



MY05289 Forescom Sarawak Sdn Bhd Audit Summary Report

Organization:	Forescom Sarawak Sdn Bhd		
Address:	<u>Headquarters</u> Lot 635-6 (1 st Floor), Wisma Rinwood, Jalan Yu Seng Utara, P.O Box 1199, 98008 Miri, Sarawak, Malaysia Contact: Ms Ling Yieng (MSPO Manager) Tel: 016-3605265 Fax: 085-418834 <u>Estate</u> Lot 8, Block 4, Kuala Baram Land District, 98000 Miri, Sarawak		
Standard(s):	MS2530-3 : Part 3 : General Principles for Oil Palm Plantations and Organized Small Holders	Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA (DSM)	
Representative:	Name: Mr. Achi Mancha (General Manager) Tel: 019-884 6898		
Site(s) audited:	Ladang Forescom Sarawak	Date(s) of audit(s):	7-8th March 2019
Visit Type:	MSPO Stage 2 Audit	Types of certification assessment:	Main Audit
Lead auditor:	Dickens Mambu (DM)	Additional team member(s): Audit Member (AM)	NIL
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

2. Scope of certification

Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3 : General Principles For Oil Palm Plantations And Organized Smallholders

Validation of processes for production and service provision

Has this scope been amended as a result of this audit?

Yes No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client

Yes No

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	1 of 16	



3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization has has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified: 3 Major 0 Minor

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

Granted / Continued / Withheld / Suspended until satisfactory corrective action is completed.

4. Previous Audit Results

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

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system. Yes No

The organization has demonstrated effective implementation and maintenance / improvement of its management system. Yes No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement. Yes No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system. Yes No

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	2 of 16	

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system. Yes No

Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard. Yes No

Certification claims are accurate and in accordance with SGS guidance N/A Yes No

6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

Organization:	Forescom Sarawak Sdn Bhd		
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MPOB License No.:	504632002000	Expiry date:	31.01.2020
Scope of Activity:	Menjual dan Mengalih FFB		
Date of certificate issued and validity	Nil (New Application)		
Other Sustainability Certification	Nil		
Proposed Date of Next Surveillance Audit	May 2020		
Visit Number:	02 (Stage 2)	Actual Visit Date:	7th-8th March 2019
Visit Due by Date:	Nil	For auditor information only	
Lead Auditor:	Dickens Mambu (DM) Tel :0146962400		
Team Member(s):	NIL		
Additional Attendees and Roles	NIL		
Standard(s):	MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders		
Audit Language:	English & Malay		

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	3 of 16	

Audit Scope:	<p>1.The audit covered one (1) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-3:2013 Part 3 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>
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Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	4 of 16	

Audit Plan

Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
7 th March 2019	8.00am	DM	Arrived in Miri Depart to Ladang Forescom Sarawak	Estate Personnel
	10.00am		Arrive at Ladang Forescom Sarawak Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> • Principal 1: Management commitment and responsibility • Principle 2: Transparency • Principle 3: Compliance to legal requirements • Principal 4: Social responsibility, health, safety and employment condition • Principal 5: Environment, natural resources, biodiversity and ecosystem services • Principle 6: Best Practice • Principle 7: New Development 	Estate Personnel
	12.30pm		Lunch	
	1.00pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	3.00pm		Preparation for discussion	
	4.00pm		Discussion Meeting	
	5.00pm		Depart to Hotel	

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	5 of 16	

Location and Maps

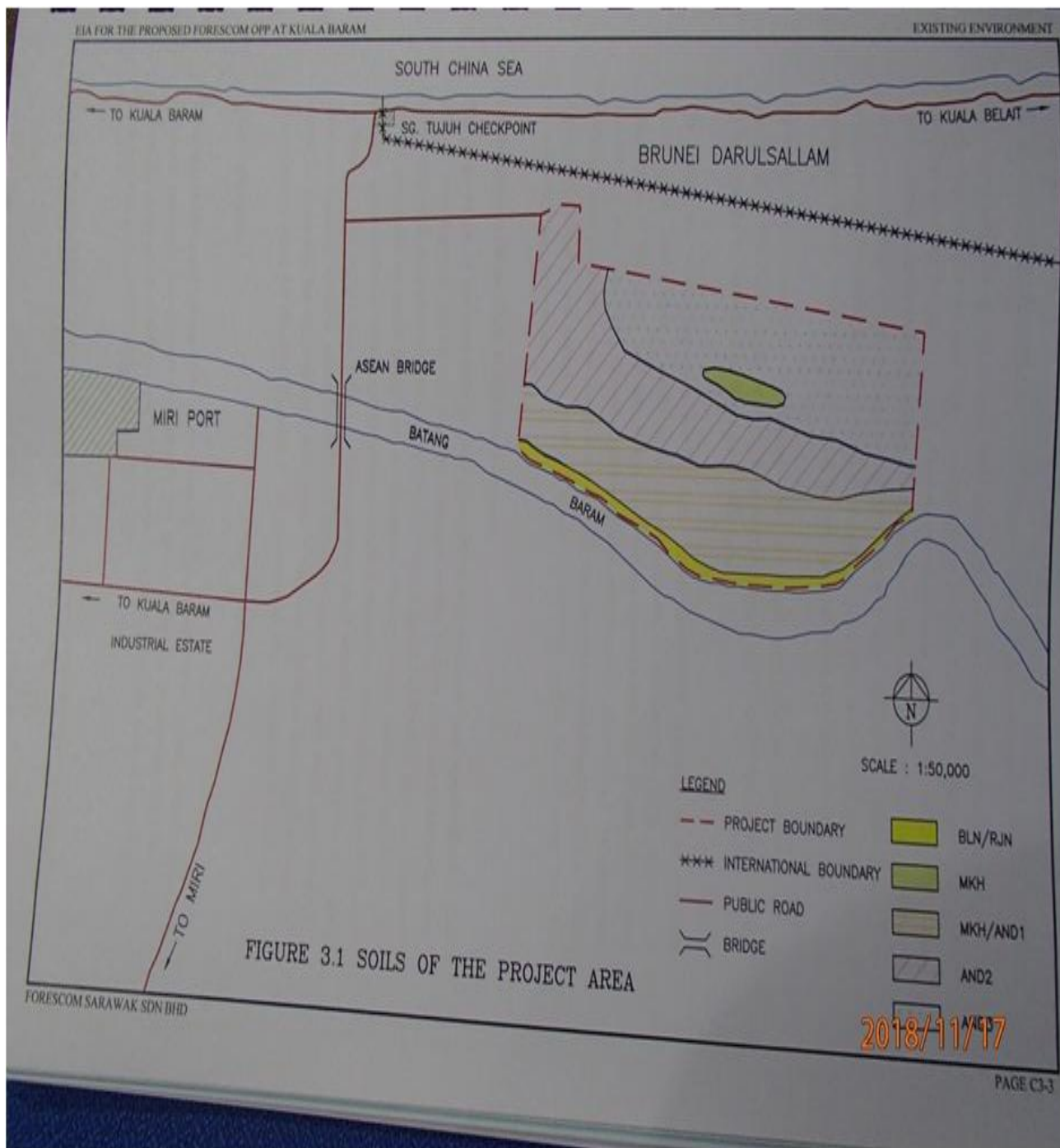
Forescom Sarawak Sdn Bhd project is located near Malaysia - Brunei boundary area immediately northwest of Miri Division. The main access to the project area are Miri- Limbang and Miri- Brunei 45273 coastal road. The GPS locations of the estate is shown in **Table 1**.

Table 1: Forescom Sarawak Sdn Bhd GPS Location

Supply Base / Estates:	Location Address:	GPS Coordinate(s):	Area Certified(HA):
Ladang Forescom Sarawak	Lot 8, Block 4, Kuala Baram Land District, 98000 Miri, Sarawak	N4'33'00" and N4'34'50" E114'05'34" and E114'08'25"	842

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	6 of 16	

Figure 1 : Forescom Sarawak Sdn Bhd Locality Map



Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	7 of 16	

Description of Estate Production Capacity

The FFB are sourced from the estate which are directly managed by Forescom Sarawak Sdn Bhd . The estate have two division with each division monitored by estate assistant manager. The crop yield from the estate as mention in **Table 2** below.

Table 2: FFB Production (Mt)

Estate	FFB Production (MT)	
	Jan2018-Dec2018 (Actual)	Jan2019-Dec2019 (Projection)
Ladang Forescom Sarawak	15,550.93 mt	17,340 mt

Area Statement

The operating unit are listed in **Table 3**. Details of production area (mature/immature) are also listed.

Table 3: Area Statement of the Supplying Estates

Name of estate	Title area (ha)	Plantation area (ha)					
		Immature	Matured	Conservation	Land Issue	*Others	Undeveloped Area
Ladang Forescom Sarawak	Title: 3361 ha Planted 1078.29 ha	-	842				

*Others : Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building ,etc

Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit,
<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/de1a3bf8f4cd48e7ad62040cdc1bdffe.ashx>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the estate office

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	8 of 16	

Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p>It was observed Malaysian Sustainable Palm Oil MS2350:2013 (MSPO) Policy and signed Dato Hii King Chiong (Managing Director) dated 10.11.2018. It shows commitment of top management. Based on the policy it was emphasize commitment to continual improvement. Some of the estate committed to as list as below:</p> <ul style="list-style-type: none"> a) Meeting and exceeding expectations to regulatory and other best practice environment requirement to strive for continual improvement to our environmental management system, the prevention of pollution and to minimize the creation impact associated with our work. b) Improving and uphold women's right, working condition, housing and amenities, wages, safety and security, reproductive health and child care and prevent gender-based discrimination, sexual harassment and domestic violence.
<p>Comment on Principle 2</p>	<p>Sighted "Prosedur Mengendali Aduan/Rungutan/Cadangan" approved by GM, Mr. Achi Mancha dated 18/10/18.</p> <p>As part of Social Impact Assessment, Forescom has conducted stakeholder meeting with external parties and internal parties. The meetings were conducted in few series separating the internal and external stakeholders. All feedback given by the stakeholder were recorded in meeting minutes.</p> <p>Sample: Meeting with External Stakeholder Meeting No 1 dated 1/11/18.</p> <p>Also noted "Rekod Komunikasi Pekerja dan Kontraktor" which all requests made by stakeholder were recorded.</p> <p>A complaint form template has also been developed namely 'Borang Cadangan/ Borang Aduan/ Borang Rungutan'</p>
<p>Comment on Principle 3</p>	<p>It was observed the Forescom Sarawak Sdn Bhd comply with applicable local, state, national and ratified international laws and regulations, an example:</p> <p><u>Malaysian Palm Oil Board</u></p> <p>Registration of Forescom Sarawak Sdn Bhd with AKTA LEMBAGA MINYAK SAWIT MALAYSIA 1998 (MPOB), with license Registration No.: 504632002000, with activities "MENJUAL dan MENGALIH FFB ". In period one year start from 1.02.2019 till 31.01.2020</p> <p><u>Natural Resources Environmental Board</u></p>

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	9 of 16	

	<p>The Forescom Sarawak Sdn Bhd was obtain EIA Report/ EIS/ EMP Approval on 26th April 2004. With reference No.: (27) NREB/6-4/85. Name of project: Forescom Oil Palm Plantation on Lot 2076, Kuala Baram Land District, Miri Division, Sarawak.</p>
<p>Comment on Principle 4</p>	<p>The management manage to show the Social Impact Assessment report, with Document No.: 4.4.1.1 Social Impact Assessment (SIA) dated 18.10.2018. It was sighted Meeting with external stakeholders meeting No.1 dated 1st November 2018, time 10.00 am at Forescom Sarawak Sdn Bhd meeting room, Miri. With Agenda: MSPO Implementation which attended by:</p> <ul style="list-style-type: none"> i. Mr. Achi Mancha (General Manager)(Chairman) ii. Mr. Bokastiver Gajut (MPOB, Miri) iii. Ms. Esther Dimah Kioni (MPOB, Miri) iv. Mr. Lee Yew Liong (Lu & Son Engineering) v. Mr. Nicholas Hii Chun Kiong (Miri Agriculture Products S/B) vi. Mr. Christopher Hii (Miri Agriculture Products S/B) vii. Mr. Harris Jau (Miri City Council) viii. Ms Chiew Siew Ping (Balangan Sdn Bhd) ix. Mr. Ku Teck Choon (Forescom Sarawak Sdn Bhd) x. Mr. Robin Patrick Wong (Forescom Sarawak Sdn Bhd) <p>It was observed the Occupational Safety and Health Policy was made available in the estate office and display. Which endorsed by Dato Hii King Chiong (Managing Director) dated 10.11.2018.</p> <p>Based on interview with Tan Kah Poh (Field supervisor), he was aware regarding the policy.</p> <p>The Policy was commit to:</p> <ul style="list-style-type: none"> 1. Eliminate, reduce, prevent and control any risk injury, occupational disease, hazard and damage to our company's properties, all parties (Including contractor, visitor and supplier) through an effective management. 2. Comply with current applicable occupational safety and health legislation and with other legal requirement to which our organization subscribes. 3. Proper documentation, implementation and maintenance of respective records and document. 4. Establish awareness among all employee's in term of occupational safety and health at workplace through training, briefing, communication, promotion and education. 5. Ensure all parties (including contractor, visitor and supplier) carrying out their as activities within company premises strictly comply with occupational safety and health legislation and other legal requirements.

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	10 of 16	

<p>Comment on Principle 5</p>	<p>Sighted Environmental Policy State dated 10/11/18 approved by MD, Dato' Hii King Chiong. The policy emphasizes the company's commitment towards adhering to best practices of environmental management that will meet regulatory expectation and further envisage its continual improvement plan within the company's operational areas.</p> <p>The policy has been communicated to internal and external stakeholders through several ways such as training, stakeholder meeting and displaying it at certain designated areas. Sample communication record – Briefing on Policies, Procedure on Complaints & Grievances, Consultation and Communication Procedures dated 20/11/18.</p> <p>otted List of Waste and Waste Management Plan available. Among wastes identified as below:</p> <ol style="list-style-type: none"> 1. Scheduled waste from Workshop Operation 2. Domestic Waste (Rubbish and Sewage) from Quarters and Office. 3. Scraps iron & used tyres <p>Waste Product and sources of pollution was recorded in File Inventory: No 14. Person in charge to monitor and update the file: Mr. Tan Wei Ping. Identification of waste source: workshop, Chemical application activities and its residue. Water Management had been established dated 18/10/18 approved by GM.</p> <p>Water usage in 2018 : 1.9 million liter (record) Average per person usage : 3111 / per month / per person Average usage per person / day : 110 litre Source of supply : Lembaga Air Kawasan Utara (LAKU)</p> <p>Water level in peat area are being monitored as mentioned in Water Management Plan developed. Record sighted :</p> <p>Piezometer reading available during the audit. Reading to be taken fortnightly as mentioned in Environmental Impact Assessment dated Oct 2003.</p> <p>Water supply from LAKU. Monthly bills are being kept.</p> <p>Outgoing of water quality is being done by environmental consultant, Ecosol Consultancy Sdn. Bhd. Water sampling is being conducted half yearly. Latest result available was for period Oct17-Mar18. The latest result of water sampling for period Apr18-Sep18 is yet to be received by the estate. Based on latest result available all parameters are in compliance of NWQA.</p>
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Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	11 of 16	

<p>Comment on Principle 6</p>	<p>tandard operating Procedure for Best Practices was sighted. Activities in the best practices : 1.manuring 2.Weeding 3.Pest and Disease 4.Harvesting Document : SOP procedure ladang : Document No : 4.6.1.1 Date released : 18.10.2018</p> <p>Business management plan was provided during audit. The business management plan consists of crop protection and price forecast for 2019 & 2020. The estate management also show the estate Application & cost of fertilizers Year 2019 & 2020. For year 2019, budget for fertilizer is RM 1.54 million whereby for year 2020, budget for fertilizer is RM 1.57 million.</p>
<p>Comment on Principle 7</p>	<p>Biodiversity assessment conducted by Ecosol on 29/11/18.</p> <p>a) From the report conducted by the consultant, it was found that there is no evidence of present threatened and endangered species, in the area.</p>

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL		Document:	GP 7003A	Issue n°:	10	Page n°:	12 of 16

7. Nonconformity

MS2530-3:2013 Part 3

MSPO MS2530-3: 2013 Part 3: General Principles for Plantations & Organized Smallholders

CAR #	Indicator	CAR Detail					
1 MS2530-3:2013 Part 3	4.2.3.1	Date Recorded>	7 th March 2019	Due Date>	7 th May 2019	Date Closed>	1 st May 2019
		Non-Conformance:					
		The management has establish a traceability procedure. However, the implement and maintain a standard operating procedure to comply with the requirements for traceability was found lacking					
		Objective Evidence:					
		From record assessment and site interview, FFB grading was not in compliance with MPOB grading standard. The FFB grading record was also found inadequate and not in systematic structure.					
		Close-out evidence:					
The operation unit has submitted a newly revised grading form which is in line with company own SOP on good agriculture practices. The form has been reviewed and accepted by auditors.							

CAR #	Indicator	CAR Detail					
2 MS2530-3:2013 Part 3	4.3.1.3	Date Recorded>	7 th March 2019	Due Date>	7 th May 2019	Date Closed>	1 st May 2019
		Non-Conformance:					
		The legal requirements register was found not updated as and when there are any new amendments or any new regulations coming into force.					
		Objective Evidence:					
		Assessment for legal register list, it was identified the latest Minimum Wages Order (2018) Amendment was not available.					
		Close-out evidence:					
The operation has submitted an updated law register which comprises of latest list of law regulations. The list has been reviewed, verified and accepted by auditors.							

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	13 of 16	

CAR #	Indicator	CAR Detail					
3 MS2530 -3:2013 Part 3	4.4.6.1	Date Recorded>	7 th March 2019	Due Date>	7 th May 2019	Date Closed>	1 st May 2019
		Non-Conformance:					
		All employees, were found not trained according to the estate training programmed and the 2018 training was found not all completed as planned.					
		Objective Evidence:					
		From record assessment, 1.From record, 12 training schedule in 2018 only 5 training done to the workers. Example :Emergency response, Harvesting, sexual harassment, Manuring & Complain The other training programme were found only attended by staff. 2.From 16 training plan in 2018, only 12 conducted and 4 yet to be done (Environmnet aspect Impact, Awareness safety in workshop, Slashing training & Rait baiting)					
		Close-out evidence:					
The operating units has submitted updated training programme and training implementations. The updated record of implementations comprises of minutes, training pictures and materials. The record was verified and accepted by auditors.							

Nonconforming detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- Corrective actions to address identified major nonconforming shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 60 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconforming shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non nonconformity shall be documented on a action plan and sent by the client to the auditor within 60 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-nonconformity have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	14 of 16	

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

8. General Observations & Opportunities for Improvement

Positive Observations:

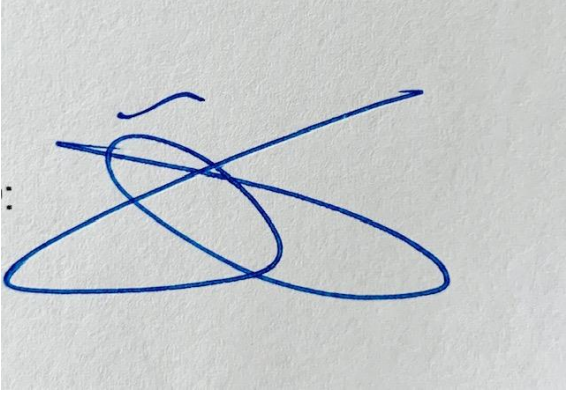

- The support from Forecom Sarawak Sdn Bhd personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable
- Organized documentation & highly commitment towards certification

Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
	External Stakeholders (Community & Smallholder)	Need more information on MSPO & explanation on grievance procedure	NIL
	External Stakeholder (Community & Smallholder)	Need more information on MSPO & explanation on grievance procedure	NII
Andrea Chin WWF Malaysia	External Stakeholder (NGO)	NIL	NIL

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	15 of 16	

Monica Mone Malaysia Palm Oil Certification Council (MPOCC)	External Stakeholder (Government)	NIL	NIL
	Internal	MSPO been informed to Mandor but mandor did not explain to the workers	
	Internal	MSPO been informed to Mandor but mandor did not explain to workers	

Signed on behalf of Forescom Sararak Sdn Bhd	Signed on behalf of SGS Malaysia Sdn Bhd
 <p>Mr Achi Mancha General Manager</p>	 <p>Mr. Dickens Mambu Regional Head Certification (Sarawak) Manager, Palm Oil Base (East Malaysia)</p>

Job n°:	MY05289	Report date:	8 th March 2019	Visit Type:	Main Assessment	Visit n°:	1
CONFIDENTIAL	Document:	GP 7003A	Issue n°:	10	Page n°:	16 of 16	