.	Yes
Indicator 3: Group managers for Independent smallholders shall ensure that worker’s pay and conditions meet legal standards as per mutual agreements.	This indicator is not applicable to this group of smallholder as there were no monthly workers being employed in the smallholding as it was managed by themselves and their respective family members or temporally workers.	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.	This indicator is not applicable to this group of smallholder as there were no monthly workers being employed in the smallholding as it was managed by themselves and their respective family members or temporally workers.	Not Applicable

<p>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.</p>	<p>Young persons and children were not observed working in the farm during the visit. Interviewed with the smallholders found they are aware of the importance of education and allow their children's to attend school. They also aware that children and young shall not exposed to hazardous working conditions.</p>	<p>Yes</p>
<p>Criterion 4: Training and competency</p>		
<p>Indicator</p>	<p>Summary</p>	<p>Compliance (Yes / No)</p>
<p>Indicator 1: Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.</p>	<p>Group Manager together with the "Pegawai Tunas Kawasan" On-site MPOB Officers had planned and conducts regular trainings for the smallholders. Smallholders' interview found that they always seek advice from group manager and MPOB officers to increase their competency in oil palm management. Training & Seminar such as farm best practice, manuring, spraying has been conducted at location basis on the 05/6/16, 23/3/16, 29/3/16 that attended by 92, 100 and 48 smallholders respectively.</p>	<p>Yes</p>

<p>Principle 5: Environment, natural resources, biodiversity and ecosystem services</p>		
<p>Criterion 1: Environmental management plan</p>		
<p>Indicator</p>	<p>Summary</p>	<p>Compliance (Yes / No)</p>
<p>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.</p>	<p>Smallholders are trained by the group manager on the environmental Impacts. Last training was conducted on 26 April 2016 for the group smallholders during the MSPO Awareness Training.</p> <p>Interview with smallholders found they were able to explain the environmental impacts and need for the protection of environment.</p>	<p>Yes</p>
<p>Criterion 2 : Efficiency of energy use and use of renewable energy</p>		
<p>Indicator</p>	<p>Summary</p>	<p>Compliance (Yes / No)</p>
<p>Indicator 1: The use of renewal energy should be applied where possible.</p>	<p>During the audit, most of the smallholder engage contractor to send their FFB to collection centre or mill.</p>	<p>Yes</p>

	Interviewed one of the farmer- Charm Tat Hin who using own lorry to transport the FFB, the usage of diesel for the transport of FFB has been recorded under document R-01/PT/2016.	
Criterion 3 : Waste management and disposal		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: All waste products and sources of pollution shall be identified by the group manager.	Identification of waste products and sources of pollution are prepared by the group manager. The waste has been categorized into schedule waste and domestic waste	Yes
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.	According to their Procedure for handling and disposal chemicals (SOP-02/BK/2016) clause 3.6, the chemical container shall be kept at the safe place before disposal. However, during site visit to farm Dully bin Lunggi, two empty chemical containers were found under the palm. Major nonconformity was raised.	Major Non-Compliance
Criterion 4 : Natural water resources		
Indicator	Summary	Compliance (Yes / No)
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.	CoP training covers the need to maintain the quality and availability of surface and ground water. Smallholders interviewed are able to explain the needs and steps were taken such as no blanket spraying, maintenance of riparian buffer zones and etc.	Yes
Indicator 2: Water harvesting practices should be implemented.	Rain water harvesting has been implemented by the smallholders that are being used for pre-mix of agrochemicals. It was observed the moisture conservation pit has been used by certain smallholders and well maintained to avoid soil erosion.	Yes
Criterion 5 : Status of rare, threatened, or endangered species and high biodiversity value		
Indicator	Summary	Compliance (Yes / No)
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.	Interviewed of smallholders found that they are able to show a basic understanding of any species or habitats of concern, together with their conservation needs even though most of their smallholders farms are bordering with other oil palm plantations. According the smallholders, they only observed wild boar or monkey in their farm.	Yes

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.	Group manager had conducted an awareness training together with Department of Wild Life Sabah for the smallholders on the Status of rare, threatened, or endangered species and high biodiversity value on 5 April 2016.	
Criterion 6 : Zero burning practices		
Indicator	Summary	Compliance (Yes / No)
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.	Visit on the field and confirmed that the sampled independent smallholders were aware that burning is prohibited. No burning for land preparation sighted on the field.	Yes

Principle 6: Best practices		
Criterion 1: Site management		
Indicator	Summary	Compliance (Yes / No)
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.	<p>SPOC Beaufort is still in progress obtaining the MPOB GAP certification. As for gap analysis, a few smallholders were selected for the programme. Sample of GAP report was verified; refer to GAP/SABAH/Beaufort/PT-BFT/7 dated 26/2/14 (1st visit) for smallholder Cham Tat Hin.</p> <p>Records of agriculture inputs were recorded and kept under each smallholder files.</p> <p>Verified on site best practices at the smallholder farm.</p> <p>i)Minimization the use of chemical – manual weeding/ rotor slashing ii)Rain water harvesting – 200 liter drum placement for mixing purpose. iii)Soft grasses maintained and no over-spraying. No bare ground noted in field area. iv)Uprooting VOPS</p> <p>Production and maintenance/upkeep records were maintained and verified for each smallholder and recorded under "Buku Rekod Ladang". All records updated until September 2016. Verified records under smallholder name Aineh Abd Rahman.</p>	Yes

<p>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).</p>	<p>Boundary markers between smallholders were sighted during site review. Sample of visited smallholders from all 3 DUN's (Sindumin, LUmadin, Klias) found that the boundary was clearly marked with the wooden pole and trenches as demarcation of their land area.</p> <p>The farms were consists of freehold and native land title where there were no disputes noted with the neighbouring farm and private land owner.</p>	<p>Yes</p>
<p>Criterion 2 : Economic and financial viability plan</p>		
<p>Indicator</p>	<p>Summary</p>	<p>Compliance (Yes / No)</p>
<p>Indicator 1: Group manager shall establish a documented business or management plan to demonstrate attention to economic and financial viability.</p>	<p>Management Plan for year 2016 that related to the field activities such as manuring, spraying and harvesting programme has been prepared by the group manager. The detail of the management plan has been communicated to the small holder through the MPOB officer (pegawai Tunas) and public talk organizes by MPOB from time to time.</p> <p>Manuring and spraying programme for 2016: Spraying: 3 times per year (completed) January, May and September 2016.</p> <p>Manuring: 3 times per year (completed 2 cycle) and pending for the last cycle in November 2016.</p> <p>Fertilizer recommendation: immature (1-3 years) 2.5 kg/palm (compound NPK fertilizer) 4-20 years 3 kg/palm</p>	<p>Yes</p>
<p>Criterion 3 : Transparent and fair price dealing,</p>		
<p>Indicator</p>	<p>Summary</p>	<p>Compliance (Yes / No)</p>
<p>Indicator 1: Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties.</p>	<p>Group manager with the assistance of MPOB has negotiated FFB pricing with Mill for the smallholders FFB. Discussion on the agreed FFB price was sighted between both parties.</p> <p>FFB price was based on daily price and paid on monthly basis.</p> <p>There were no disputes on the payment noted during the audit. Group manager keeps a copy of all the FFB sales records.</p> <p>Smallholder and group manager has identified the FFB collection centre for within 3 Beaufort area. Interview with smallholder</p>	<p>Yes</p>

	<p>Verified receiving slip, monthly production and income (average ton/Ha) and income average per month.</p> <p>Operation cost was recorded for harvesting and transportation and within the price guideline from Group manager.</p>	
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Principle 7: Development of new planting		
Criterion 1: Oil palm shall not be planted on land with a high biodiversity value		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Independent smallholders shall not plant oil palm on land with high biodiversity value as identified by local, state and national legislation.	No new planting at SPOC Beaufort. All smallholder farms planted before January 2015.	Not Applicable
Criterion 2 : Soil survey		
Indicator	Summary	Compliance (Yes / No)
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.	No new planting at SPOC Beaufort. All smallholder farms planted before January 2015.	Not Applicable
Criterion 3 : Extensive planting on steep terrain, marginal and fragile soils		
Indicator	Summary	Compliance (Yes / No)
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.	No new planting at SPOC Beaufort. All smallholder farms planted before January 2015.	Not Applicable

3.2 Details of Nonconformities and Observation / Opportunity for improvement identified, Evidence of closing out Major NC and Audit team conclusion

Major Nonconformities:

Ref	Area/Process	Clause
1387084M1	SPOC Beaufort	4.5.3.2
Details:	Disposal of chemical container is not appropriate.	
Requirements:	Group managers 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.	
Objective Evidence:	According to their Procedure for handling and disposal chemicals (SOP-02/BK/2016) clause 3.6, the chemical container shall be kept at the safe place before disposal. However, during site visit to farm Dully bin Lunggi, two empty chemical container were found under the palm.	
Close Out Evidence:	<p>Immediate action:</p> <p>The owner has collected the empty pesticide containers, rinsed it, cut into half and buried them.</p> <p>Long term action:</p> <p>A refresher briefing on disposal of empty pesticide containers were given by TUNAS officers to the smallholders/participants of MSPO certification. Agenda and attendance verified.</p>	
Audit team conclusion:	<p>Corrective action taken was found to be adequate. The major NC was closed on 15/11/16.</p> <p>Continuous implementation will be verified in the next audit.</p>	

3.3 Issues Raised by Stakeholders and Findings with respect to each issue

During this initial certification assessment, stakeholders were contacted through phone calls as well as private meeting conducted without the present of group management team. The majority of stakeholders had positive comments about Beaufort SPOC. Issues raised by stakeholders were discussed with the group management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

3.3 Noteworthy Positive Comments

1. SPOC Beaufort Group Manager and "Pegawai Tunas Kawasan" has maintained a very good relationship with the group members and other stakeholders.
2. Regular visit by "Pegawai Tunas Kawasan" showing the good management support on improving yield and applying the best practices for the group members.
3. Good commitment and cooperation were evident from both group management and members were towards MSPO certification.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Assessment Visit

The next Assessment visit will be scheduled within 12 months of Beaufort SPOC's MSPO Certificate being issued.

4.2 Date of Closing Nonconformities (Major and Minor)

NC Ref.	CLASS	ISSUED	STATUS
1387084M1	Major	21/10/2016	Closed out on 15/11/16

4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

Signed for on behalf of
SPOC Beaufort



.....
Encik Zainih Bukari
Group Manager
Date: 28/12/2016

Signed for on behalf of
BSI Services Malaysia Sdn. Bhd



.....
Mohamed Hidhir Zainal Abidin
BSI Lead Auditor
Date: 13 December 2016

Appendix A: MSPO Initial Certification Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Boon Han
Wednesday 19/10/2016	PM	Audit Team travelling to Kota Kinabalu via MH2626 Check in at Promenade hotel, Kota Kinabalu	√	√
Thursday 20/10/2016	0700	Traveling to MPOB Beaufort	√	√
	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan 	√	√
	09.00 – 12.30	Field Inspection (Dun Lumadan and Klias): Field visit, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, Landfill, Chemical store and mixing, etc.	√	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Field Inspection (Dun Sindumin): Field visit, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, Landfill, Chemical store and mixing, etc.	√	√
	16.30 - 17.00	Interim Closing briefing	√	√
Friday 21/10/2016	08.30 – 12.30	Document review: Land use type, customary right land, complaints and grievance, safe work practices, employment conditions, training and competency, environmental management plan, energy usage, waste management plan, natural water resources, bio-D and ERT awareness, zero burning, best practices, site management and development of new planting (if any)	√	√
	12.30 –	Lunch	√	√
	13.30 – 15.30	Document Audit: Public documents, SOPs, Policies, Internal audit, Production & traceability requirements, FFB pricing, legal and other requirements, review on SEIA documents and records, wage records, complaint records, workers records, training records, permits, CIP, etc.	√	√
	15.30 - 17.00	Verify any outstanding issues & Preparation for closing meeting	√	√
	1700	Travelling back to Kota Kinabalu and check in at Promenade Hotel, Kota Kinabalu	√	√
Saturday 22/10/2016	AM	Audit Team travelling back to KL via MH2621	√	√

Appendix B: List of Stakeholders Contacted

Internal Stakeholders	External Stakeholders
Group Manager	FFB trader (Chong Wing Enterprise)
MPOB Officers (Pegawai Tunas Kawasan)	FFB trader (Hung Wing Enterprise)
MPOB Officers (HQ)	FFB trader (Sri Bintuka)
Smallholders (DUN Lumadan)	Pertubuhan Peladang Kawasan Beaufort (Agriculture Inputs)
Smallholders (DUN Klias)	Wildlife Department, Sabah
Smalholder (DUN Sindumin)	

Appendix C: SPOC Beaufort Group Member's details

Bil	Nama Peserta Koperasi	Tahun Tanam	Luas Tanah (Ha)	Anggaran Hasil (Mt/ha/tahun)	Anggaran Hasil (mt)
1	HJ SAIDUN UMBAI	2009	5.01	10.09	50.5509
2	CHAM TAT HIN	2009	1.98	14.70	29.106
3	ABDUL RAHIM B JAMBREH	2009	4.83	6.75	32.6025
4	CHAM TAT SANG	2009	1.54	12.94	19.9276
5	SALIHA BINTI MOHD JUNI	2003	0.92	-	0
6	RAMNAH BINTI AMIT	2007	1.618	15.82	25.59676
7	LUKNEH@SONEY BIN ACHING	2000	4.8	10.53	50.544
8	SAILI@SUHAILI@UKIN@OKIN	2009	2	13.05	26.1
9	MOHD JININ BIN JAMSIN	2003	2.5	9.51	23.775
10	AZIZAH@AMING BINTI JUNAIDI	2011	2.5	4.34	10.85
11	AINEH ABD RAHMAN	2007	1.122	30.1	33.7722
12	HAJI JAAFAR BIN ASIN	1995	1.522	14.98	22.79956
13	HAJI SAIT BIN BUJANG	2007	4.417	21.73	95.98141
14	DUALI LUNGGI	2007	2.56	22.9	58.624
15	HAJI JAIS BIN ENGGUN	2007	3.5	19.5	68.25
16	SITI RABINA BUDIRI	2013	1.626	-	0
17	ASMAT BIN MUTRA	2013	1.64	16.82	27.5848
18	AMIN AMIT	2011	1.28	27.1	34.688
19	KUNAH BINTI KAHAR	2011	1.32	19	25.08
20	YSSUF TUKAL MASGOP	2013	1.44	-	0
21	MOHD LAMRIH @ MOHD RAMLEE BIN MOHD SAID	2010	1.5	-	0
22	AMRI BIN BUSTANI	2010	2	-	0

23	MOHD ANGAMALI BIN ABU BAKAR	2014	2.46	-	0
24	TASIM @ CHUNGIL BIN AHMAT	2011	2.02	-	0
25	VICTORIANA BIN GUANI	2010	3.38	-	0
TOTAL			59.485	15.87	635.83