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PUBLIC SUMMARY REPORT

INDEPENDENT SMALLHOLDER GROUP INITIAL RSPO ASSESSMENT

Wild Asia Group Scheme WAGS-MPOB SPOC Beluran Telupid Sub-District, Beluran, Sandakan, Sabah, Malaysia

Report Author

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SUMMARY

BSi has conducted initial certification assessment of Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's operations comprising group of Independent Smallholder members, Group Management/Group Manager, FFB supply chain, support services and infrastructure. This Independent Smallholder Group meets the requirement for the group certification based on the RSPO definition whereby the entire group members are growing oil palm, where the family provides labour, the farm provides the principle source of income and the planted area of oil palm is below 40 hectare in size. The document audit was conducted in April 2013. The initial certification assessment was conducted on 3 – 5th June 2013. BSi concludes that the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's operations, Group Manager, Group Members and Internal Control System comply with the RSPO requirements for sustainable FFB production.

The Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's were also assessed against the RSPO Supply Chain elements related to independent smallholder's FFB production and sales for the compliance to the RSPO requirement for the FFB sales and delivery to the palm oil mill. During this assessment it is noted that there is no FFB purchased by the group. It is found that the group have implemented Segregation system to ensure traceability of the out-going FFB without any mixing of uncertified FFB. They have the control until the point where the ownership transferred to the palm oil mill or the collection ramp. It is found that the palm oil mill and the collection ramp that purchasing the FFB from this group taking up the traceability records from there onward.

BSi recommends that the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran Group, Group Manager and Group Members be approved as a producer of RSPO certified sustainable Fresh Fruit Bunches.

ABBREVIATIONS USED

CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
RTE	Rare, Threatened and Endangered
FFB	Fresh Fruit Bunch
GAP	Good Agriculture Practice
GPS	Global Positioning System
HCV	High Conservation Value
ICS	Internal Control System
IPM	Integrated Pest Management
ISO	International Standards Organisation
KER	Kernel Extraction Rate
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MYNI	Malaysia National Interpretation
NGO	Non Government Organisation
NIWG	National Interpretation Working Group
NPK	Nitrogen Phosphate Potassium
OER	Oil Extraction rate
OHS	Occupational Health and Safety
P&C	Principle & Criteria
PK	Palm Kernel
PKE	Palm Kernel Expeller
PKO	Palm Kernel Oil
PPE	Personal Protective Equipment
R&D	Research and Development

RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social & Environmental Impact Assessment
SOP	Standard Operation Procedure
SPOC	Smallholder Palm Oil Cluster
WAGS	Wild Asia Group Scheme

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation and Assessment Document Used

The operations of the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran independent smallholder group's group management, Group Manager, Group Members and their supply bases of FFB were assessed against the following documents as a reference:

Final Documents of RSPO Principles & Criteria for Malaysia (MY-NI) Indicators and Guidance as approved NI dated 26 April 2008 including smallholders NI Approved by the RSPO Executive Board on November 2010; RSPO Standard for Group Certification: Final Approved July 2010; RSPO Accreditation and Certification Requirements for Group Certification_26 August 2010; RSPO Certification Systems: 26 June 2007 (revision 3 March 2011); RSPO Supply Chain Certification Systems: Revision November 2011 and Announcement by RSPO Secretariat on 10 May 2013 regarding option to trade certified FFB produced by smallholders (http://www.rspo.org/blog/topic/78/smallholder_announcement_on_green_certificate).

1.2 Certification Scope

The scope of Certification covers Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's Independent Smallholder Group, Group Manager and the Group Members who have been formally accepted to join the group and comply with the group rules, requirements of the RSPO Standard for Group certification and Sustainable palm oil production.

1.3 Location and Maps

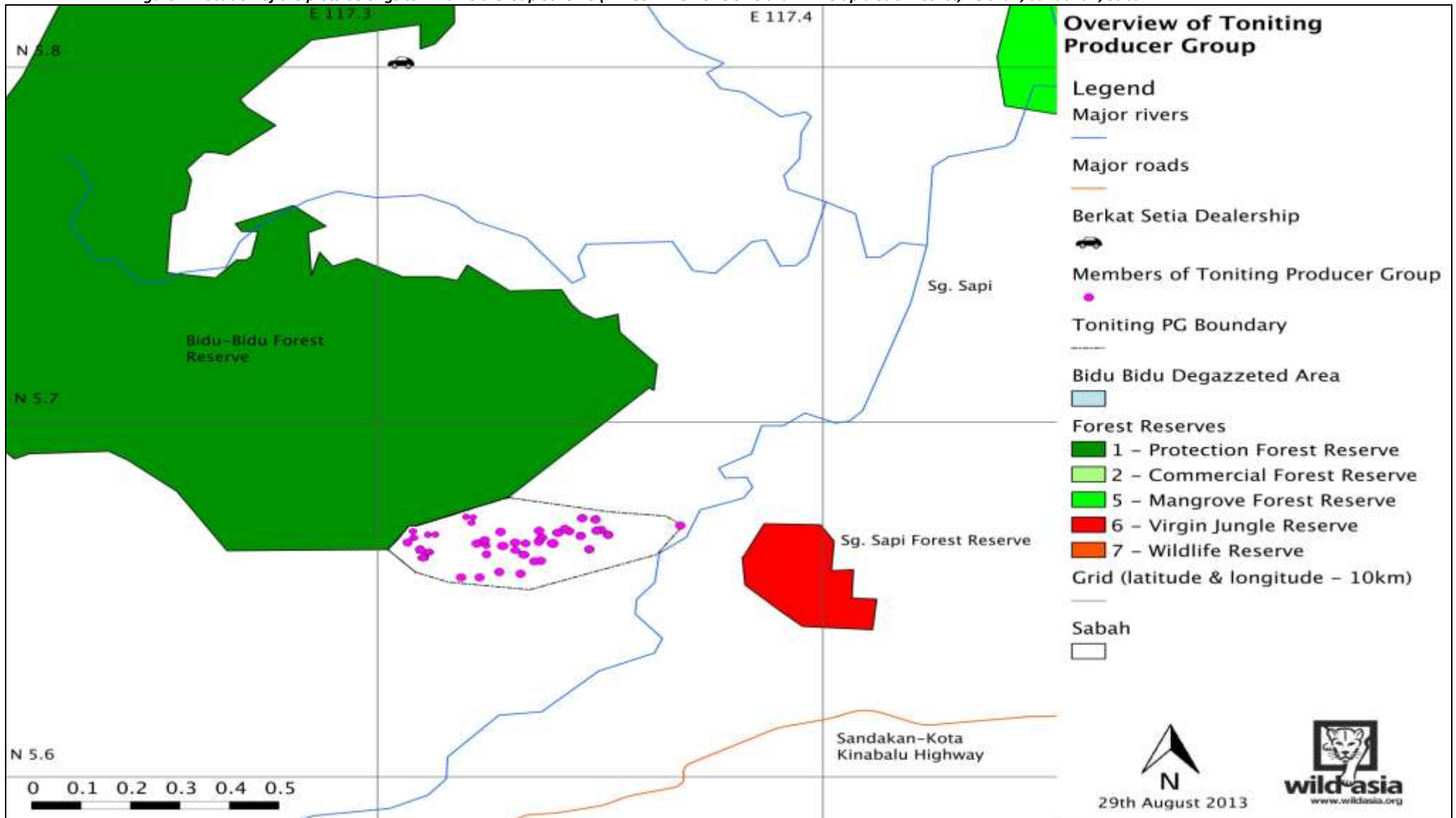
The Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran is located in Telupid Sub-District, Beluran, Sandakan, Sabah, Malaysia. The location of the group members are very close to the RSPO certified Sapi Palm Oil Mill. Figure 1 shows location of the farmers group and the nearest mill which purchase majority of the FFB produced by the group members. Figure 2 shows the location of the farmers group and their plot.

The GPS location of the group office is shown in Table 1 below.

Table 1: GPS Locations of the Group Office

Group	Longitude	Latitude
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran Group	E 117.362	N 5.746

Figure 1: Location of the plots belongs to Wild Asia Group Scheme (WAGS-MPOB SPOC Beluran in Telupid Sub-District, Beluran, Sandakan, Sabah.



1.4 Description of the Independent Smallholders as a FFB producer

Fresh Fruit Bunch is produced from plots owned and managed by group members. These FFB is sold individually to Sapi Palm Oil Mill and collection ramp belongs to the mill and a trader. During the certification assessment, it was highlighted to the audit team that the Independent Smallholders prefers to sell individually to maintain their freedom to sell directly to the palm oil mill. Due to this reason they have not formed the Group Marketing. Smallholder numbers and planted area is shown in Table 2a. The budgeted FFB productions (certified) for the year 2013 is listed in Table 2b and 2c. As per RSPO requirement, the Independent Smallholders Group Management has collected FFB production data for the year 2012 as shown in Table 2b and 2c.

Table 2a: Total Smallholder Members, Total Planted Area and Total Plots

Group	Total Members	Total Area (ha)	Total Plots
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	42	253.245	58
Total	42	253.245	58

Table 2b: Actual FFB production for 2012 and Projected FFB Production for Jan. – Dec. 2013

Source	Actual FFB (mt) For 2012	Budgeted FFB (mt) for 2013
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	2,944	3,091
Total FFB Production	2,944	3,091

Table 2c: Average FFB production per hectare for 2012 and Projected FFB Production per hectare for 2013

Source	Actual FFB (mt) For 2012	FFB per ha (mt) (2012)	Budget ed FFB (mt) for 2013	FFB per ha (mt) (2013)
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	2,944	11.62	3,091	12.21
Total FFB Production	2,944	11.62	3,091	12.21

It was noted that the group anticipate that there will be improvement in FFB production in 2013 due to the good field practices adopted. The group's projected FFB for the year 2013 increased to about 5%.

Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran was developed as an Independent Smallholders farmers group through initiative from Wild Asia and MPOB. Both Wild Asia and MPOB acted in forming the group and supported the implementation of the RSPO requirements for the Group Certification. Wild Asia was involved in preparing the Independent Smallholder Group through developing the Management System, ICS Documentation procedures and group structure.

The Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran was assessed by BSI. This RSPO Certification initiative was part of Wild Asia Group Scheme (WAGS) and MPOB's commitment to certify the Independent Smallholders towards RSPO certification as a pilot project before expanding the group to other area. The reference documents used for the assessment are listed in the section 1.1 above. A formal Stakeholder Notification was posted on the RSPO website, BSI website and the group office notice board for 30 days for the stakeholders to give their comments about the RSPO certification of the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran. There were no comments neither feedback received within the 30 days of the notification period from stakeholders.

This summary report covers the findings of the assessment of the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's Group Manager, Group Members and the compliance of the independent smallholders.

The independent smallholders comprise individual independent smallholders planted oil palm and managed individually. There is a central committee which acts as a group management assisted by WAGS acting as Group Manager and ICS system administrator. This group was developed from a loose group through initiatives from Wild Asia and MPOB. Group members are those able to adhere to the RSPO requirements. Advice through training in best oil palm management practices was given by WAGS, MPOB and external experts invited by WAGS. There are 42 independent smallholder members in this group covering an area of 253.245 ha planted with oil palm. The independent smallholders are selling the FFB to Sapi palm oil mill, the nearest palm mill to the independent smallholders. There is also two collection ramp. One operated by the Sapi Palm Oil Mill and the other one by a trader.

The Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran members are smallholders who are depends on the income from their oil palm plots. Due to relatively stable price of palm oil and less labour intensive, these group members are happy with the oil palm planting compare to other crops. The farming land was originally from the government and the farmers now have various types of ownership such land title and land use right and allowed to plant agriculture crops.

The independent smallholder palms were planted in various years. The planting year and age profile is shown in Table 4. The audit team's inspection in the field, document verification, land history and interview with surrounding land owners and government officials confirm that this land was previously from the government. There is no evidence of any replacement of primary forest or loss of HCV.

In order to bring the independent smallholders into compliance of RSPO certification requirement, producer group committee was formed by WAGS comprising smallholder members who were elected. This group management acted as on-site management team. WAGS started to communicate all the RSPO certification requirements to each of the members since 2012 to ensure the members can be included into the RSPO certification assessment through baseline entry assessment through three phases. Phase 1 was scoping and baseline assessment prior, phase 2 was training (compulsory and awareness), technical support, and development of work plan, agronomist visit and phase 3 was group formation, membership application, and contract signing and producer group committee formation.

BSI audit team visited a sample of the group members during the certification assessment and checked their status and compliance with RSPO group certification requirements and relevant standards. The methodology is explained in section 2.3 below.

1.5 Area of Plantation

The area of mature and immature palms at the independent smallholders group is listed in Tables 3.

Table 3: Total Mature and Immature Area

Group	Mature (ha)	Immature (ha)	Total (ha)
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	245.965 (97.12%)	7.280 (2.88%)	253.245
Total	245.965	7.280	253.245

1.6 Date of Plantings and age profile

Palms of the independent smallholder members in the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran were planted between 1985 and 2012. There is about 7.28 hectare of immature area which was replanted in 2012. This immature area was replanted from oil palm to oil palm by group members through MPOB's replanting program. About 97.12% of the palms are matured. It is noted that the planting materials (oil palm seedlings) were supplied by MPOB through the MPOB replanting program. The replanting cycle is 25 years. The group members are aware of requirement of replanting plans. The age profiles of the palms are shown in Table 4.

Table 4: Age profile of the palms

Planted year	Total Planted Area (ha)	Age of the palm (years)	% of total Planted area	Remarks
1986	22.260	27	9	-
1987	8.390	26	3	-
1990	20.187	23	8	-
1991	5.260	22	2	-
1992	30.760	21	12	-
1993	6.630	20	3	-
1994	12.660	19	5	-
1995	15.610	18	6	-
1996	30.965	17	12	-
1997	14.579	16	6	-
1998	22.660	15	9	-
1999	3.250	14	1	-
2001	5.570	12	2	-
2002	16.020	11	6	-
2003	4.850	10	2	-
2004	11.130	9	5	-
2005	7.544	8	3	Replanted
2008	7.640	5	3	Replanted
2009	4.450	4	2	Replanted
2012	2.830	1	1	Replanted
Total	253.245		100	

1.7 Approximate Tonnages Certified

The approximate tonnages of FFB certified reported during this certification assessment was based on the budget for the year 2013. As per the RSPO Standard for Group Certification all the members have at least last year's (2012) FFB production record. These records were checked and audited during the document audit. During this assessment, the approximate tonnage certified includes the production from the group members. The national regional reference OER figure for FFB to CPO conversion rate was based on the MPOB National Average for the period Jan. – June 2012 (20.89%) and 2013 (20.71%). This data was obtained from the MPOB website (Link:

<http://bepi.mpob.gov.my/index.php/statistics/oil-extraction-rate/122-oil-extraction-rate-2013/632-oil-extraction-rate-of-crude-palm-oil-2013.html>)

The group management control system is using the National OER to make FFB conversion to CPO. The FFB production is converted to CPO based on the National average Oil Extraction Rate (OER). This OER figures was confirmed by the Group Manager, Independent Smallholder members, Group Management and the representative from the MPOB during the consultation.

Similarly, the KER figure for FFB to kernel conversion rate was based on the MPOB National Average for the period Jan. – June 2012 (4.68%) and 2013 (4.64%). This data was obtained from the MPOB website (Link: <http://bepi.mpob.gov.my/index.php/statistics/oil-extraction-rate/122-oil-extraction-rate-2013/634-palm-kernel-recovery-rate-2013.html>)

The detail of the Certified FFB, CPO, PK, PKO and PKE production is shown in Table 5a, 5b, 5c and 5d.

While the FFB to CPO conversion is based on the OER obtained from the National average, the PK, PKO and PKE is based on the RSPO Standard for Group certification document (RSPO Certification Documents whereby the Standard PKO rate of 45% is counted as Certified Palm Kernel Oil and 55% as Certified Palm Kernel Expeller.

Table 5a: Approximate FFB and CPO Tonnages produced in 2012 and budgeted for 2013

Source	CPO tonnages (% of FFB)			
	2012 Actual FFB	2012 Actual *CPO @20.89%	2013 Budget FFB	2013 Budget *CPO @20.71
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	2,944	615	3,091	640
Total	2,944	615	3,091	640

* This OER was the National average posted on the MPOB website for Jan – June 2012 and 2013.

Table 5b: Approximate PK Tonnages produced in 2012 and budgeted for 2013

Source	PK tonnages (% of FFB)			
	2012 Actual FFB	2012 Actual PK* @4.68%	2013 Budget FFB	2013 Budget PK* @ 4.64%
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	2,944	138	3,091	143
Total	2,944	138	3,091	143

* This KER was the National average posted on the MPOB website for Jan – June 2012 and 2013.

Table 5c: Approximate PKO Tonnages produced in 2012 and budgeted for 2013

Source	PKO tonnages@45% of PK			
	2012 Actual PK	2012 Actual PKO	2013 Budget PK	2013 Budget PKO
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	138	62	143	64
Total	138	62	143	64

Table 5d: Approximate PKE Tonnages produced in 2012 and budgeted for 2013

Source	PKE tonnages@55% of PK			
	2012 Actual PK	2012 Actual PKE	2013 Budget PK	2013 Actual PKE
Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	138	76	143	79
Total	138	76	143	79

1.8 Time Bound Plan

Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran is a member of RSPO since 20th March 2013. RSPO Membership No: **1-0138-13-000-00**

There are total of 42 independent smallholders in this Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran. All the members are formally joined this group and has individual agreement with the group management to comply with the RSPO certification requirements. All the formal members and their plots are included during this assessment. There are prospective members excluded from certification. These members are expected to come into the group during subsequent surveillance assessment once they are formally accepted into the group.

It was highlighted that there are 4,701 independent smallholders in Beluran area. WAGS expect to bring all these members into RSPO certification by 2017.

1.9 Date of Certificate Issued and Scope of Certificate

The scope of the certificate includes the production of FFB from the Independent Smallholder Group: Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran, group manager and group members. RSPO Certificate details are included as Appendix A. The certificate issue date will be the date of the RSPO approval of the Assessment Report.

1.10 Other Certifications Held

No other certification held by the group or the members. This is the first experience for the independent smallholder group and members to go through a certification process. They have shown the full commitment to implement and comply with the RSPO group certification requirements.

1.11 Organisational Information / Contact Person

Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran contact details as follows:

Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran,
Kampung Toniting, Telupid,
Beluran District,
Sandakan, Sabah,
East Malaysia,
Malaysia.

Contact Person: Ms. Sheila Senathirajah,
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Fax: +603 6201 2150
Email: wags@wildasia.org

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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Scheme Manager: Mr Aryo Gustomo
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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Thailand, Kuala Lumpur and Jakarta.

2.2 Qualification of the Lead Assessor and Assessment Team

Senniah Appalasaamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training and Sustainability Report Assurance (SRA) Assessor Training. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Isman Yusoff – Team member

He holds Executive MBA from University Technology Mara and a degree in Electrical Engineering from University of Missouri, USA. He worked as an ISO 9001 Lead Auditor with SIRIM and as an ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor with Det Norske Veritas (DNV) for the past 6 years. He is also experience in Bio Mass CDM Projects. Currently he is a Lead Auditor with BSi for ISO 9001, ISO 14001 and OHSAS 18001. Isman Yusoff attended RSPO internal training on September 2012. He attended RSPO Certification Body workshop on October 2011, February 2012, June 2012 and Supply Chain Training organised by RSPO Secretariat on February 2012. He has involved in auditing palm oil mills as well as wood industries. He has been involved in RSPO assessment since September 2012 as a team member covering assessment with RSPO P&C in Malaysia. During this assessment, he assessed on the aspect of legal, environment, safety and health and mill best practices.

Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. He has more than 3 years working experience in oil palm plantation and

conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He will be attending the RSPO Lead Auditor Training in April 2013. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 3 years. During this assessment, he assessed on the aspect of Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

2.3 Assessment Methodology, Programme, Site Visits

The assessment was conducted to assess the compliance of the Independent Smallholder Group and its members against the RSPO requirement for Independent Smallholder Group certification. The assessment program is included in Appendix B.

This assessment was conducted using the documents as per in section 1.1 above as a reference during the assessment of the independent smallholder Group Manager, Group Members and Internal Control System. BSi Audit team conducted the certification assessment of the Independent Smallholders operation by conducting document review, field visit, and interview with Group Management Committee, Group Manager, ICS Administrator, Group Members and stakeholders. During this certification assessment a sample of independent smallholder members and their plots were selected. The sampling was based on RSPO sampling formula.

Sampling formula and method of calculating the smallholder members to be assessed.

During this certification assessment a sample of independent smallholder members and their plots were selected. The sampling was based on RSPO sampling formula. $N = 0.8\sqrt{y}$, where y is the number of smallholder members, with the result rounded up to the next whole integer.

For the purpose of sampling, risk assessment of group members and the group manager was carried out prior to the certification assessment through document review on the application details provided by the group manager. This includes details of members, size of the plot, management structure, diversity of terrain, area planted after 2005, result of internal assessment, the geographical location, distance from the palm oil mill/collection ramp and information gathered from stakeholder. Based on the information gathered prior to the assessment, BSi audit team concluded that the risk is medium. A total of seven (7) group members were selected from 42 members.

Plots of the members selected were visited and inspected followed by document assessment for each member's records and data relevant to group certification and MYNI for Independent Smallholder. Interview was conducted at the field during the visit to the plot. Field operations such as harvesting, grass cutting and FFB transportation was checked during the field visit. Checklist which was developed based on the RSPO Standard for Group certification and MYNI for

Independent Smallholders were used to guide the collection of information.

The assessment program includes assessment against all the applicable RSPO requirements for Independent Smallholder Group Certification. The methodology for collection of objective evidence includes physical inspection of the independent smallholders' facilities, members' plots, and interview with members, Group Manager, Group Management Committee, ICS Administrator, workers and review of documents. The block inspection was aligned with the field operation schedule in order to inspect the operation and interview the smallholder member and workers.

The assessment process was based on random sampling and therefore nonconformity may exist which have not been identified this time. Currently this summary report was reviewed internally by the scheme manager and by RSPO Secretariat through external peer reviewer.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

During the Independent Smallholder Assessment stakeholder consultation was conducted involving internal and external stakeholders. Prior to the assessment external stakeholders were notified by posting the Stakeholder Notification letter on the RSPO website, BSi website and WAGS page under Wild Asia Oil Palm website for 30 days. During the stakeholder notification period, BSi did not receive any feedback from stakeholders during the 30 days notification period. During the assessment meeting were held with internal and external stakeholder in the absent of the group members and group management to allow the stakeholders give their feedback freely.

During the stakeholder meeting, the stakeholders were asked open end questions to seek feedback on the performance of the Independent Smallholder Group's performance with respect to RSPO requirements and aspects that they consider need improvements. Issues discussed were related to legal issues, land ownership issues, agriculture management practices, environment and social performance. Stakeholders included are those immediately linked with the operation of the Independent Smallholder Group such as workers, group members, family members, and village head, and school teacher, government officials from agriculture office, land office, district office and representatives from the partnering mill. Stakeholder consultation took place in the form of meetings and interviews without the present of the group management members and interview with workers was without the present of the smallholder member.

It is noted that during the Independent Smallholder assessment there was no negative comments or complaints received. Issues raised and discussed are summarized in section 3.5. The list of stakeholders contacted is included as Appendix C.

2.5 Date of Next Surveillance Assessment Visit

The next surveillance assessment visit is planned before the first anniversary of the RSPO approval of the initial certification.

3. ASSESSMENT FINDINGS

The assessment findings are reported in two parts. Section 3.1 is referring to the finding based on the Final Documents of RSPO Principles & Criteria for Malaysia (MY-NI) Indicators and Guidance as approved NI dated 26 April 2008 including smallholders NI Approved by the RSPO Executive Board on November 2010.

Section 3.2 is referring to the findings of the Independent Smallholder assessment based on RSPO Standard for Group Certification: Final Approved July 2010.

Both findings include the assessment of the independent smallholder members, group manager, group management committee, Internal Control System and supply chain elements.

During the Independent Smallholders assessment there was a major non conformity identified. There was a minor nonconformity along with two observations was raised during the initial certification audit. The major nonconformity was closed prior to the recommendation for certification.

The group manager submitted corrective action plan for the minor nonconformities. The corrective action plan is sufficient to address the minor nonconformities. The progress of the closing out of the minor nonconformities and observation will be verified during the next annual surveillance assessment.

Based on the findings during the Independent Smallholders assessment, BSi conclude that Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran, Group Manager and Group Members comply with the RSPO requirements for the independent smallholder group certification.

BSi recommends that Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran approved as a RSPO Certified FFB producer and Sustainable Palm Oil.

3.1 Summary of Findings

(Based on the Final Documents of RSPO Principles & Criteria for Malaysia (MY-NI) Indicators and Guidance as approved NI dated 26 April 2008 including smallholders NI Approved by the RSPO Executive Board on November 2010).

Principle 1: Commitment to transparency

Criteria 1.1 Requirements for Independent Smallholders

Group managers must provide documents showing compliance with Section 2.1 of the RSPO Standard for Group Certification as well as a continuous improvement plan (8.1). Group managers must ensure that each participant smallholder is provided a copy of the agreements between them and group (criterion 1.2) and

up-to-date records of sales and prices of their produce (6.10).

Group managers should also provide all group members with simplified training materials in a language understood by the group members on:

- IPM and safe use of agro-chemical use (4.6)
- Health and safety plan (4.7).
- Plans and impact assessments relating to environmental and social impacts (5.1, 6.1, 7.1, 7.3).
- Pollution prevention plans (5.6).
- Details of complaints and grievance procedures (6.3).
- Procedures for pricing and grading members FFB (6.10)

Official versions are kept centralized at group manager level for reference and all group members are made aware of this. Training shall be identified and provided where appropriate in relation to these documents (see 4.8).

Group manager compiled all the relevant documents to show compliance to criteria 2.1 and Continuous Improvement Plan for the group which includes minimising the use of paraquat and eliminate within 5 years. Continuously implement all the oil palm best practices among all the group members. Copy of agreement is given to all members. Record of FFB sales for the 2012 is available. Latest up-to-date records are available until May 2013.

Further to the above records of request from group members and response are recorded as well. Farm records book has a page to record any guest visiting the farm. The group members are aware that they need to records any information given to stakeholders. Group manager have separate record when the information is forwarded from the group management to the group members and stakeholders. These records also incorporated with visitor's information and information given to them. The group members and group management maintain these records for five years as per the internal document control.

Criterion 1.2: Requirements for Independent Smallholders

Group managers must also have shared and explained the relevant RSPO standard for Sustainable Oil Palm Production as set out in this document or in an approved national interpretation to group members. Group smallholders have agreements with the group managers.

Group managers have shared and explained the relevant RSPO standard for Sustainable Oil Palm Production through training on 16/5/2013 and 22/5/2013.

Group smallholders have agreements with the group managers. There are 42 agreements for all the members sited and each member has a copy with them.

All members have ownership to the land in the form of land title and PT (Permohonan Tanah) to demonstrate

their right to use the land. Stakeholder interview with the land department officer in Beluran District confirm that all the group members at Toniting village have no any issues of land disputes.

Group Manager have documents with details of land title and evidence of land use rights, location map and farm layout of the group members plots/blocks, application and agreement between the group manager and group members, internal audit documents, registration of the group with the local authority, safety and health plan, simplified Social Impact Assessment, details of complaints/grievances, negotiation procedures, simplified budget for the group, group policies, copies of relevant government law, agriculture manual covering oil palm best practices, farm operation and production records, training records, FFB sales records and continuous improvement plans. All group members are given a copy of the relevant management documents including agreement with Group Manager. Group documents and records are maintained for a minimum of five years.

Group manager share the information related to RSPO requirements for Sustainable Oil Palm Production with the group members and explain to them in local language. This is also explained in the group sustainability manual. Simplified version of RSPO requirements were shared with all group members.

Principle 2: Compliance with applicable laws and regulations

Criterion 2.1 Requirements for Independent Smallholders

Group managers must hold an up-to-date list of applicable laws, which is known to be available for reference by group members, through periodic assessments, group managers must ensure smallholders can show evidence of compliance with all relevant legal requirements including the acquisition or holding of lands. Group smallholders should be aware of and understand the intent of applicable laws and regulations. More detailed guidance must be given in the national interpretations.

Group manager and group members have adequate knowledge regarding legal requirements related to their operation. Implementation of the related legal requirements relevant to oil palm cultivation, including those related to the group activities are checked regularly by group manager and through the local district government agriculture extension officer and MPOB. This was revealed by the agriculture officer from MPOB and Agriculture Department in Sandakan during interview.

The group manager and the field program coordinator regularly provide an up-to-date list of applicable laws and regulation to ensure the group and members aware of the latest regulations. The sub-district agriculture extension officer from MPOB regularly inform the smallholders when there is any changes in the law relevant to oil palm cultivation. During this initial certification it is noted that external assistance and training was given by Wild Asia and MPOB including preparing list of relevant documents to ensure the group

management understand the requirement of this indicator.

Sample of legal documents were checked in the group office during Internal Control System audit. The group manager ensures that group members abide to the relevant and significant laws and regulations such as the use of legally registered herbicide and tax payment for the sales of FFB. Group manager monitor the group member by checking their compliance with any relevant law and regulation prior to joining the group and during internal audit. Group management hold a list of relevant, significant and up-to-date laws and regulations.

Baseline assessment conducted in early May 2012 to assess legal compliance. Each time a membership application is receive, a baseline assessment which includes legal compliance is conducted. Through the baseline and Field internal assessment, latest legal compliance was assessed on 21/3/2013 covering land ownership (WAGS 017), Licensing and permits (WAGS 002), Vehicle registration (WAGS 017) Labour Issues etc.

List of applicable laws available includes MPOB (Licensing) Regulations 2005, MPOB Act 1998 (Act 582), Land Ownership (Land Ordinance Sabah Cap. 68), Land Acquisition Ordinance (Sabah Cap.68), Commercial Vehicle Licensing Board Act 1987, Road Transport Act 1987, Wildlife Conservation Enactment 1997, Wildlife Conservation Act 2010, Sabah Biodiversity Enactment 2000, Environmental Quality Act 1974, Environmental Quality (declared Activities) (open Burning) order 2003, Labour Ordinance (Sabah Cap.67), Labour Ordinance of Sabah (Amendment) Act 2005, Immigration Act 1959/63 (Act 155) and its Amendment 2011, Passport Act 1966 (Act 150), Minimum Wage Order 2012, Workmen's Compensation Act 1952 (Act 273) and its Amendment 2013, EPF Act 1951 (Act 272), Minimum Standard of Housing and Amenities Act 1990 (Act 446), Pesticide Act 1974 (and Amendment 2004) and List of Approved Agrochemical, Pesticide Registration Rules 2005, Pesticide (Licensing for Sale and Storage) Rules 2007, Pesticide (Labelling) Regulations 1984 (Appendix II states that can bury the empty container).

Sample license checked was MPOB license number 286593 – 801000 belongs to member Rideley (member number 025) valid until 30/4/2015. Other members have similar valid license.

Changes on the law are tracked by the Group Manager and Technical officer through website www.lawnet.com.my and through WAGS Management system –WAGS guideline on Legal Requirement (WAGS Guidance Document number G06).

Criterion 2.2 Requirements for Independent Smallholders

Group Managers have maps or other documents showing the lands held by group smallholders and can

show these lands are not claimed or contested by third parties with legitimate claims. National interpretations must identify what kinds of documents are needed to show compliance.

Documents that should be publicly available include, but are not necessarily limited to:

- Land titles
- Land application
- Land use right
- Quit rent
- Land agreement

It is noted that the land was initially developed as a native traditional farming land from the government for many years ago from generation to generation and handed over to the family members. Initially in 1970 - 1980s this area was logged by logging company by the name Kawada. Subsequently Toniting village was developed in 1984.

All the group members have maps, farm layouts and evidence showing legal land ownership in the form of land title and land use right. The land is owned for many generations and being used for agriculture. There are two types of land ownership noted and the ownership comes with particular rights or term of use. Types of ownership checked are native land title and land use right (PT – “Permohonan Tanah”) which was informed by the officer from the land department that the oil palm smallholders in Toniting village are recognised by the government. Group members understand the terms of the ownership and able to explain the history of the land use prior to oil palm planting. These details are made available to the group manager prior to joining the group. Sample checked was belongs to Elizabeth Japari (member number 009) was holding native land title number 083037503 since 1/1/1987 for 6.121ha with map/drawing plan number 08126985 with term of use for oil palm cultivation.

Group manager ensure that group members lands are not claimed or contested by any third parties or local communities and there is no violation of customary rights. There is no dispute noted during this assessment and no issues were raised by the stakeholders (such as communities, land department officers, MPOB or Agriculture Department officers) during interview. There were no encroachment issue or land disputes concerning the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran and its group members were highlighted by the government land officer and district officer. Group manager have negotiation procedure to address any conflict if identified.

Criterion 2.3 Requirements for Independent Smallholders

Group managers can show that lands acquired for group smallholders do not diminish legal or customary rights of other users. Where others' customary or legally owned

lands have been taken-over there is documentary proof of transfer of rights (eg sale) and of payment or provision of agreed compensation.

Group manager collect farm layouts from individual members and establish a common farm layout for members. This is available on the farm record book and copy maintained through Internal Control System. Members whose land acquisition is by obtained from legal purchase, group manager checks the documentary proof of land holding rights such as transfer of land rights, purchase of land, payment and other agreements based on the details provided during application to join the group.

During the field visit the boundary stones and markings were inspected. The boundary is based on the type of land ownership. Clear boundary stone as required by local regulation and clear marking available in the field. No dispute was noted during interview with the neighboring plot owners and community. There were no encroachment issues noted or highlighted by the stakeholders who were interviewed during the stakeholders' consultation.

Principle 3: Commitment to long-term economic and financial viability

Criterion 3.1: Requirements for Independent Smallholders

Group managers have a documented annual business plan which shows economic benefits for the group (and set out expansion plans – see 7.1). This plan is shared with group members in an appropriate format.

The group manager and the producer group committee with participation from members developed estimate income and expense document for the group in the form of an annual budgetary plan. Initially this was initiated and guidance was given by the Wild Asia. Annual budget is used as guidance by the group manager and group members to ensure management plans in the budget are implemented to achieve the economic financial outcome. The annual budget includes operational cost and revenue, production and target, cost of production, cost of replanting and allocation for the continuous improvement in farm practices. Cost of RSPO certification and RSPO membership is included as well.

There is projected income from sales of GreenPalm certificates once certified. The expenses include cost of training, internal and external audit. The group manager also set out plans for accepting new prospective members. Consideration is also given to members who wish to expand the plantation areas. Group manager and the management committee give advice for the group members to develop their own annual budgetary plan. Individual members have their own budgetary plan which covers their oil palm farming activities.

It was highlighted that the replanting is assisted by MPOB through MPOB's replanting program. MPOB provides seedlings and prepare the land during replanting to help the smallholders. The replanting takes place at the palm age of 25 - 27 years. This is mainly

depends on the financial availability and MPOB's facility to carry out the replanting.

Principle 4: Use of appropriate best practices by growers and millers

Criterion 4.1: Requirements for Independent Smallholders

Group Managers can show how they document, monitor and manage the implementation of best practices by group smallholders in accordance from the internal assessment of members from Group Managers, Group Managers should ensure that group smallholders can show evidence of compliance. Training should be provided under 4.8.

The independent smallholder group was given external support from Wild Asia and MPOB in developing their own agriculture guidance covering oil palm management, manuring guidance, good agriculture practices, farm record books and training materials which includes safe working instructions for all type of work. The group also have Good Agriculture Manual from MPOB. Group manager and ICS administrator ensures that all group members have simplified copy of these practices/guidance and regularly collect the information recorded in the farm record book. The evidence of the practices are followed up and checked through the internal assessment by the Technical Officers from WAGS.

Initially the independent smallholders were receiving farming advises from local agriculture extension officers from MPOB through "TUNAS" officers and agriculture officer from the Agriculture Department through Female farm Group "Kumpulan TANI Wanita". These officers regularly check the farming activities. Since the formation of the group, the group manager and Field Program Coordinator to ensure that the good agriculture practices are implemented by group members. This is checked through internal audits and monthly field visit/inspection by the farm advisers to selected members plots.

The group organises regular training for the group members in order to review and enhance their knowledge on good agriculture practices. During the assessment it is noted that farm record book is updated by the group members. These records includes FFB harvesting and sales, fertilizer application, grass cutting, herbicide application, rainfall records, training attended, advise received from farm adviser and guest visit details.

Internal RSPO audit was carried out and corrective action plans are prepared for any findings and it is checked during the subsequent visits. Group members carry out daily monitoring through field inspection. It is a routine that the members prepare monthly records and send to the ICS administrator for record updating purpose.

Criterion 4.2: Requirements for Independent Smallholders

Group Managers can show how they carried out training with group smallholders to explain best practices to

maintain soil fertility (see 4.8) and monitor and verify effective implementation.

The fertilizer recommendation was given by the MPOB's "TUNAS Officer" based on the data available to the MPOB officers. There is very limited accessibility to carry out Leaf sampling and leaf analysis due to the cost factor and the group is unable to cover the group during this initial stages. During the preparation period for the RSPO assessment, Wild Asia brought agronomist and external experts with more than 30 years plantation experience to visit and give advice on best practices to maintain soil fertility. The expert visited the independent smallholders and their plots for visual inspection prior to the fertilizer application recently on 12 January 2013.

Subsidised fertilizer supplied by MPOB during the replanting and immature stage. Other members buy their own fertilizer. Fertilizer application is recorded in the farm records book each time fertilizer is applied. Inspection to the farm record book shows that group members apply at-least three rounds of NPK compound fertilizer annually. Most of the group members last applied with NPK compound fertilizer at the rate of 2.50kg/palm. There are two group members apply EFB compost about 45 – 100mt annually. Most of the group members are unable to apply EFB due to the high transport cost.

External training is provided to group members to explain the importance of best practices for soil fertility maintenance and the need for fertilizer recommendation, application method, quantity and frequency.

Criterion 4.3: Requirements for Independent Smallholders

Group Managers can show that they have carried out trainings with group smallholders to explain best practices to minimise and control the erosion and degradation (see 4.8) and monitor and verify effective implementation.

During the field visit it is noted that only selective and circle herbicide spraying carried out. Soft grass and soft weeds are maintained to minimize erosion during heavy rainfall. Erosion is also controlled through frond stacking along the inter-row to minimize the speed of the running surface water during heavy rainfall. It is also noted that some farmers constructed silt pits in the field to minimize erosion and as a water conservation method. Immature area covered with soft grass and no significant bare ground.

Majority soil is clay loam with mix of gravel. There is no peat or fragile soil. Terrain is flat to undulating. Road are well maintained because there is no heavy trucks using these roads. FFB is transported with 1mt pick up vehicles to the palm oil mill and collection ramp. Plots are close to government roads.

Criterion 4.4: Requirements for Independent Smallholders

Group Managers shall ensure that group members are maintaining riparian buffer zones and not contributing to water quality degradation. This is monitored and overseen by the Group Manager.

During field visit it is noted that some of the group members' plots are nearby water course. There were plots close to river and natural streams. Natural buffer zones already exist along these waterways with natural vegetation and gazetted by the government. This buffer is monitored by the local government officers. No chemical treatment carried out along the buffer area. No planting of palms closed to the streams and water course. These buffer zones are seen with heavy natural growths and forming a natural biodiversity area.

Group members are provided with knowledge on maintaining the quality and availability of water resources such as maintaining buffer zones by avoiding spraying and maintaining natural vegetation.

Criterion 4.5: Requirements for Independent Smallholders

Group managers should provide regular training to group smallholders in IPM techniques (incorporating cultural, biological, mechanical or physical methods – see 4.8) to minimise use of chemicals and provide appropriate assistance for application. More detailed guidance should be given in the national interpretations.

IPM is documented in the MPOB agriculture manuals used as guidance document beside notes from the external consultants/agronomist. This manual describes all the IPM techniques and methods to be used by the group members in managing oil palm pest and disease. The techniques include prevention through planting beneficial plants such as tunera subulata. The planting has been initiated and nursery has been established to propagate the plants.

Group manager provides knowledge to group members to understand the IPM techniques such as biological control for pest. Initially the training was conducted by Group Manager and external agronomist beside advice from MPOB's "TUNAS" Officers. Manuals related to IPM practices kept in the group office and simplified copy is distributed to group members. Group members aware how to identify pest attacks if any by conduction visual observation. Group member aware of IPM and planting of beneficial plants such as tunera subulata will help in preventing pest problem. The planting has been initiated and nursery has been established to propagate the plants. They are also aware of the benefit of barn owl. During field visit it is noted that there is no serious pest attack.

There is no pesticide usage noted during this assessment. Agrochemical used mainly is herbicide for the circle and selective weeding.

Criterion 4.6: Requirements for Independent Smallholders

Group manager's records will also show:

- list of all agrochemicals used by group members documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat is reduced and/or eliminated and alternatives identified where possible by the

group manager in accordance with the dangers identified of these chemicals.

- Note: Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007.

Agrochemicals used are legally registered in accordance to the local law and regularly checked by the Field Program Coordinator. It is noted that only approved and registered agrochemicals are used.

There is no type 1A and 1B agrochemical used. The group members aware of the requirement in RSPO related to use of paraquat. Paraquat was last used February 2013 and the group members are using glyphosate as alternative. No blanket spraying noted during the fields visited.

Record of Agrochemical used for the targeted weeds with appropriate dosage as per the recommendation on the label is recorded in the farm record book. Record shows date, type of herbicide used and quantity used. PPE is implemented and given by the group member to spraying worker if they hire outside worker. Most of the spraying is carried out by the group members themselves. The applicator and the group members involve in spraying have annual medical check up at government clinic. No female workers or female family members and children involve in handling chemical. Interview with village head, neighbouring farmers and family members confirm that there are no female and children handle chemical spraying.

Majority of the group members do not keep any stock. Those members using agrochemical collect the empty containers and kept in the store because unable to get authorized collectors and sometime they return back to the dealer/seller who subsequently disposed through authorized collectors. During the consultation with the officers from the Sandakan Agriculture Department (Jabatan Pertanian Sandakan) it was informed that their department can help the smallholders to collect the empty containers. This information was given to the Group Manager and the group members during discussion with them.

Interview with group manager and group members reveal that there is no toxicity case. Toxicity is the degree to which a hazardous substance can damage an organ such as the liver. It was noted that since the establishment of oil palm in this village there were no any case where anyone had agrochemical toxicity. Record of training available, conducted by Group Manager, agrochemical supplier, local district agriculture extension officers, MPOB officers and by external expert who was brought by WAGS.

Criterion 4.7: Requirements for Independent Smallholders

Independent smallholders need not have a formal health and safety plan but should ensure working practices for all workers are safe.

The group has simplified health and safety plan described in the groups guidance document and which used as a guidance document for matters related to health and safety. This is prepared by Wild Asia. Simplified information is provided to all group members. This plan includes training programme developed by the group manager. This information is shared with all the group members to ensure the group members attend the required training. Group Manager, Field Program Coordinator and field officer ensure that group members implement the safety aspects in their daily activities.

To ensure safety at work, guidelines on accident and emergency procedures are available and briefed to all group members. During assessment it is noted that there is no any major accident. This was confirmed by the stakeholders interviewed, surrounding farmers, group members and workers. Only common minor thorn pricks cases highlighted by workers. Safety measures explained to workers by group members and included in safety training. Interviews with workers confirmed knowledge of the plans and procedures for emergency.

A major nonconformity was raised due to lack of safe working practices related to agrochemical storage. Among the 7 group members assessed, it was noted that group member Helen Binti Rantau (membership number: 039) and Fatimah Jalal (membership number: 041) have balance herbicides stored in the storage area. However, inspection to the store found that the chemical stores are not securely locked and kept with tools. The nonconformity was addressed by the group by constructing separate store and locked securely. The nonconformity was closed.

Criterion 4.8: Requirements for Independent Smallholders

Group managers should raise awareness on relevant issues and identify training needs and provided to smallholders where needed. Areas for assessment of training include:

- The functioning of groups and the responsibilities of group members
- The relevance of the RSPO standard
- Legal compliance (see 2.1)
- Operating procedures (see 4.1)
- Soil and water management (see 4.2, 4.3 & 4.4)
- Integrated Pest Management (see 4.5)
- Agrochemical use (see 4.6)
- Occupational Health and Safety (see 4.7)
- Use of fire and relevant regulations (see 5.5)

Annual training programme is developed by the group manager to cover all group members. Group members conduct briefing to their workers if any. There is no contractors involve in the group members activities. Training includes awareness on relevant RSPO standard,

legal requirements, SOP, soil and water management, IPM, agrochemical use, OSH, farm record keeping, Good Agriculture Practice and functions of group members and responsibly. Training records are documented in the individual farm record book. Internal auditor training was conducted in March 2013. There are 4 existing internal auditors who were trained to carry out the internal auditing requirements and process. The three internal auditors have competency.

Training provided to members includes simplified material to cover:

1. Guidance for Farm Management and Sustainable Oil Palm Management conducted on 16/5/2013 and 22/5/2013.
2. Introduction to Wild Asia and RSPO requirements for production of sustainable palm oil conducted on 10/6/2012 and 9/11/2012.
3. Documentation Training was distributed to members on 19/9/2012, 25/9/2012, 27–30/9/2012. 1/11/2012, 13/11/2012, 15/11/2012,
4. Health and Safety Training, Safe Chemical Handling and IPM Training were conducted on 6/10/2012.

Besides the internal training, the local MPOB and Agriculture Department Officers conduct training on Good Agriculture Practices.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

Criterion 5.1: Requirements for Independent Smallholders

Group managers must undertake and document an impact assessment, developed with the participation of smallholders and local communities that includes all the group smallholdings and sets out appropriate actions to address each impact identified when:

- Replanting or expanding smallholdings.

Clearing remaining natural vegetation and the need to avoid the use of fire (see 5.5).

The external supporting team from Wild Asia organised the SEIA and HCV assessment covering the Independent Smallholder Group.

Environmental and Social Impact identification was carried out by the competent members from Wild Asia which covers the activities during the initial planting of oil palm by interviewing the neighbouring farmers and community. This study was supported by Wild Asia experts from Kuala Lumpur with experience in HCV assessment and well trained personals. The significant positive impact identified was increase in family and workers income. Since oil palm is less labour intensive, the group members have more time to spend with family and better quality of life. Through this study, the group members are also made aware of the possible negative impacts such as contamination of agrochemical if not used appropriately.

Group manager and group members are also aware that they must undertake environmental impact assessment by consulting members and community when replanting

take place, the group members expand their land holding and clearing the remaining natural vegetation.

Criterion 5.2: Requirements for Independent Smallholders

Information on protected species and habitat with high conservation values may be obtained from smallholders' organisation and relevant government institution and competent NGOs.

At initial stage of forming the independent smallholder group, Wild Asia collected information related to HCV habitat within and adjacent area with the group members plots. It is noted that the group members' plots were cultivated with oil palms. There is no any kind of HCV or RTE identified within and adjacent boundary area. Adjacent area is also planted with either oil palm or other agriculture crops except the Bidu Bidu forest area adjacent to the smallholders' plots.

Documented list of RTE and protected species was prepared based on the local government regulation. This list is available to all the group members. Although there is no HCV area or RTE within and adjacent area, interview with group manager and members reveal that they are able to name RTE species (i.e. Elephants, Rhinoceros and Deer) and aware of the regulation. Training on HCV was given to all group members by WAGS Group Manager and Wild Asia officers.

Criterion 5.3: Requirements for Independent Smallholders

Group Managers shall ensure that group members have identified all waste and are disposing these in a responsible manner. This is monitored and overseen by the Group Manager. There should be appropriate disposal of hazardous chemicals and their containers. Surplus chemical containers should be disposed of such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to.

Waste products have been identified and documented. Waste product mainly includes empty agrochemical containers, fertilizer bags and farm waste such as palm frond. Those group members using herbicide avoid pollution by collecting empty herbicide containers and all the members collect fertilizer bag. This is disposed through the seller. These containers subsequently sent to authorised collectors by the sellers. Fertilizer bags are washed and reused for loose fruit collection. Palm frond is stacked in the field as an organic fertilizer.

Criterion 5.4: Requirements for Independent Smallholders

Not applicable to independent smallholders.

This criterion is not applicable to Independent Smallholders Group and members.

Criterion 5.5: Requirements for Independent Smallholders

Independent smallholders should not practice open burning during replanting unless with permission from Department of Environment (DOE).

Group members are aware that they cannot use fire for land preparation during replanting from oil palm to oil palm or from any other crop. Zero burning techniques have been explained to group members through internal training by WAGS and representatives from MPOB. During field visit there is no evidence of any kind of burning signs noticed. Interview with stakeholders' i.e government officers, village head and neighbouring farmers confirmed that fire is not used.

During the interview, the group manager and group members highlighted that there are no pest and disease problem. So the use of fire during replanting is unlikely. However they are aware that fire is only permitted in special cases which involve elimination of pest and diseases where recommendation from relevant government agencies must be in place prior to use of fire.

Household waste is disposed through government municipality waste collectors. No open burning of household waste was noted during the field and facility inspection.

Criterion 5.6: Requirements for Independent Smallholders

This criterion is not applicable to group smallholders.

This criterion is not applicable to Independent Smallholders Group and members.

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills

Criterion 6.1: Requirements for Independent Smallholders

Group managers must be able to demonstrate that group smallholders participated in the development of a simplified impact assessment for their group holdings. Group managers must provide:

- A documented simplified social impact assessment on these factors:
 - Right to land use and access
 - Income (e.g. daily workers) and working condition
 - Livelihood activities
 - Cultural and religious values
- Evidence that the assessment has been done with the participation of group smallholders, local communities and stakeholders.

A timetable with responsibilities for mitigation and monitoring, reviewed and updated as necessary, in those cases where the assessment has concluded that changes should be made to current practices.

The group manager and the group members assessed able to explain the social impacts of their operations. They have not received any complaints regarding their operation.

Through the assistance from Wild Asia, SEIA was conducted for the whole group involving group management, group members, surrounding farmers, communities and other internal (i.e. family members and relations) and external stakeholders (palm oil mill, suppliers and workers).

The SEIA was conducted by competent persons from Wild Asia as a pilot SEIA involving the Independent Smallholder Group. The Social Impact Assessment includes detail on positive and negative effects and documented affected parties with a time table with responsibility for mitigating any negative impacts.

Criterion 6.2: Requirements for Independent Smallholders

Group managers must have documentary evidence that they have clear, implemented procedures for regular communications with, and assessments of, group smallholders in line with the requirements of the RSPO Standard for Group Certification and liaise with local communities.

Procedure on open and transparent system of consultation and communication with local stakeholders and external stakeholders is available. An identified line of communication is developed for the group. The group's field program coordinators communicates with the producer group committee and members in providing technical advice and ensures communication between the group members is effective.

Records of communications and consultations are available at the group ICS. Stakeholder lists are available and up dated. Record of request and action taken is recorded. The group manager communicates with the stakeholders.

Criterion 6.3: Requirements for Independent Smallholders

Independent smallholders should be able to respond to complaints that are raised by neighbours or stakeholders.

Complaints and negotiation procedures is available in the sustainability manual. Group manager and members are aware of the procedure. Suggestion/complaint box is placed at the group meeting area at the "Balai Raya" for the members and stakeholder to send their grievances if any alternatively they can directly meet up with the field program coordinator. Stakeholders are aware of this procedure. This was confirmed by stakeholders during interview.

During the assessment it is noted that there are no complaints launched to the group management.

Criterion 6.4: Requirements for Independent Smallholders

Independent smallholders can demonstrate that they have paid compensation to prior legal or customary rights-holders through a system that enables stakeholders to express their views through their own representative institutions.

Group manager and group members aware of procedure for negotiations for any lost of legal and customary rights. There are no any issues related to loss of legal right to land because the group members are having their own land ownership documents. Stakeholders interviewed did not raised any issues related to compensation or lost of legal and customary rights.

Criterion 6.5: Requirements for Independent Smallholders

Independent smallholders with formal employees must comply with national or ratified international legislation protecting workers' rights, pay and condition. For temporary workers (except casual workers) work conditions should be in accordance with mutual verbal agreement made transparently and freely.

There are no permanent workers hired for oil palm operation. Temporary or seasonal workers are hired during harvesting, maximum twice per month and sometime for herbicide spraying. Contract between workers and group members are made verbally and accepted with transparently with freedom of choice by the workers. Interview with workers reveal that they know the group member for many years and they accept and prefer verbal agreement because of the good relationship with the smallholders. Pay is determined by task. This was confirmed by the workers during interview. Harvesting was paid RM39/mt, agrochemical application was paid RM30/ha and pruning was paid RM1/palm.

Wage payment is documented. Workers sign to acknowledge receiving their wage. Interview with workers reveal that they receive wages without any deduction. Workers have their own housing. Payment record dated 21/3/2013 amounting RM900.00 was checked and verified with the worker.

Criterion 6.6: Requirements for Independent Smallholders

This criterion is not applicable to group smallholders.

This criterion is not applicable to Independent Smallholders Group and members.

Criterion 6.7: Requirements for Independent Smallholders

Group managers will train group smallholders in the national and ratified international legal requirements for avoiding the use of child labour.

Work by children on family smallholdings is only acceptable under adult supervision and when not interfering with education programmes and if permitted by national and ratified international laws.

Group members are provided with training and briefing to understand the requirements of national labour law and labour protection and RSPO requirement related to child labour. Group manager and group management committee ensure that group members are not employing any child labour. Interview with surrounding farmers and community reveal that there is no child labour hired. There are no group members children work in the farm. Children's education is given priority. This was confirmed by the school teacher during interview.

There is a documented group policy not to hire child labour.

Criterion 6.8: Requirements for Independent Smallholders

Group managers must provide training to group members about the need to avoid discrimination in the recruitment and employment of workers employed by, or to assist, smallholders.

There is a statement available for equal opportunities commitment. No evidence of discrimination among workers was noted. Workers are treated equally with regard to working opportunities. This was confirmed by workers interview and feedback from stakeholder.

Criterion 6.9: Requirements for Independent Smallholders

Group managers must provide training to group members about the need to prevent sexual harassment and the abuse of women among both smallholders and any workers employed by them.

Statement on preventing sexual harassment and violence against women and protection is documented as one of the group commitment. The grievance mechanism to address sexual harassment issues is available and members have access to this process. Interview with workers, female family members and external stakeholder reveal that there is no any kind of harassment took place.

Criterion 6.10: Requirements for Independent Smallholders

Group managers must ensure that:

- Current and past prices paid for FFB are freely available to group members and other parties.
- Fair and transparent mechanisms must be established to pay members and other parties for their FFB
- Agreed payments are made in a timely manner.

Transactions with group smallholders should deal fairly with issues such as the role of middle men, transport and storage of FFB, quality and grading, and inputs from family labour.

Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middle men are involved.

The pricing mechanism for FFB only can be assessed when the group decides to sell collectively through the Group Manager. At the moment all members have freedom to choose the mill of their choice to sell their FFB. The nearest mill is RSPO certified Sapi Palm Oil Mill. There is no any partnering between this group and the mill at the moment. The freedom to sell is maintained by the group members. The external ramp is belongs to the Sapi Palm Oil Mill and another one belongs to a FFB trader. The group is not purchasing any FFB from external source. According to the group manager, since this is a new group, they have no plan to make group sales. Group members directly deal with the mill and

ramp on price and they prefer to keep this freedom. Payment received individually and group members have evidence of receiving payment. These records are also given to ICS administrator for documentation and record keeping.

Criterion 6.11: Requirements for Independent Smallholders

This criterion is not applicable to group smallholders.

This criterion is not applicable to Independent Smallholders Group and members.

Principle 7: Responsible development of new plantings

Although there is no new planting at the time of assessment, this principle was assessed to assess the status of the planting after 2005. Group members' plots established after 2005 are not in primary forests or any area containing one or more High Conservation Value. These areas are formerly planted with oil palm and other agriculture crops. It is converted to oil palm because it gives better income to the family. To maintain stable family income, conversion to oil palm took place and was necessary to the farmers.

During this assessment it is noted that there are planting after November 2005- 2013 and this was area replanted from oil palm to oil palm and some area within the planted area was remaining area cleared for planting. This was confirmed through the land history records. Group manager and group members aware of RSPO requirement related to planting after November 2005. Since there are planting after 2005, principle 7 was assessed.

7.1 Requirements for Independent Smallholders

- In planning and acquiring new holdings, independent smallholders must identify and consult prior occupants and land users and ensure that proposed new plantings take into consideration relevant RSPO P&C.
- Smallholders with landholding of less than 40 ha should conduct impact analysis if required by national legislation.
- Independent smallholders consult relevant institution or agencies providing extension service for assistance in the analysis of impacts.

Group members have land use history and evidence of the previous use. Previously this land was used for oil palm and remaining area within the planted area.

A baseline assessment incorporating the SEIA was conducted by Wild Asia through a participatory approach of group members and surrounding community. This study was conducted by officers from Wild Asia with experience in HCV assessment

The significant positive impact identified is increase in family and workers income. Since oil palm is less labour intensive, the group members have more time to spend with family and better quality of life. Through this study, the group members are also made aware of the possible

negative impacts such as contamination of agrochemical if not used appropriately.

Criterion 7.2 Requirements for Independent Smallholders

Where groups plan to expand their aggregate holdings by more than 500 ha. in any one year, group managers must ensure that these requirements are applied to all group members planning to expand their holdings or acquire new ones. National interpretations should include detail on peat depth.

Where groups plan to expand their aggregate holdings by less than 500 ha. in any one year only a simplified soil survey is required (see 71.)

The soil suitability advice is given by the MPOB Tunas Officers based on the MPOB's survey. It is a main constraint for the independent smallholder members to develop a comprehensive soil map without the external assistance from the MPOB or other agriculture departments due to the technicality and cost.

7.3 Requirements for Independent Smallholders

Group managers must ensure that this criterion is applied to group smallholdings.

This criterion also applies to independent smallholders who later seek to become members of smallholder groups seeking certification.

Prior to accepting members into the group, Group managers consult relevant local sub-district agriculture officials to ensure that the members who are accepted into the group with planting after 2005 are not replaced any primary forest or any area required to maintain or enhance one or more HCV. Group manager also checks the land use history. Records shows planting are carried out by replacing previous agriculture crops and evidence available are such as land use history, legal land rights and land use rights. Interview with surrounding agriculture land owners and plantation reveal that there is no primary forest or HCV.

Criterion 7.4 Requirements for Independent Smallholders

Where groups plan to expand their aggregate holdings by more than 500 ha. in any one year, group managers must ensure that no new lands are acquired by existing group members on steep terrain and/or on marginal and fragile soils.

Planting after 2005 is from previous agriculture land with flat to undulating terrain. There is no steep terrain or marginal fragile soil.

Criterion 7.5 Requirements for Independent Smallholders

Group Managers engages with indigenous people and local communities prior to the development of new oil palm plantings, and where the lands are encumbered by local or customary rights, these must be negotiated to reach settlement agreed by both parties. All negotiated agreement must be well documented for a long-term benefit for all parties.

The land ownership documents show that the land belongs to the group member who has planted on his

own land. Any purchase was transferred to the new owner through voluntarily and adequately paid in accordance to local law.

Criterion 7.6 Requirements for Independent Smallholders

For Independent smallholders and smallgrowers, evidence may be in the form of letter of agreement from indigenous people and local communities, which is acknowledged or approved by the head of indigenous people/village head or in accordance with local regulations. See C7.5 above.

The land ownership documents i.e. land title and land use right documents show that the land belongs to the group member who has planted on their own land. Transfer of rights is mutually agreed through legal process.

Criterion 7.7 Requirements for Independent Smallholders

Group managers must ensure that no fire is used to establish new plantings.

Fire should be used only where an assessment has demonstrated that it is the most effective and least environmentally damaging option for minimising the risk of severe pest and disease outbreaks during the preparation of new plantings, and with evidence that fire-use is carefully controlled.

National interpretation should identify any specific situations where such use of fire may be acceptable, for example through reference to 'Guidelines for the implementation of the ASEAN policy on zero burning', or comparable guidelines in other locations.

During field visit to immature area shows that no fire was used when previous crop is replaced with oil palm. This is also confirmed by the MPOB agriculture officer and neighboring stakeholders such as Sapi Plantation management members.

Principle 8: Commitment to continuous improvement in key areas of activity

Criterion 8.1: Requirements for Independent Smallholders

Group managers must develop an action plan for continual improvement, developed in a participatory manner with group smallholders, based on a consideration of the main social and environmental impacts and opportunities of the smallholdings, and should include a range of indicators covered by these principles and criteria.

The continuous improvement plan includes training enhancement to the group members focusing on best agriculture management practices. The Group Manager in consultation with the group members developed improvement plan based on the social and environmental impacts. This includes maintaining the best oil palm practices through continuous training, further improve group members farm records, minimise herbicide usage through grass cutting and encourage new members to be part of the group. The main focus of the group is to assist members to plan replanting the

older palms. The status of the improvement will be assessed during the surveillance assessment.

3.2 Summary of Findings

(Based on the RSPO Standard for Group Certification: Final Approved July 2010 reference to requirement for the Group Manager, Group members, Independent Smallholders group structure, Internal Control System and FFB Supply Chain Elements.

During the WAGS Independent Smallholder Assessment, the group manager and a sample of group members were assessed against the compliance to the requirement of RSPO Standard for Group Certification. Sampling of the member is explained in the section 2.3 above. It was assessed how the internal control system documentation and mechanism supports the group members, controls the group members' sustainable oil palm management, monitors the group members through internal assessment to ensure they meet the RSPO requirement for group certification and assessed the supply chain element of the FFB produced and sold.

Requirement 1.0: Group requirements. Producers can form or join a group for group certification. The organisation and its members shall demonstrate their ability to meet the RSPO Standard for Group Certification and the relevant RSPO Standard for Sustainable Palm Oil Production

1.1 Group Elements

The Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran is an Independent Smallholder Group formed and trained to certifiable standard with support from external resources namely Wild Asia and MPOB. The group is managed by a Group Manager from WAGS and assisted by the Field Program Coordinator, Field Assistant and Producer Group Committee who reports to a central group management committee comprised by elected group members. The producer group committee operated through guidelines document dated 4 March 2013 comprise of group leader and 3 committee members. They are assisted by WAGS Field coordinator and supported by Wild Asia for technical issues through Wild Asia technical assistants. Responsibility of the producer group committee (Guideline G05), group manager, producer group leader, producer group committee members, group members, WAGS field coordinator and technical assistant includes Internal Control System administration (WAGS Internal Control System ICS_v8), Farm Advisory and person in-charge for social and labour issues, safety and health (Guideline G03), internal assessment, Environment and Oil Palm Management training (Guideline G01). The group manager is assisted by Internal Control System administrators to manage the group's management documents. The group manager ensures that the group members meet the requirement RSPO Standard for Group Certification. (1.1.1)

All the 42 members formally applied using the Application form WAGS 008 rev.1. Sample application form belongs to Rideley (member number 025) dated

19/2/2013 to join the group was checked. He went through an initial baseline audit on 19/9/2012. Once accepted to join the group, the members sign an agreement with the group manager to follow the group rules and meet the RSPO requirement for group certification. He was accepted to join the group through agreement document number WAGS ICS 009 ver.2 dated 8/5/2013. The application contains details of the group member name, photo, national identification card details, age, date applied, plot size, location address, planting year, details of land ownership and farm layout. Evaluation is made to the application by the group management through the baseline assessment and group manager through evaluation form prior to accepting as a group member. This is used as a group management document to monitor the group members for membership status, FFB production and transport, good agriculture practices and farm records. The approval is obtained from the group chairman prior to accepting members into the group. Once accepted, group member signs an agreement with the group manager using agreement form WAGS ICS 009 ver.2. (1.1.2)

WAGS have developed Producer Group Guideline Manual since February 2013 which was officially published to manage the independent smallholder group. This Producer Group Guideline Manual is used as a guidance to manage Internal Control System document. The Producer Group Guideline Manual includes the responsibility of Group Manager and ICS staff, group policy and objective, member application and registration procedure, training and competency, guidance for best farm practices and required records, safety & health, Environment and social assessment documents, document control guidance, internal auditing procedure and documentation required, and records required for the sales of FFB from the group members related to supply chain elements.(1.1.3)

It is specified that the maximum number of members that can be supported by the Group Manager and ICS is 4,700 members by the year 2017. It is noted that the Group Management has the capacity to manage the group with maximum of 4,700 members through the support from Wild Asia.(1.1.4)

1.2 Compliance with Standard

All the group members sign an agreement with the Group Manager to comply with the required RSPO Standard for Sustainable Oil Palm Production and RSPO standard for group Certification, accept the group rules, allow internal assessment by the Group Manager and external assessment by RSPO approved certification body.(1.2.1)

Group manager plan and implement training for the group members through guideline document number G09 dated 1 April 2013 which outlines objective, importance and RSPO requirements to support in achieving RSPO compliance. Group Manager is aware that once the prospective members are in compliance with the RSPO standard through baseline internal assessment before accepting into the group, they are formally included as a member of the group. The group

manager aware that until RSPO compliance is achieved through an initial certification assessment by external certification body, the FFB production from prospective member sites is not included to the total certified production of the group.(1.2.2)

All the 42 formal group members have agreement with the Group Manager committing to achieving compliance to RSPO requirements for group certification and code of conduct of the group. A copy of the agreement is kept at the ICS administrator and by the group members. Internal assessment is carried out to ensure that group members adhere to the internal requirement on group objective and policies. During this certification assessment there are prospective members waiting to be accepted into the group. That is why the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran have developed a time bound plan as a guideline to bring these prospective members into the group until 2017. (1.2.3)

Regular internal assessment shows that group members continuously committed to improve their compliance with relevant RSPO requirements by adhering to group rules and system. Recent internal assessment was conducted on 16 March 2013. Non compliance identified during internal assessment was addressed through corrective action to ensure compliance prior to the external assessment. Group members adopted best oil palm management practices introduced through group's Producer Group Guideline manual, training and agronomist visit (visit was conducted on 12 January 2013). (1.2.4)

1.3 The Group Manager of the Group shall demonstrate its capacity for managing group certification and performance assessment against the RSPO Standard for Group certification.

The group manager was initiated by the Wild Asia. The producer group committees are elected by group members and have the capacity to manage the group activities through guidance from the group manager, field program coordinator and the formation of the group committee. Decision making is through meeting with members. Latest meeting was held in May 2013 to discuss the preparation for the RSPO assessment. The group manager and WAGS is legally registered through Wild Asia Sdn. Bhd. (1.3.1; 1.3.2; 1.3.3)

Group policies are:

1. To produce oil palm in a sustainable way as per RSPO requirement.
2. To implement best management practices by considering safety and health to ensure safe working environment.
3. To treat all workers and operation related persons equally. No discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age.
4. Prevent sexual harassment, violence and protect the women's rights for reproductive. (1.3.4)

Group Objective:

1. To provide a platform for providing support to smaller independent producers.

2. To address the current gaps in the sustainable palm oil supply chain by strengthening relationships between small farmers, CPO mills, traders, and large corporations.
3. To provide the necessary technical assistance, training and capacity building for small farmer groups.
4. To produce sustainable oil palm by implementing the above policies.
5. To provide knowledge and skill to group members about sustainable palm oil production.
6. To plan and provide budget for strengthening long term economic and financial of the group. (1.3.4)

Responsibility of the group management comprising group manager, the producer group committee which operated through guidelines document dated 4 March 2013 comprise of group leader and 3 committee members. They are assisted by WAGS Field coordinator and supported by Wild Asia for technical issues through Wild Asia technical assistants. Responsibility of the producer group committee (Guideline G05), group manager, producer group leader, producer group committee members, group members, WAGS field coordinator and technical assistant includes Internal Control System administration (WAGS Internal Control System ICS_8), Farm Advisory and person in-charge for social and labour issues, safety and health (Guideline G03), internal assessment, Environment and Oil Palm Management training (Guideline G01). The group manager is assisted by Internal Control System administrators to manage the group's management documents. The Producer Group Committee members and Group Manager are able to communicate and write in local language. (1.3.4)

The Group Manager and his personnel able to demonstrate knowledge of the requirements of RSPO Standard for Sustainable Oil Palm Production, RSPO Standard for Group Certification, and internal group procedures and policies as stated in the producer group guideline manual. It is also noted that there is no conflict of interest in the group management structure and they are elected by the group members. (1.3.5)

The Group Manager through the farm program coordinator, field assistant, producer group leader and producer group representative monitor and evaluate all members regularly based on the monitoring schedule to ensure their compliance to the RSPO requirements. This is carried out through filed visit to the members' plots, check the farm records and collect the FFB sales information from the group members and inspect the farm record book. This information is submitted to the ICS administrator for documentation and updating. (1.3.6; 1.3.7)

Training programme is developed by the group manager in consultation with the producer group committee as per WAGS Guideline for Training document G09. Group Manager through internal and external resources provides training for group members to ensure understanding of the relevant RSPO Standards for Sustainable Oil Palm Production and the RSPO Standard for Group Certification, and apply best management practices in their respective plot. Training covers GAP, agrochemical use, fertilizer application, safety and health, environment, HCV knowledge, zero burning

technique for replanting, IPM, farm record keeping, reporting FFB sales to ICS administrator etc.(1.3.8)

The detail of the training conducted for the members includes simplified material such as Guidance for Farm Management and Sustainable Oil Palm Management conducted on 16/5/2013 and 22/5/2013; Introduction to Wild Asia and RSPO requirements for production of sustainable palm oil conducted on 10/6/2012 and 9/11/2012; Documentation training was given to members on 19/9/2012, 25/9/2012, 27 – 30/9/2012, 1/11/2012, 15/11/2012, 13/11/2012 and recently in April 2013; Health and Safety Training, Safe Chemical Handling and IPM Training was conducted on 6/10/2012. (1.3.9)

Besides the internal training, the local MPOB and Agriculture Department Officers conduct training on Good Agriculture Practices. The Group Manager also established annual program for prospective mebres to develop training program (1.3.10)

Group Manager and the producer group committee highlighted that it is too early for them to develop a group marketing system because the group members prefer to be independent in deciding the sales of their FFB. Furthermore the group has no plans to purchase any FFB from outside source. However the Group Manager and group members aware that they must report the sales to the Group Manager and ICS administrator to update the documentation related to the FFB traceability and they only can claim RSPO certified for the FFB produced from the certified members. Obviously all the FFB produced from the group members in this scope of the certificate. (1.3.11)

The Group Manager and ICS administrator aware that the total of all sales and claims of RSPO certified FFB production from group members shall not exceed the total certified FFB production of the group in its entirety. This can be further verified during the surveillance assessment when the group already start producing certified FFB. Once certified the group will be producing segregated FFB and the group is aware that they will be able to trade through GreenPalm. The ICS documentation able to track the FFB production to the group members based on the information on the sales invoice and weighbridge document (sample weighbridge ticket number 222133 dated 3/1/2013) issued by the Sapi palm oil mill whereby the group member's name is indicated on these documents by the mill. The weighbridge ticket also contains transport details and weight (0.79mt). Another sample weighbridge ticket from the collection ramp dated 19/1/2013 number 47200 for 1.48mt was checked and verified. The group has past FFB production and sales record for the year 2012 which obtained from the Sapi palm oil mill and collection ramp. These records were verified with the group members' farm record book. (1.3.12)

Requirement 2.0: Group Management Documentation Requirement

2.1 The Group Manager shall have its operational structure, policies and procedures and basic information on individual group members documented.

The system verifies whether operations within the group comply with the RSPO Standard for Group certification Requirement and the relevant RSPO Standard for Sustainable Oil palm Production.

The Group Manager has WAGS Producer Group Guideline Manual which contains operating structure, internal control system documents, decision making process and responsibility of the personnel involve in the group management committee. It is indicated in the WAGS Producer Group Guideline manual that all the group management documents/ICS documents are retained for at least for 5 years throughout the validity of the RSPO certificate. Interview with the Group manager and ICS administrator reveal that they are aware of the document retention period. (2.1.1; 2.1.2)

During the initial certification assessment, records dated since 2012 are available and updated regularly. WAGS were started in 2011 and subsequently the independent smallholder group started unofficially since 2012. The WAGS Producer Group Guideline Manual includes:

1. Membership requirement and procedure to join the group. (2.1.3.1)
2. Procedure for leaving the group or expulsion. (2.1.3.2)
3. Procedure for expulsion from the group for noncompliance member to the code of conduct of the group rules. (2.1.3.3; 2.1.3.4)
4. Procedure for internal assessment protocol and entry requirement. (2.1.4.1)
5. Procedure for communication between Producer Group Committee, Group Manager and Group Members.
6. Complaint and negotiation procedure. (2.1.4.6)
7. Procedures for group monitoring and internal assessment, including carrying out and updating group risk assessment and annual surveillance of group members based on the RSPO sampling formula. (2.1.4.7)
8. Procedure for issuing Corrective Action Request (CAR) to members with non-compliance during internal assessment including timeline to respond to the CAR. (2.1.4.3; 2.1.4.4)
9. Procedure to record FFB production and Sales from the group members.

Group Manager and ICS administers has developed a database of the group members which includes, member information, membership number, address, contact details, application and agreement details, land ownership data and related documents, size of plots, map of the plot, GPS, FFB sales and farm records such as FFB production data (previous year and projection), fertilizer application and other details of farm management. Information from the site is exchanged between the Group Manager, ICS Administrator and Field Program Coordinator through "Dropbox". (2.1.5.1; 2.1.5.2)

Result of internal assessment is available and conducted as per the RSPO Standard for Group certification documents' sampling formula. Last internal assessment was conducted on 16 March 2013. (2.1.5.3)

When members are accepted to the group, a formal agreement is signed. Sample application form belongs to Rideley (member number 025) dated 19/2/2013 to join

the group was checked. He went through an initial baseline audit on 19/9/2012. Once accepted to join the group, the members sign an agreement with the group manager to follow the group rules and meet the RSPO requirement for group certification. He was accepted to join the group through agreement document number WAGS ICS 009 ver.2 dated 8/5/2013 (2.1.5.4)

Individual member's database in the agreement contains sketch/drawing of the plot and as a group, Group manager develops the group's map indicating the location of the members plot. (2.1.5.5)

The data base in the ICS documentation contains total land area in hectare and for each member. This information includes total area, planted area, certified area, plot map, land title, relevant licenses and each members holds a copy for their reference. The registered area is fully planted with oil palm. The housing is located in Toniting village which was developed in 1984. (2.1.6.1 to 2.1.6.6)

2.2 Internal Assessment System

Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran have future prospective members who are intending to join the group. That is why the time bound plan was developed. WAGS have an internal guideline whereby the prospective members are only can be included in the group after an initial baseline assessment (WAGS Guideline Document number G04, revised latest version dated March, 2013) by the Group Manager/Internal Field Program Coordinator to determine that they fulfil the membership requirements, code of conduct and able to comply to the RSPO Standard for Sustainable Oil Palm Production under group certification. This includes assessment procedure and summary for decision making. (2.2.1)

The Group Manager has implemented a regular and ongoing internal assessment programme for all current group members that include internal assessments guidelines and results are documented and maintained for 5 years. (2.2.2.1)

Annual) internal assessment visits to a sample of group members conducted to confirm continued compliance with all the requirements of the relevant RSPO Standard for Sustainable Oil Palm Production and RSPO Standard for Group Certification through an internal assessment schedule developed by the Group Manager. WAGS Guideline on internal assessment has included the requirement that all members shall be monitored at least once during the period of validity of the group certificate within the 5 years validity. (2.2.2.2)

The Group Manager uses the RSPO Standard for Sustainable Oil Palm Production for the assessment. It is the performance against this standard that is assessed at each internal assessment. The group manager has developed simplified checklist for the internal assessment. Interview with the group members concludes that they are aware of the internal assessment and the requirements. The group manager have guideline on how the internal assessment visits are planned and organised to ensure that all members are

included at least once during the 5 year validity of the certificate. All this guidelines are explained in WAGS Guideline for Farm Management including Chain of Custody, Operating Procedure and Documentation. (2.2.2.3)

The sample size for internal assessments is based on the RSPO Standard for Group Certification and includes the need for a risk assessment of the group members. The sampling size is based in the risk level and recorded under Farmer Risk Register. The criteria checked during the risk assessment are whether the plots are homogeneous/heterogeneity geographical condition, different terrain, whether there is replanting, farming experience level of the member and whether new/existing member, size of the plots, any previous noncompliance from internal/external assessment, understanding about the RSPO requirements. (2.2.2.4)

Similar to the RSPO Standard for Group Certification, the sample size is decided based on formula $(0.8\sqrt{y}) \times (z)$, where z is the multiplier defined by the risk assessment. Low risk = multiplier of 1, medium risk = multiplier of 1.2, high risk = multiplier of 1.4. (2.2.2.5)

WAGS Guideline on the internal assessment clearly describe that a minimum sample assessed annually for the internal assessment is $(0.8\sqrt{y})$, where y is the number of group members, and selection of group members is based on random selection techniques. (2.2.2.6)

The Group Manager uses the WAGS Guideline document to ensure that different group members are visited at each annual internal surveillance assessment by not selecting the members who have been already selected for assessment by certification body. In isolated cases the internal assessment on the same members are permitted if it require to revisit of the same members due to pending corrective action requests (CARs), complaints received from stakeholders, risk factors etc). (2.2.2.7)

The WAGS Guideline also ensure that special additional internal assessments can be scheduled if potential problems identified by the Group Manager or when there is significant information/complaints received from stakeholders about alleged non conformities of the relevant RSPO Standard for Sustainable Oil Palm Production by group members. (2.2.2.8)

When nonconformity is identified, the internal assessors raised a Corrective Action Request. The Group Manager ensures that this is resolved internally through the assistance from the field program coordinator, field assistant and the group member address the nonconformity by submitting reply to the corrective action requests (CARs). Cross reference with 2.1.4.3. (2.2.3)

Requirement 3.0: Chain of Custody

The Group Manager shall have a system in place to enable the trading of RSPO certified Fresh Fruit Bunches (FFB) produced from the group

The Group Manager has ICS to monitor and register the sales of Segregated FFB from the group members to either the Sapi palm oil mill or the ramp belongs to a

trader. The ramp that purchasing the FFB is belongs to Sapi Palm Oil Mil and another ramp belongs to a FFB trader. The group manager receives the FFB sales summary from the group member as well as has access to tjis information from the Sapi palm oil mill and ramp with the member name indicated in the summary report. This facilitates the traceability by the Group Manager and to ensure that the total sales volume and claimed are from the certified group members. The Chain of Custody of the Independent Smallholder Group members stops at the palm oil mill and collection ramp. The palm oil mill and ramp should take over the chain of custody from the Independent Smallholders because the mill and the ramp owner become the legal owner of the FFB. (3.1; 3.2)

Appendix D shows the assessment against supply chain element. During this initial assessment there was no any FFB purchased by the group Manager or the Group members. Sales invoice indicated with group member's name, palm oil mill's name and address, date and quantity. Sample invoice checked was dated 13/2/2013 for amount RM1, 141.27, invoice number C13/02/00001 for 3.1mt FFB, under the name of Kerandi Bin Engok (member number 003). (3.3)

Sales of the FFB from the Group members reported to the ICS administrator. These records enable the Group Manager to track back where the FFB is sold. There is no contractual agreement with buyer. It is common that the group members use their own transport to deliver the FFB to the palm oil mill or the collection ramp. In case where the transport is outsourced, the legal ownership of the FFB remains on the group members. It is common among Independent Smallholder that they do not have a written agreement with the outsourced transport provider because the transport is provided once a month and most of them are related. Interview with the outsourced transport provider confirmed that the FFB ownership belongs to the group member. The outsourced transport details are available to Group Manager and kept for 5 years as per WAGS Guidelines. Sample weighbridge ticket number 222133 dated 3 January 2013 was transported by vehicle number SS5483M belong to the owner. (3.4; 3.5; 3.6; 3.7)

It is noted that the Group Manager able to access to the GreenPalm and RSPO IT System which will enable the Group manager to carry out the trading in the future. For the initial period the Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran has decided to carry out the trading through GreenPalm and trade the GreenPalm Certificate.

3.3 Detailed identified Nonconformities, Corrective Actions and Auditor Conclusions

There was a major non conformity identified during the initial certification assessment. There was a minor nonconformity along with two observations was raised during the initial certification audit. The major nonconformity was addressed satisfactorily by the group and closed. The evidence for closing out the nonconformity was assessed and reviewed by the BSI audit team and found that the implementation of the corrective action plan submitted by the Group Manager

has addressed the nonconformity. The detail of the nonconformities and observations are listed in the following section.

LIST OF NONCONFORMITIES

After the final conclusion, a major nonconformity and a minor nonconformity were raised for the initial certification audit. The details of the nonconformities are listed in the following section. The group manager has prepared a Corrective Action Plan for the identified nonconformities, which BSi audit team reviewed and accepted. The close out evidence for the major nonconformity is provided and closed. The implementation of corrective action plan for the minor nonconformity will be checked during the annual surveillance assessment.

MAJOR CAR reference 933020M2

4.7 RSPO MYNI P&C: Independent smallholders need not have a formal health and safety plan but should ensure working practices for all workers are safe.

A major nonconformity was raised due to lack of safe working practices related to agrochemical storage. Among the 7 group members assessed, it was noted that group member Helen Binti Rantau (membership number: 039) and Fatimah Jalal (membership number: 041) have balance herbicides stored in the storage area. However, inspection to the store found that the chemical stores are not securely locked and kept with tools. The nonconformity was addressed by the group by constructing separate store and locked securely. The nonconformity was closed.

The Group Manager and members have implemented corrective action to close out the nonconformity.

1. Internal meeting was conducted by Group manager on 12 June 2013 (9.30 – 10.50am) at Toning village Community Hall with all members to re-train and communicate to all members on the storage requirements attended by Producer Group Committee, WAGS Field Assistant, Group members and head of the village. It was decided as a long term corrective action plan, the members agreed to build 1 store for every 5 members if any member store agrochemical. As a short term corrective action, a new store was build to address the nonconformity (see item 3)

2. Internal CAR was issued to both members as per "WAGS CORRECTIVE ACTION REPORT FORM CODE OF DOCUMENT ICS WAGS -011 VERSION: 1 and found that immediate action taken by the group manager and members to construct new separate store.

3. A new store was constructed beside the existing tool store by the both members to store the agrochemicals separate from all tools and locked securely (Figure 1 and Figure 2).

Figure 2: New Agrochemical Store



Figure 3: Locking system implemented



Further long term Corrective action plan includes improvement of agrochemical store management for any new members if they store any agrochemicals. Ensure that farmers have a specific place to store agrochemicals and that these items are segregated from other equipment, store is secure & locked. Also to ensure PPE available for all agrochemical related practices. Provide re-training on T04 Health and Safety Training to all WAGS members and farm workers of the group members. A new field audit form and process (covering H&S issues) is being developed and will be deployed soon. The new indicators and scoring system should capture the implementation issues better as it is more detailed. Field audits are conducted annually to effectively monitor progress for each member. Internal Audits (IA) conducted yearly as part of the internal checks. IA's are conducted annually on a random selection of members. CAR's issued will be used an indicator of problem areas that need more focus for improvement. Field Program Coordinator to re-conduct T04 Health & Safety training for

- 1) ALL Group members
- 2) Farm workers of group members.

After each session a review activity will be conducted to ensure understanding. These trainings will be documented. Farmers will discuss this collectively as a team in July and come up with an action plan on how many will have shared stores and how many will maintain own stores.

The producer group meeting will discuss 1) good store management practices to ensure standardization across the members, 2) safe working practices (i.e: use of PPE and application practices). This meeting will be guided by the FPC and based on guidelines provided in the T04 Health & safety Training.

With all the evidence and long term corrective actions the nonconformity is closed appropriately.

MINOR CAR reference 933020N3:

4.1 RSPO MYNI P&C: Group Managers can show how they document, monitor and manage the implementation of best practices by group smallholders in accordance from the internal assessment of members from Group Managers, Group Managers should ensure that group smallholders can show evidence of compliance. More detailed guidance should be given in the national interpretations. Training should be provided under 4.8.

A minor nonconformity was raised against this indicator. During the visit to group members plot belongs to Kerendi Bin Engok (membership Number: 003), Ridelly Japri @ Japari (membership number: 025) and Welfred Bin Sarigoh (membership number 026), it was noted that circle weeding was not carried out as one of the best practice for the immature palm despite advise from the Agronomy who visited the group on 12 January 2013, immature palms are yellowish and some of the palms are showing acute nutrient deficiency. Inspection to fertilizer application records shows that all three group members did not apply any organic or in-organic fertilizer for more than six months, Visit to the plot belongs to Elizabeth Japari (membership number: 009) found that best practice to minimise and control erosion was not effectively implemented because there were no any non-competitive ground covers in her mature palm area. There were no efforts to establish non-competitive vegetation to avoid bare ground and erosion. The progress with this nonconformity will be followed up during the annual surveillance.

Observation for improvement

There were two observations/opportunities for improvement was raised during this certification assessment. The progress with the observation/opportunities for improvement will be checked during the annual surveillance assessment.

OBSERVATION:

1. OBS: 4.5 RSPO P&C: IPM training was given by the Group Manager and by the visiting Agronomy who visited the independent smallholders on 12 January 2013 and by MPOB Tunas officer on 8 April 2013. The farmers show efforts to plant beneficial plants such as Tunera as a biological control. As an area for improvement, this effort should be continued. The progress will be followed up during next surveillance.

2. OBS: General - It was noted that each group members have their own file and folder which includes all the relevant information such FFB production, sales of FFB, manuring details, spraying records, land ownership documents and licenses. The group manager may consider including a copy of the training attended by group members and visitors records inside the group members' folder for easy reference.

3.4 Noteworthy Positive Components

It is noted that the Independent Smallholder Group members are committed to RSPO certification process because it has indirectly introduced best oil palm

practices to the group members. Group members realised that best management and sustainable practices can ensure long term economic viability to the members and the group. Now the group members realised the important of good planning and management practices eventually will increase their FFB production. The Producer Group Committee and Group Manager have future plans to make the group stronger financially by producing good quality FFB and selling certified FFB for higher price or probably by selling GreenPalm Certificate.

Generally the group members have enhanced their knowledge on good agriculture practices, OSH, environment protection, legal requirement and engagement with stakeholders through training which was new for them. The group sees introduction of RSPO requirement as a positive way to move forward to increase the family income through producing sustainable palm oil. The productivity has improved since the RSPO requirements and best practices introduced to the group about a year ago.

It is noted that the group members have freedom to sell their FFB to any mill of their choice. There is no any kind of condition set by the Group Manager during this certification assessment.

During this assessment there was no any kind of dispute highlighted to the audit team. Interview with workers, local community, school teacher and government department officials further confirm that there is no any kind of disputes. The government officials are happy that the independent smallholders are committed to sustainable oil palm management practices.

3.5 Issues Raised by Stakeholders and Findings with Respect to Each Issue

Appendix C contains list of stakeholders contacted. The stakeholders contacted are those relevant to these independent smallholder group members and their activities. Methodology used was group consultation and interview by the audit team member with social auditing background. Stakeholders interviewed include participants from community representatives, surrounding farmers, group members and their group chairman, Sapi Palm Oil Mill representative, government officials from Agriculture Department, Forestry Department, Sub-District Officers, District Officers and Land Office representative.

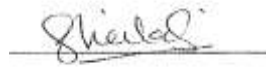
Stakeholders' interview had positive comments about the Independent Smallholder Group's practices. There were no issues related to legal or land disputes highlighted. Workers interviewed revealed that they are paid fairly and promptly. They confirm that they have good relationship with the independent smallholder group members despite without any written work agreement.

Group members interviewed highlighted that they are glad to be part of the group because they have improved their productivity through the best practices after joining the group. Their family income has increased. They hope that the government will ensure

the palm oil price is stable. Family members confirmed that the sustainable best practices improved their living condition. During the Independent Smallholder Assessment Notification on the RSPO website, there were no any comment or feedback received in writing.

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

Signed for on behalf of Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's



Ms. Sheila Senathiraja
Group Manager
Date: 25.08.2013

Signed for on behalf of BSi Group Singapore Pte Ltd



Senniah Appalasamy
Lead Auditor
Date: 25.08.2013

Appendix A: Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran's RSPO Certificate Details

Group Name: Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran, *Telupid Sub-District, Beluran District, Sandakan, Sabah, Malaysia*

Certificate Number: SPO 598121

Initial Certificate Issued Date: 06. 09. 2013

Standard: *Final Documents of RSPO Principles & Criteria for Malaysia (MY-NI) Indicators and Guidance as approved NI dated 26 April 2008 including smallholders NI Approved by the RSPO Executive Board on November 2010; RSPO Standard for Group Certification: Final Approved July 2010; RSPO Certification Systems: 26 June 2007 (revision 3 March 2011); RSPO Supply Chain Certification Systems: Revision November 2011 (Segregation of FFB); and Announcement by RSPO Secretariat on 10 May 2013 regarding option to trade certified FFB produced by smallholders.*

FFB Trading System Opted: *GreenPalm System*

Wild Asia Group Scheme (WAGS), WAGS-MPOB SPOC Beluran	
Location	Sandakan, Sabah, Malaysia
Address	Kampung Toniting, Telupid Sub-District, Beluran District, Sandakan, Sabah, Malaysia
GPS	Longitude: E 117.362 Latitude: N 5.746
Total Number of Members	42
Total Number of Plots	58
Total Certified Hectare	253.245
Fresh Fruit Bunch (FFB) Tonnage	3,091
CPO Tonnage Total Production (Certified)	640
PK Tonnage Total Production (Certified)	143
PKO Tonnage Total Production (Certified)	64
PKE Tonnage Total Production (Certified)	79

List of Certified Members		
Annith bt. Serigu @ Sarigoh	Mimah Binti Kilian	Jaikal @ Gabok Bin Sunsulak
Gustian Bin Kumbong	Ajain Bin Samayong	Rickleas B Madais
Kerendi Bin Engok	Ingok Bin Dali	Rickline B Madais
Linella Pallai	Rohani Binti Paulous	Jimmy Bin Kuting
Sarigoh Bin Rantau	Johdan Pokah	Terance Rantau
Teresa Japri	Irok Bin Ingok	Jaafar Bin Nanau
Trisar Binti Saligo @ Sarigoh	Juwitah Saiti	Jerry Bin Terance
Umah Binti Sarigoh	Adun Bin Sunsulak	Lantina Binti Ganai
Elizabeth Japari	Elvis Saligoh @ Sarigoh	Helen Binti Rantau
Risma Binti Asang	Ridelly Japri @ Japari	Mathew Paping
Titi Bonsilon	Welfred Bin Sarigoh	Fatimah Jalal
Malai Bin Pallie	Roniolo Rolando	Lawrence Samuah
Tungud Bin Saudin	Verronica Saiti	-
Madais Bin Dulumbai	Connika Binti Tangkian	-
Golfred Bin Japari	Charless Jaikal	-

Appendix B: Assessment Programme

Note: AS: Senniah Appalasamy; MH: Muhammad Haris; IY: Isman Yusoff

Date	Time	Activity	AS	MH	IY
2 June 2013 Sunday	AM	➤ Audit Team Travelling to the site via Sandakan.	√	√	√
3 June 2013 Monday Site Management Office, Telupid	08.30 – 9.30 am	➤ Opening meeting by the audit team leader. ➤ Presentation by the Group manager (Brief explanation of the group structure and management). ➤ Finalise schedule.	√	√	√
	09.30 – 13.00 noon	GROUP 1 (4 group members) ➤ Physical inspection of blocks and interview with group member. ➤ Best Field Practices/ OSH/Agrochemical handling/HCV/ Environment/stakeholder interview/ workers interview/Social Issues.	√	√	√
	13.00 noon – 14.00 pm	➤ Lunch	√	√	√
	14.00 – 17.30 pm	GROUP 1 (4 group members) ➤ Document review and Facility inspection. ➤ Legal, FFB data, Training, SOPs, membership etc.	√	√	√
4 June 2013 Tuesday	08.30 – 13.00 noon	GROUP 2 (3 group members) ➤ Physical inspection of blocks and interview with group members. ➤ Best Field Practices/ OSH/ Agrochemical handling/HCV/ Environment/stakeholder interview/ workers interview/Social Issues.	√	√	√
	13.00 noon – 14.00 pm	➤ Lunch	√	√	√
	14.00 – 17.30 pm	GROUP 2 (3 group members) ➤ Document review and Facility inspection. ➤ Legal, FFB data, Training, SOPs, membership etc.	√	√	√
5 June 2013 Wednesday	08.30 – 12.30 pm	➤ Assessment of Group manager and related documents, ICS, etc. ➤ Verify on-site FFB data, Training records, SOPs, membership, internal audit protocol etc. (Membership records, area detail, land ownership records, Agriculture manuals, traceability records, sales records, etc).	√	√	-
	12.30 noon – 13.30 am	➤ Lunch	√	√	
	14.00 – 16.00 pm	➤ Continue Document Audit.	√	√	-
	16.00 – 16.30 pm 16.30pm – 17.30pm	➤ Preparation for closing meeting. ➤ Closing meeting			
6 June 2013		➤ Audit Team Travelling to the KLIA.	√	√	-

Appendix C: List of Stakeholders Contacted

<p><i>Smallholders and Management Committee</i></p> <p>Ms. Sheila Senathiraja – Group Manager Mr. Dean Ismail, Field Program Coordinator Mr. Mohd Jamil Kastam, Field Assistant Mr. Kerendi Bin Engok, Group Member Ms. Elizabeth Japari, Group Member Mr. Ridelly Japri @ Japari, Group Member Mr. Welfred Bin Sarigoh, Group Member Ms. Kuibi Binti Tangkian, Group Member Ms. Juwifah Saiti, Group Member Ms. Fatimah Jalal, Group Member Mr. Tungud Bin Saudin, Group Member Ms. Linella Pallai, Group Member</p>	<p><i>Internal Stakeholders</i></p> <p>Seasonal/Temporary Workers. Family members. Ms. Diana Goriana, farmer’s daughter.</p> <hr/> <p><i>Local Communities</i></p> <p>Farmers Surrounding the Independent Smallholder’s land holding. Community Leader. Village Head. School Teacher. Female Representative from “Kumpulan Tani Wanita”.</p>
<p><i>External Stakeholders</i></p> <p>Representative from the District Survey Department. Agriculture Officer, Department of Agriculture, Sandakan. Ms. Julia Majail, RSPO. Mr. Bob Norman, GreenPalm. Mill Engineer, Sapi Palm oil Mill. Mr. Asran Bin Resun, MPOB Enforcement Officer. Ms. Stephenie Daniel, Assistant Research Officer, MPOB, Sandakan. Mr. Roger Laggau, Research Assistant, MPOB, Sandakan. Mr. Mahathir, Research Assistant, MPOB, Sandakan. Mr. Jaidi Salleh, MPOB Representative from WWF FFB Transporter</p>	

Appendix D: Supply Chain Assessment for the FFB Sales (Segregated by Individual Independent Smallholder Members) (Reference to Chain of Custody section under RSPO Standard for Group Certification)

Requirements	
1. Documented procedures	
The Group Manager shall have written procedures and/or work instructions to ensure implementation of all the elements specified supply chain requirements.	The group has written documented procedures for the FFB chain of custody with Segregation model covering certified FFB from group members. The chain of custody is under the control of the group members until the FFB reaches either the mill ramp or the outside ramp. The sales information is given to the Group Manager and ICS Administrator to update the group management document.
The group Manager shall have documented procedures for selling and receiving certified and non-certified FFBs.	The group has documented procedures for the sales of certified FFB for any future transaction when the sales is done as a group. No purchase of certified and non-certified FFB by the Group manager and group members.
2. Purchasing and goods in	
The Group Manager shall verify and document the volumes of certified and non-certified FFBs received.	No purchase of FFB.
The Group Manager shall inform the CB immediately if there is a projected overproduction.	The group management and Group Manager aware of this requirement.
3. Record keeping	
The Group Manager shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	FFB sales records are made by the group member in their farm record book once they receive the weighbridge ticket and sales invoice from the mill and ramp. Monthly summary prepared and documented by ICS Administrator for all the certified FFB sold. Records verified by Group Manager.
Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years.
(a) The Group Manager shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the sales of FFB records are maintained and updated on monthly basis by the group management. No CPO, PK, PKO and PKE sales during the initial certification. There is no certified FFB during this first assessment.
(b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Delivery/sales of FFB are deducted from the annual budgeted FFB to monitor any over production.
(c) The Group Manager can only deliver Segregated sales from a positive stock.	There is no certified FFB during initial assessment. However the group is aware that they cannot over sell.
The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Independent Smallholders use Segregated Model. No sales contract because the members are free to sell to any mill or ramp of their choice. Although the group members are free to sell to the mill of their choice, it was noted that majority are selling to Sapi Palm Oil Mill. It is clear that the FFB from each of the group members are certified and segregated.
In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	Not applicable for the Independent Smallholders.
4. Sales and goods out	
The Group Manager shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	Group Manager checks and verifies sales through the ICS administrator.
(a) The name and address of the buyer	Name and address of buyer written on the invoice. Group member name and member number is written as well.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description is written as FFB. Supply chain model is Segregation identified through the group member number.
(d) The quantity of the products delivered	Quantity in Kilogram/tones.
(e) Reference to related transport documentation	Weighbridge documents include all the transport references such as the registration number.
5. Training	
The Group Manager shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	The Independent Smallholder group members and ICS administer were given basic understanding of the supply chain requirement and records maintained by the Group Manager.
6. Claims	
The Group Manager shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made by the group.

Appendix E: Map shows the location of WAGS – MPOB SPOC Beluran in Sabah, Malaysia

