MALAYSIAN SUSTAINABLE PALM OIL
PUBLIC SUMMARY AUDIT REPORT

CLIENT/COMPANY	**LAI FOOK KIM CORPORATION**	**AUDIT NO.**	No.097/19
ADDRESS	P.O Box 112, 90701 Sandakan, Sabah, Malaysia.		
TYPE OF ASSESSMENT	Main Audit		
GROUP MANAGER	Mr. Mohd Izwan Wasandan Abdullah		
EMAIL ADDRESS	gedau112@gmail.com		
WEB PAGE	-		
AUDIT STANDARD(S)	MS 2530-3:2013 - Malaysian Sustainable Palm Oil Part 3: General principles oil palm plantations		
AUDIT SCOPE	Provision of 9,778.76 Ha of Sustainable Oil Palm Plantation		
STAGE 2 AUDIT DATE	22nd&23rd April 2019		
STAGE 1 AUDIT DATE	7th& 8th December 2018		
NEXT AUDIT DATE	Surveillance Audit tentatively plan on April 2020		
OTHER CERTIFICATION HELD	Nil		
CERTIFICATE VALIDITY	21/06/2019 to 20/06/2024		
AUDITOR TEAM MEMBERS	LEAD AUDITOR	Mohamad Padil Mat Saman (PMS)	
	LEAD AUDITOR IN TRAINING	Aisa Haris Pang (AHP)	
	AUDITOR	Wan Mohd Azlan Wan Ngah	
	AUDITOR IN TRAINING	Basran Ab. Hamid (BAH) Willton Bichin (WB)	

Audit Conclusion
Based on the documentation reviewed, records sampled, site visit and interview with relevant personnel's during this Stage 2 Audit, we conclude that, **LAI FOOK KIM CORPORATION**has effectively implemented its Malaysian Sustainable Palm Oil Part 3 General principles oil palm plantations Management System Management System in accordance to the MS 2530-3:2013 requirements inline with the organization procedure & policy for the above mentioned scope.

Recommendation
The audit team has agreed to recommend for **LAI FOOK KIM CORPORATION**to be awarded with MS 2530-3:2013Certifications based on existing scope on the conditions that the raised NCRs are satisfactorily closed within the stipulated time frame subject to review by Certification Approval Panel (CAP).

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Lead Auditor	Mohamad Padil Mat Saman	**Signature**		**Date**	26/04/2018

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EXECUTIVE SUMMARY

Stage 2 Audit was satisfactorily conducted to evaluate MSPO implementation of Lai Fook Kim.The minimum manday has been justified as per ABC-OPMC 2 (Audit Duration for CB Operating Oil Palm Management Certification under MSPO scheme). The audit covers documentation review, internal policies and procedures, management system as well as records review in compliance with the audit criteria requirements.

The Organisation with the size total of 9,778.76 Ha. Trayon Oil Palm Estate, Lungmanis Oil Palm Estate, Sg. Manjang Estate and Sripin Estate has been selected during stage 2 audit. Stage 2 of MSPO certification was satisfactorily conducted by NIOSH Certification on 22nd& 23rd April 2019. NIOSH Certification is a certification body accredited by Standards Malaysia which providing a comprehensive certification services system mainly for management system of occupational safety and health, environment, quality and MSPO for various industries.

During the Closing Meeting, the overall results of the audit are as follow:

a. NIL – Major Nonconformity Report (NCR)
b. NIL – Minor Nonconformity Report (NCR
c. THREE (3) – Opportunities for Improvement (OFI)

ASSESSMENT TEAM MEMBER

Lead Auditor	**Mohamad Padil Mat Saman** Mohamad Padil Mat Saman holds a Diploma from MARA University of Technology in Plantation Management with more than 10 years working experience in various plantations company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM) and Structured Safety and Health Plantation Programme. Fully trained in similar agriculture certification programs such as EUROGAP, RSPO, ISCC, MSPO, OHSAS and etc. Qualified as Lead Auditor/Auditor for MSPO and CoP under MPOB. Involved in MSPO assessment since 2015. Involved in audits conducted in for many different companies in Malaysia. Completed and certified MSPO Auditor course in 2015 (1st Batch) and attended Integrated Management System (IMS) course.
Auditor	**Aisa Haris Pang** Holds a Bachelor of Agricultural Science, Universiti Malaysia Sabah (UMS) and successfully attended Lead Auditor course for Occupational Safety & Health Management System (OHSAS 18001:2007 & MS 1722:2011), IRCA CQI Lead Assessor for Quality Management System (ISO 9001:2015), MSPO and MSPO SCCS auditor course, Awareness for Internal Auditor of Quality & Environmental MS Auditing Skills Based on Risk Management, Conformity Assessment – For Bodied Providing Audit and Certification (ISO/IEC 17021:2015) and Transition course on ISO 45001:2018. She was previously practitioner sustainable certification (RSPO, MSPO and ISCC) for estates and mills and experience in implementation of sustainability development. Also has experience in auditing as Sustainability Audit Officer for conducting audits in covering good agricultural practices, social and environmental matters as well as occupational safety and health aspects for palm oil mills and estates. She is competent person for Certified Environmental Professional in Scheduled Waste Management (CePWSaM) and also a Committee Member for NIOSH Certification MSPO Auditor and ISO 45001 Lead Auditor Training Module Development.
Auditor	**Wan Mohd Azlan Bin Wan Ngah** Post Graduate in Business Administration and has been working in Oil Palm industry for 30 Years. Experience in plantation sustainability related matters. Completed MPOB Codes of Practice Lead Auditor Course in 2017.Attended MSPO Lead Auditor Training in 2017 conducted by SIRIM. Possessed ISO 9001:2015 Quality Management System Lead Auditor Certificate and had attended MSPO Supply Chain Certification Standard (SCCS) Auditor Training. A member of NIOSH Certification Audit Team. Able to communicate in Bahasa Malaysia and English both oral and written.

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AUDIT METHODOLOGY & AUDIT PROGRAMME

The assessment was conducted involving estates under Lai Fook Kim Corporation. The minimum manday has been justified as per ABC-OPMC 2 (Audit Duration for CB Operating Oil Palm Management Certification under MSPO scheme). The audit covers documentation review, internal policies and procedures, management system as well as records review in compliance with the audit criteria requirements based on initial review self-questionnaire and Stage 1 Audit assessment, the risk factor medium (1.5) is determined.

The Stage 2 audit assessment has been conducted on sampling based on sampling size 1.5√5 calculation resulted of 4 sampled estates. The assessment were cover documentation and records review, physical field observation covering all plantation processes, workshop, chemicals store, waste management,boundary & buffer zones, workers housing, stakeholders consultation, interview with internal & external stakeholders, workers and contractors.

SUMMARY AUDIT FINDINGS

The following items represented **positive observations** by the audit team:

a. Appropriate documentation (Policy, SOP & Manual).
b. Better understanding on the requirement of MSPO
c. Good preparation for audit process.
d. Strong Commitment from the team.
e. Very warm hospitality
f. Proper facilities & infrastructure preparation

During the audit closing meeting held on **24th April 2019**, the overall results of the audit are as follows:

The overall results of the audit are as follows:

a. **NONE –** Major Nonconformity Report (NCR);
b. **NONE –** Minor Nonconformity Report (NCR); and
c. **THREE (3) –** Opportunities For Improvement (OFI)

The grading of nonconformity (Major / Minor) is based on ISO/IEC 17021:2015 guidelines.

The audit team has satisfactorily verified the corrective action plan provided by the client. The effectiveness on the action plan for the corrective action will be reviewed by NIOSH Certification's auditors during the next surveillance audit.

Review and follow-up on previous audit findings
All the area of concern status during stage 1 audit been addressed accordingly during stage 2 audit.

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Stakeholders Consultation Session
Stakeholder consultation began with notification of upcoming assessment by official letter dated a month prior to audit to identified stakeholders. Emails, phone call and official letter were sent to applicable interested stakeholders. Audit team then visited some stakeholders to obtain positive / negative information or any issues in connection with Lai Fook Kim Corporation. Among stakeholders contacted included Neighbour estates, Smallholders, Contractors and Suppliers. The agenda of discussion including legal compliance, environmental protection, biodiversity conservation, safety & social responsibility and development of community. No major adverse issue been raised as consulted during the audit: a. Suppliers and Contractors - Miliwest, Mabello, MSE Eng, Northwest Etc Stakeholder consultation was done through meeting with the stakeholders conducted on 24/04/19 and meet several contractors carried out the work inside the LFK which is supply parts & services. Stakeholder aware on the MSPO certification due to meeting done between LFK and suppliers briefed on the MSPO earlier.Most of ladang Mill Suppliers did not aware on MSPO awareness. No adverse findings were received. Co-operation between both parties was good. b. Neighbours/Local Community - Lungmanis Villagers, Kim Long estate and Malbumi Estate Stakeholder aware on the MSPO certification due to meeting done between LFK and Neighbours/Local Community briefed on the MSPO earlier.Tanker lorries speedy across the Lungmanis VillageNo adverse findings were received. Co-operation between both parties was good. c. Government Agency - Jabatan Alam Sekitar & SK. Lung Manis Stakeholder aware on the MSPO certification due to meeting done between LFK and suppliers briefed on the MSPO earlier. Good relation between both parties. Jabatan Alam Sekitar Sandakan mentioned that LFK gave the good cooperation the department. All positive and negative inputs from stakeholders has been discussed with management of Lai Fook Kim with proper justification and adequate action plan by the management team to address the issue.

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COMPANY BACKGROUND

Lai Fook Kim Corporation have 5 estates which stated planting oil palm since year 1976 with Sungai manjang Estate and latest estate planted in year 1996 (Ladang Sripin and Penatol Sdn Bhd). All the estates located in Sandakan district which is about 2 hours from Sandakan town.

DETAILS OF PLANTATION UNIT (S)

NO	ESTATES NAME	ADDRESS OF ESTATE	GPS COORDINATE	TOTAL TITLE AREA (Ha)
1*	Gedau Sdn Bhd Lungmanis Oil Palm Estate	Lungmanis Oil Palm Estate P.O. Box 112, 90701 Sandakan	N 5^{O} 38' 45.10" E 117^{O} 39' 30.62"	2245.30
2*	Gedau Sdn Bhd Trayon Oil Palm Estate	Trayon Oil Palm Estate P.O. Box 112, 90701 Sandakan	N 5^{O} 38' 45.10" E 117^{O} 39' 30.62"	3535.40
3	Penatol Sdn Bhd	Penatol Sdn Bhd Peti Surat 112, 90701 Sandakan	N 5^{O} 38' 45.10" E 117^{O} 39' 30.62"	386.81
4*	Karis Plantation Sdn Bhd Ladang Sripin	Sungai Manjang Estate Peti surat 112, Batu 34, Jalan Sandakan-Telupid 90000 Sandakan	N 5^{O} 28' 15.28" E 117^{O} 39' 46.78"	2176.27
5*	Karis Plantation Sdn Bhd Ladang Sungai Manjang	Ladang Sripin 39km of the 65km, Sandakan-Teluipd Highway, District of Kinabatangan	N 5^{O} 48' 1.02" E 117^{O} 42' 33.51"	1434.98
TOTAL				9778.76

The sampled Estates during Stage 2 Audit

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MPOB LICENSE DETAILS

NO	ESTATES NAME	MPOB LICENSE	SCOPE OF ACTIVITY	EXPIRY DATE
1	GEDAU SDN BHD LUNGMANIS OIL PALM ESTATE	502380002000	Menjual dan Mengalih FFB	29.02.2020
		506614211000	Menghasilkan Menjual dan Mengalih FFB Menyimpan	31.07.2019
2	GEDAU SDN BHD TRAYON OIL PALM ESTATE	502380002000	Menjual dan Mengalih FFB	29.02.2020
		506614211000	Menghasilkan Menjual dan Mengalih FFB Menyimpan	31.07.2019
3	PENATOL SDN BHD	503205102000	Menjual dan Mengalih FFB	31.08.2019
4	KARIS PLANTATION SDN BHD LADANG SRIPIN	503373202000	Menjual dan Mengalih FFB	31.08.2019
5	KARIS PLANTATION SDN BHD LADANG SUNGAI MANJANG	503596402000	Menjual dan Mengalih FFB	31.10.2019

AREA AND FFB PRODUCTION

		PLANTED AREAS			NON PLANTED AREA			
NO	ESTATES NAME	IMMATURE AREA (Ha) 0-3 YRS	MATURE AREA (Ha) >3 YRS	TOTAL PLANTED AREAS (Ha)	CONSERVATION AREA (HBV, Steep Land, etc.) Ha	OTHERS (BUILDING, LINE SITES, ETC.) Ha	TOTAL UNPLANTED AREA (Ha)	TOTAL TITLE AREA (Ha)
1	Lungmanis	514	1639	2153	-	72.3	20	2245.3
2	Trayon	-	3174.73	3174.73	-	188	172.67	3535.40
3	Penatol	180	202	382	-	4.81	-	386.81
4	Sripin	-	1116	1116	-	87	973.27	2176.27

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5	Sg. Manjang	141	1191	1332	-	80	22.98	1434.98
	TOTAL	**835**	**7322.73**	**8157.73**	**-**	**432.11**	**1188.92**	**9778.76**

PRODUCTION VOLUME

NO	ESTATES NAME	TITLE AREA (Ha)	FFB PRODUCTION PREVIOUS Y2018 (MT)	FFB PRODUCTION FORECAST Y2019 (MT)
1	Gedau Sdn Bhd Lungmanis Oil Palm Estate	2245.30	38 037	33 619
2	Gedau Sdn Bhd Trayon Oil Palm Estate	3535.40	61 888	71 972
3	Penatol Sdn Bhd	386.81	6550.30	5668.00
4	Karis Plantation Sdn Bhd Ladang Sripin	2176.27	20960	27342
5	Karis Plantation Sdn Bhd Ladang Sungai Manjang	1434.98	26738.23	27142
TOTAL		9778.76	154173.53	165743
OER% **KER**			20.83% 5.2%	21.00% 5.2%

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LOCATION AND MAP

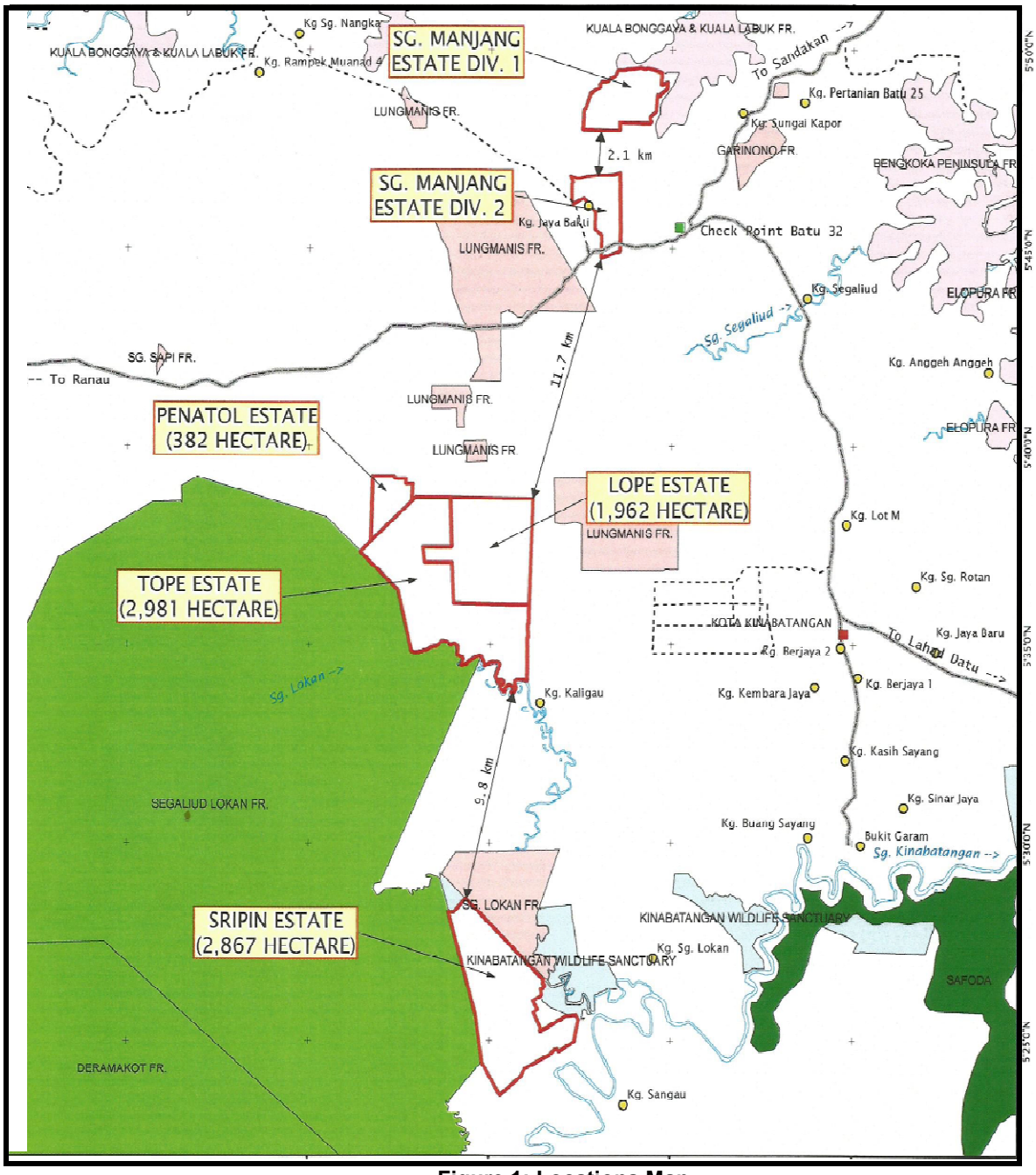

Figure 1: Locations Map

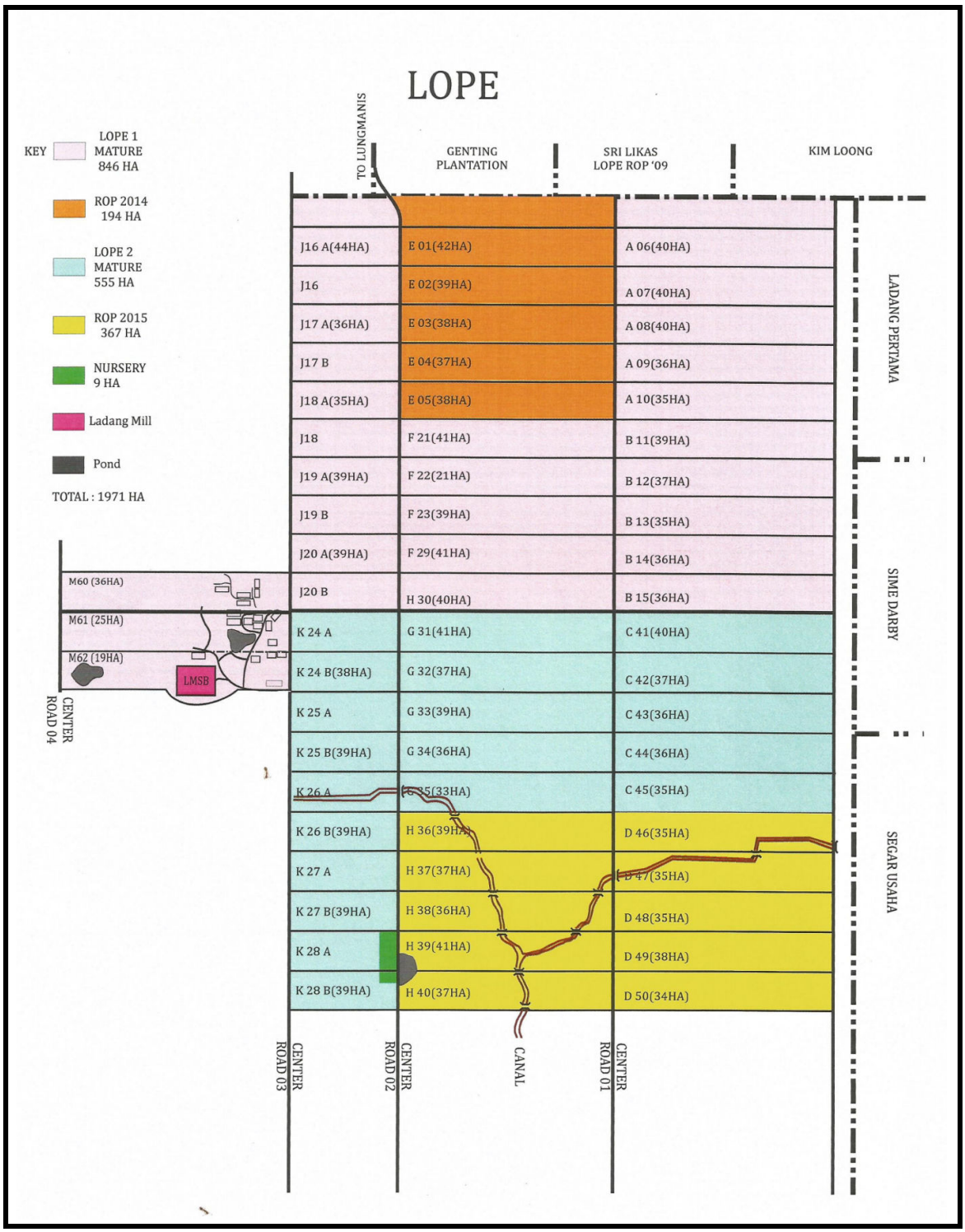

Figure 2: Estate map (Lungmanis Oil Palm Estate - LOPE)

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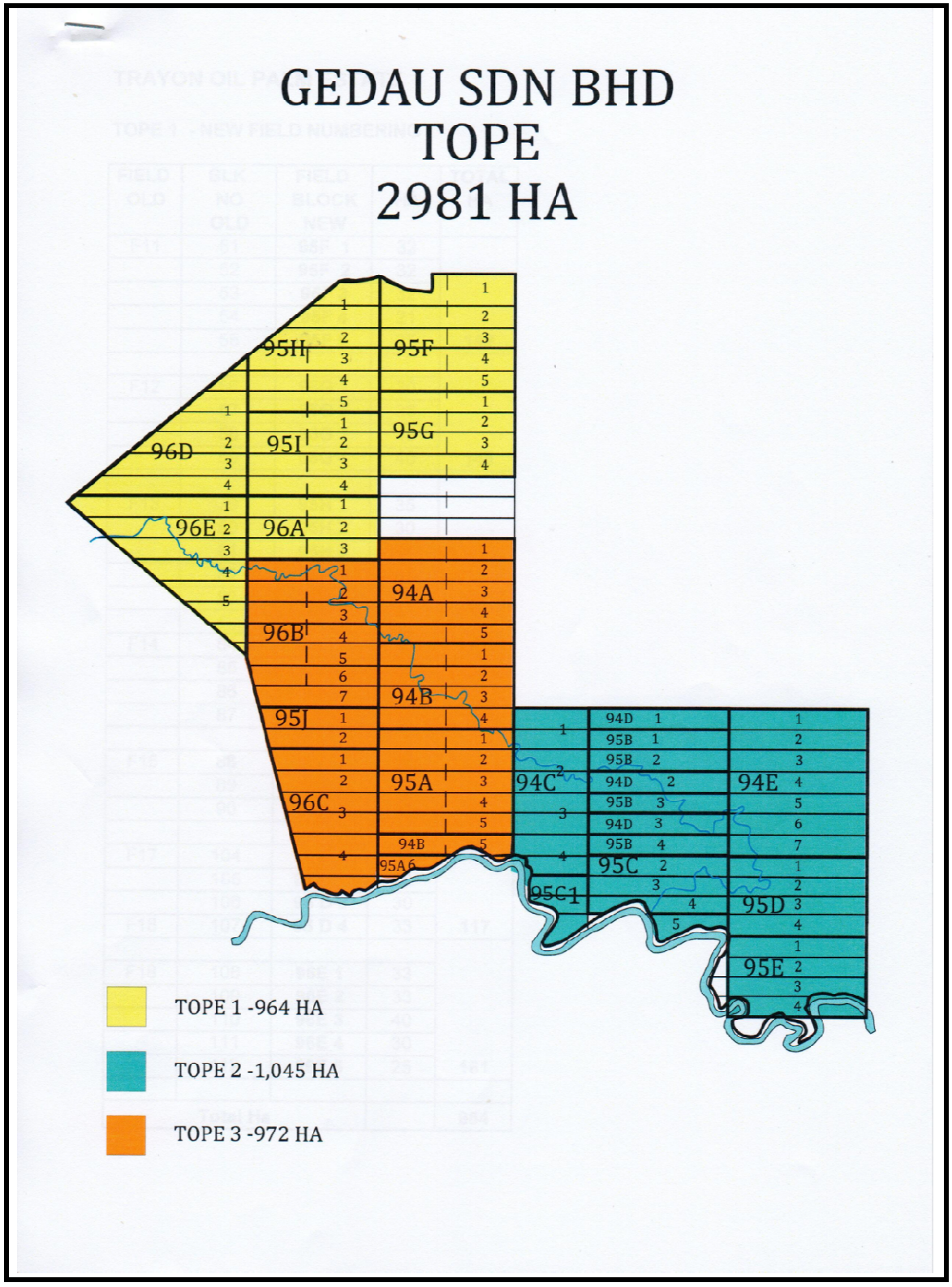

Figure 3: Estate map (Trayon Oil Palm Estate - TOPE)

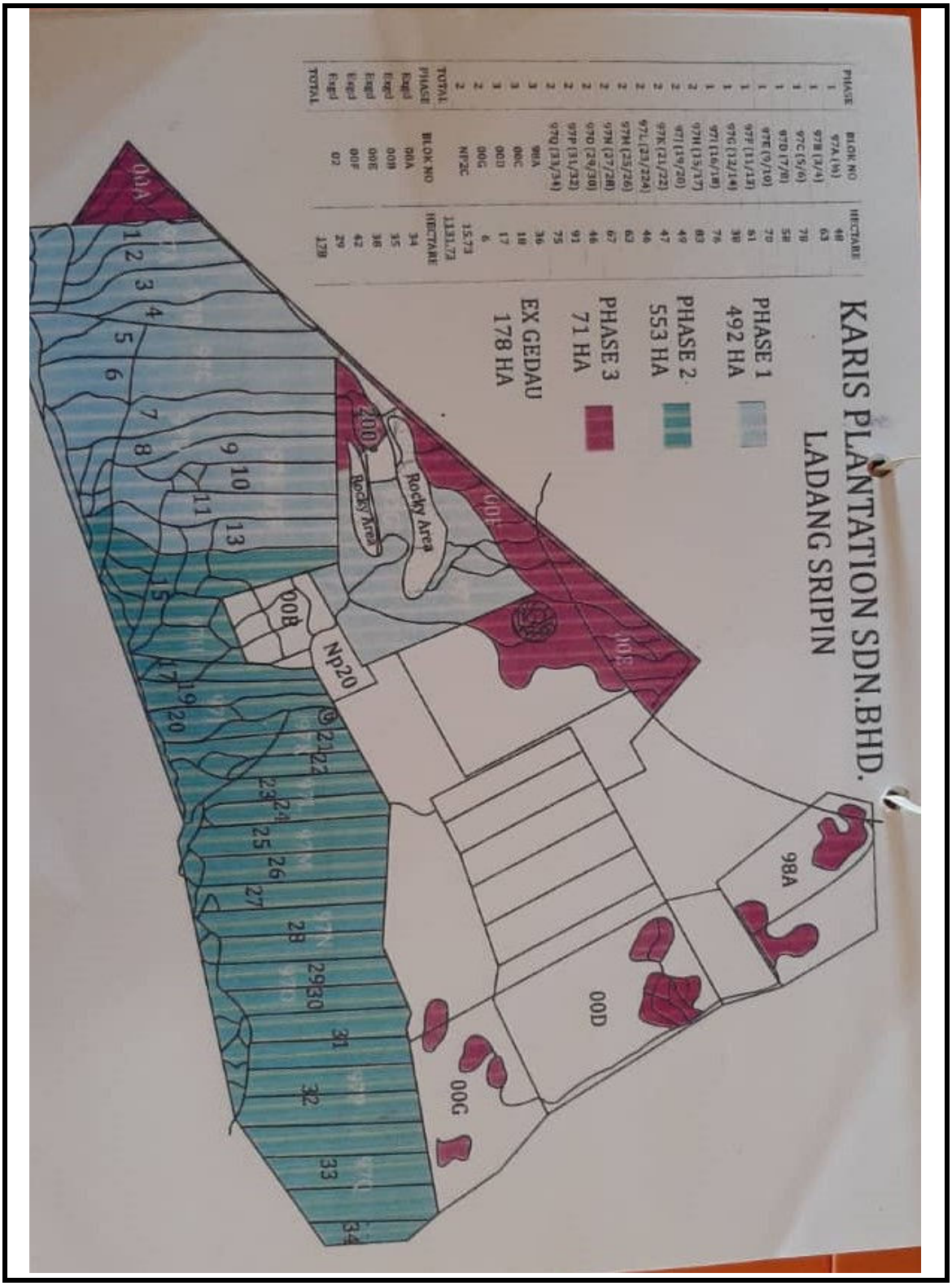

Figure 4: Estate map (Sripin Estate)

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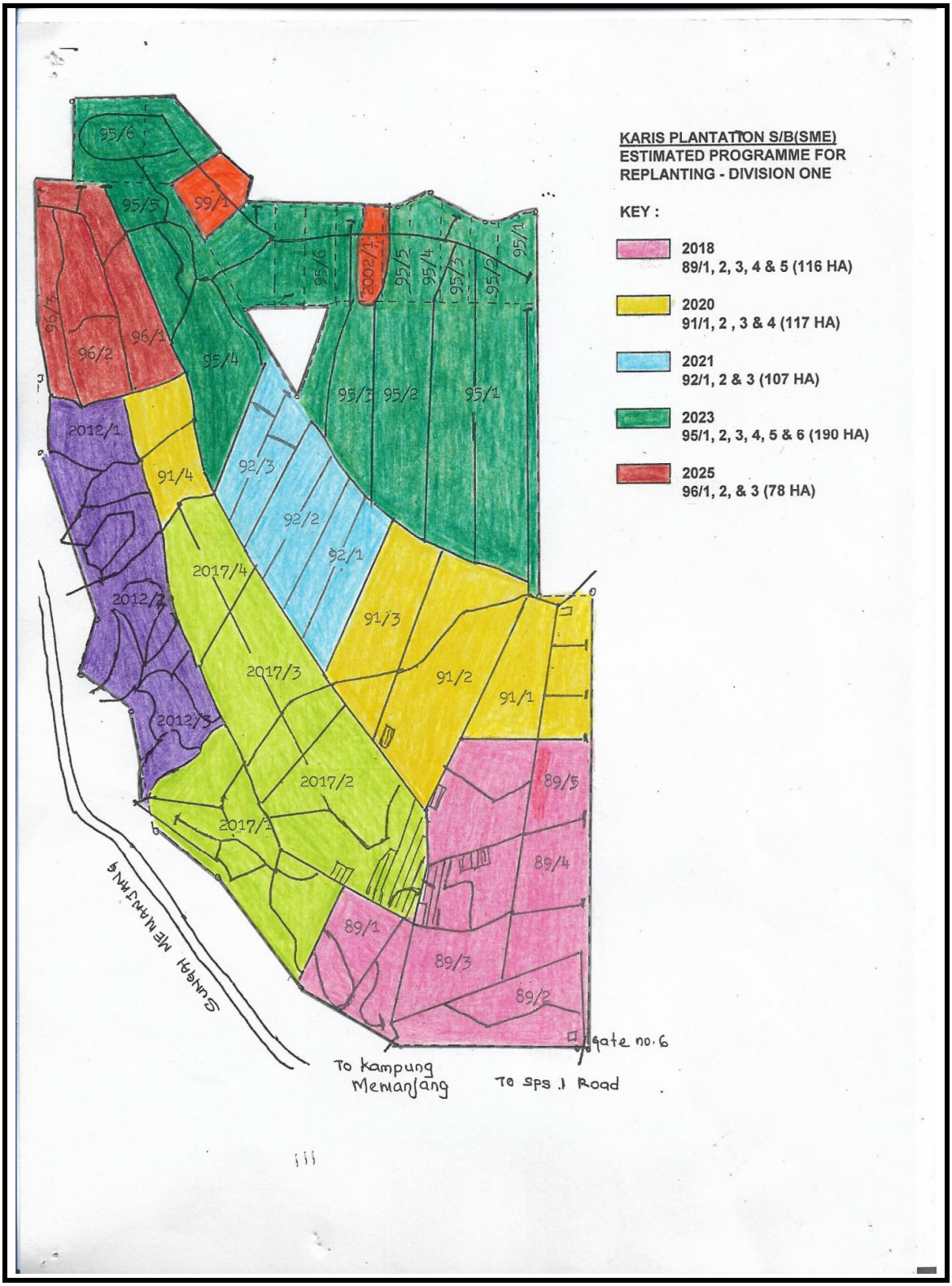

Figure 5: Estate map (Sungai Manjang Estate - Div 01)

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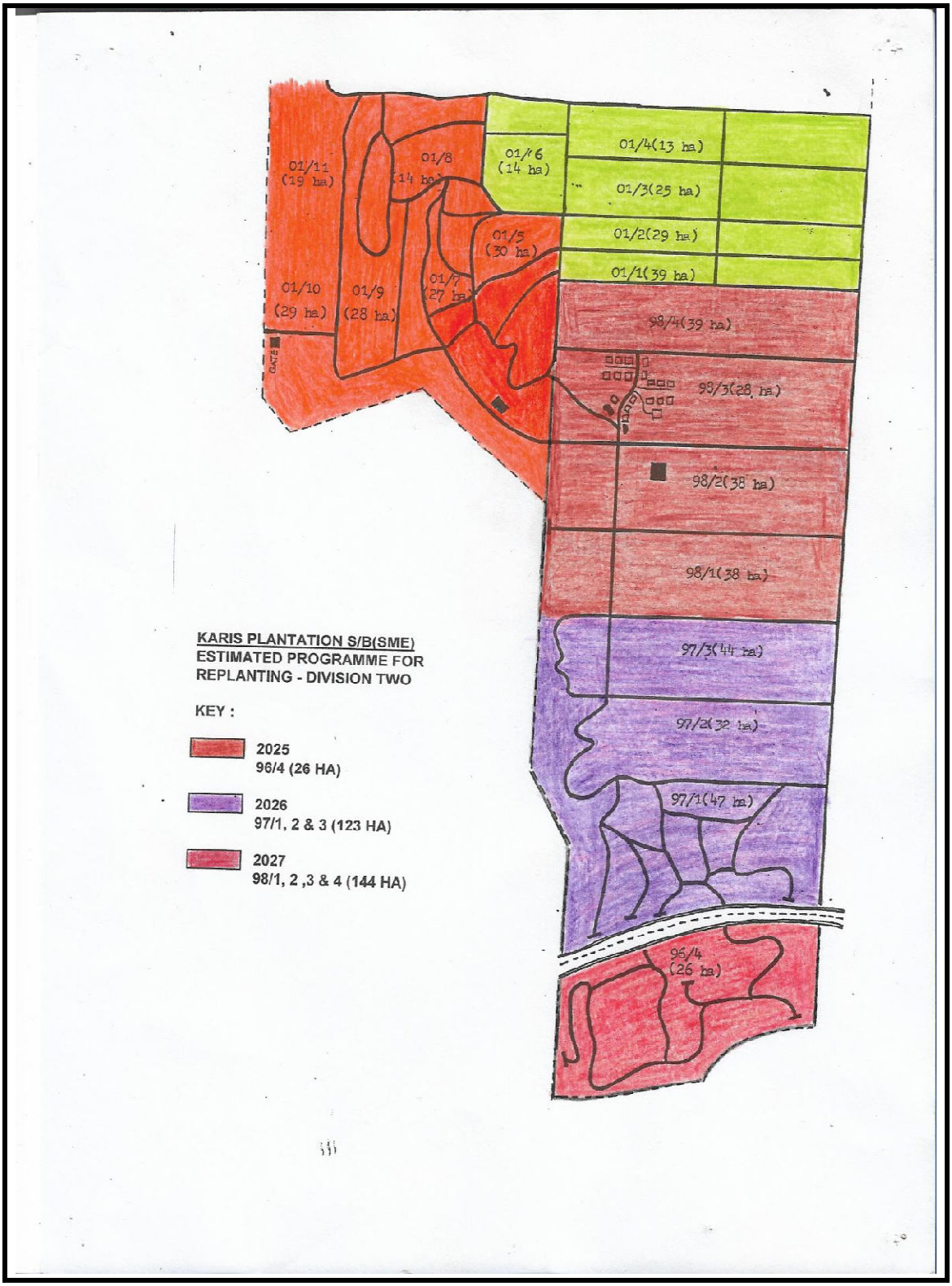

Figure 6: Estate map (Sungai Manjang Estate - Div 02)

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Others
Nil

Disclaimer

NIOSH Certification provides services which are designed to determine whether the referenced Management System of the client:

a) complies with the relevant (mentioned) Standard; and
b) has been properly implemented and maintained.

Audits are based on random sampling techniques and non conformances may exist which did not become apparent during the audit.

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- End of Audit Report -

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