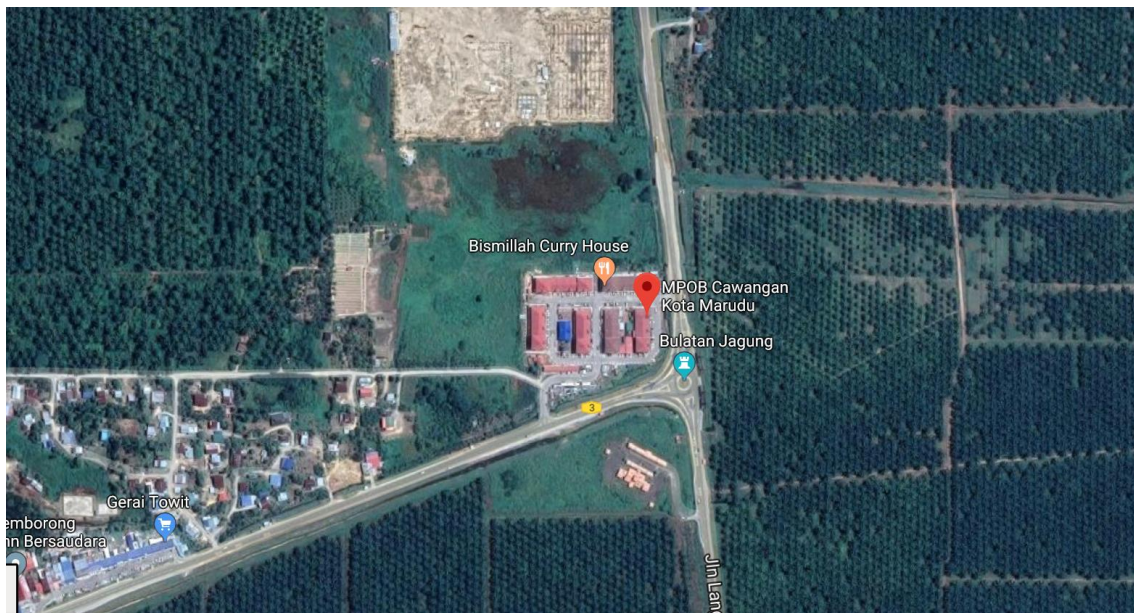


MSPO Audit Summary

Company Name:	SPOC Kota Marudu / Pitas (S1)
Address:	Lot 36, Tingkat 1, Langkon Commercial Centre, Simpang 3, 89107 Kota Marudu, Sabah.
Reference No.:	100015
Standard(s):	MS 2530-2:2013
MPOB licence no: (for group certification, list all licences no. in the group)	1. Contact PCI for details
MPOB licence scope of activity:	1. FFB Harvesting
MPOB Licence expiry date:	1. Contact PCI for details
Audit Type:	<input type="checkbox"/> Stage 2 Audit <input checked="" type="checkbox"/> Surveillance Audit <input type="checkbox"/> Re-certification Audit
Audit scope:	Oil Palm Smallholder Group
Sites sampled: (for group certification only)	15 sites (SH 1, SH 11, SH 4, SH 14-Add in, SH 34, SH 25, SH 6, SH 6-Add in, SH 49, SH 9-Add in, SH 11-Add in, SH 46, SH 45, SH 12-Add in, SH 16-Add in)

GPS Coordinate:	N 6° 32' 6.533" E 116° 42' 33.962"
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Map showing approximate location of certified entity:



Audit date:	03/10/2018 to 05/10/2018
Total number of man-day(s):	5.0 man-day(s)

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(for MSPO Part 2 & Part 3) Planted Area:	<input type="checkbox"/> Not applicable 360.092 ha.
(for MSPO Part 2 & Part 3) Estimated tonnage of annual FFB produced:	<input type="checkbox"/> Not applicable mt.
(for MSPO Part 4) Estimated processing capacity: Estimated certified palm oil (CSPO): Estimated certified palm kernel (CSPK):	<input checked="" type="checkbox"/> Not applicable mt. FFB/hour mt./hour mt./hour
(N/A for Stage 2 & Re-certification assessment) Date of certificate issued and validity	<input type="checkbox"/> Not applicable 26/02/2018 to 25/02/2023
Please state if the organization certified for other sustainability scheme(s)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, _____

Executive Summary

Through MPOB, smallholders had indicated their consent to participate in the certification scheme by signing an MSPO policy document prepared by the Group Manager. There was general awareness on commitment toward improving productivity among the smallholders by adhering to their Group Manager's advice and recommendation on good agricultural practices. A starkly noted constraint was the limited financial resources among some smallholders especially in purchasing of fertilizers to follow MPOB standards of GAP. The smallholders interviewed were generally supportive and eager to participate in the management system toward sustainability through MSPO.

Commitment shown both by the Group Manager and the smallholders toward MSPO was evident through a signed letter of participation and establishment of communication initiated by the Group Manager to monitor the performances of the smallholders. The Group Manager had created a WhatsApp group to disseminate latest information.

The Group Manager planned and conducted regular site visits and GAP seminars. Talks were organised to communicate new ways and technology to be considered by smallholders to improve work methods. The MPOB journal Warta Sawit and research information were distributed to smallholders to get them abreast with recent event and agricultural practices.

All smallholders were required by the Group Manager to submit or communicate information on their total FFB sales monthly but not all were found able to do so. There is general awareness among smallholders toward the need of legal compliance. They understand the need to protect wildlife and the conservation of their habitats.

All the smallholders were either in possession of land titles or in the process of obtaining title from the authority. They all were able to identify and show their boundaries and there was no issue of any dispute over their land between neighbours.

No written complaints and grievances had been received from the smallholders as the Group Manager's file did not contain any submission of the "Borang Aduan dan Rungutan" at the time of this Surveillance Audit. Smallholders had recourse to use any of 3 options to forward their grouses or suggestion:

- a. MPOB website - www.mpob.gov.my (e-aduan),
- b. MPOB branch office (verbally & filling up the Borang Aduan dan rungutan (doc. no. MPSO/SSCC/F-01/AR; eff. Date: 30/03/2018) and
- c. Suggestion box (in progress of ordering).

Smallholders were given awareness briefing on safety and health including usage of proper PPE at seminars such as the one held on 25/09/2018 at Indah Chalet, Dataran Bengkoka, Pitas, attended by 43 smallholders (majority being new SPOC members). At such seminars, smallholders made aware of government rulings on protected species and protection of the environment. Domestic wastes are disposed at the municipal dump in the major towns (such as Pitas, Kanibungan, Bengkoka and Bongkol). It was also noted that 2 smallholders (Mdm Rosaini & Mr Chris Jennu) practised circle weeding using a brush cutter, thereby reducing use of chemicals.

Farms were mostly managed as family-owned with a reliance on family members for manpower. Workers hired were casual labourers on an as-and-when required basis. Generally piece-rated (by tonnage of FFB harvested), employee and employer verbally reached mutually agreeable terms and conditions. This process was found to be in order after interviews at site.

Smallholders show general awareness toward obtaining and preferring the best prices available within their area to sell their fruits. However, they have no choice except to send their crop to the nearest collection centre to save cost on transport. Smallholders have access to information via WhatsApp as well as updates on the latest price and OER from the nearby 4 collection centres and altogether 4 oil mills (at Pitas, Langkon, and another 2 in Paitan).

Overall SPOC Marudu/Pitas (S1) is implementing a management system that is fulfilling the requirement of MSPO standards with some improvement areas as outlined below.

Listing of strength / strong point identified:

No	Strength Statement
1.	<i>The organizational structure and strength of the MPOB office in Kudat.</i>
2.	<i>Trained MPOB staff in handling extension services to smallholders.</i>
3.	<i>Logistics assets to support implementation of SPOC development.</i>

Listing of improvement potential / opportunities for improvement (OFI)

No	OFI Statement
1.	<i>Hazardous Chemical was stored at designated area. Further enhancement on clearer indicating label with hazardous symbol (instead of handwriting) on the container should be considered for better identification and warning purpose. (Site: Jesmin Bin Biri & Laini Bin Gura).</i>
2.	<i>Storage of fertilizer and chemicals in a store under the house. Suggest to store in a separate building to avoid contamination. Seen at the house of Mr Maslee bin Masdin (store for agro-chemicals) and Mr Chris Jennu (open storage of fertilizer).</i>

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3.	<i>Further consideration on an appropriate recording of workers' name and pay status would bring benefit to the independent smallholders for better monitoring purpose. (Site: Mainah Binti Umboh & Laini Bin Gura).</i>
4.	<i>All smallholders sampled had signboards to identify their plot of land except for Hj Abu Bakar bin Siman.</i>

Listing of nonconformity (NCR)

No	Clause	NCR Statement	NCR status
1.	4.6.2.1	<i>Indicator 1 - Independent smallholders need not have a formal health and safety plan but shall ensure that all work practices are safe. Observed that a harvesting sickle with its blade exposed was stowed leaning against the wall of the house of Mr Maslee bin Masdin.</i>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close

Stakeholder consultation summary

Any issues raised by the stakeholder(s) towards the company?	<input type="checkbox"/> Yes, issue: _____ <input checked="" type="checkbox"/> No.
Remarks: <i>Group Manager had managed them well, providing them with extension services and advice on compliance to the MSPO requirements.</i>	

Certification recommendation

In reference to **MS 2530-2:2013**, the audit team recommends for:

<input type="checkbox"/> Issuance of the certificate.
<input type="checkbox"/> Issuance of the certificate as soon as implementation of corrective action(s) has been demonstrated.
<input type="checkbox"/> Maintenance of the certificate.
<input checked="" type="checkbox"/> Maintenance of the certificate as soon as implementation of corrective action has been demonstrated.
<input type="checkbox"/> Not applicable, due to extraordinary type of report.

Tentative next audit date:	10/2019
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Company Representative	
Designation:	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify:
Name:	Harris Tekosson
Position:	Group Manager
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PCI Audit Team Leader	
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PCI Audit Team Member 1	

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Name:	Tee Kee Hu
Position:	<input checked="" type="checkbox"/> Co-Auditor <input type="checkbox"/> Auditor-in-Training <input type="checkbox"/> Technical Expert <input type="checkbox"/> Observer <input type="checkbox"/> Other, please specify:
Area of expertise (N/A if observer & other)	Environmental, health & safety, HIRARC