



**SIRIM QAS INTERNATIONAL SDN. BHD.**  
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,  
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : EL04190001

**RSPO STAGE 2 AUDIT REPORT  
PUBLIC SUMMARY**

**CLIENT : LAM SOON PALM OIL MILL**

**PARENT COMPANY : LAM SOON PLANTATIONS SDN BHD**

**RSPO MEMBERSHIP No.: 1-0044-07-000-00**

**LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):**

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
LAM SOON POM CU	Lam Soon Palm Oil Mill	5.254373 N	118.174882 E	28 km off Lahad Datu - Sandakan Highway, 91109 Lahad Datu, Sabah, Malaysia.
	Lam Soon Estate	5.244980 N	118.167033 E	

**MAP : See Attachment 1**

**AUDIT DATE : 03-05 May 2017**

**DURATION : 9 auditor days**

**STANDARD : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014**

**SCOPE OF CERTIFICATION:** Production of Sustainable Crude Palm Oil and Palm Kernel Using the Identity Preserved Supply Chain Model

**The following attachments form part of this report:**

Non-conformity Report(s)

☒

List of additional site(s)

☐

**Report by Audit Team Leader**

Name : MOHD ZULFAKAR  
KAMARUZAMAN

Signature :

Date : 24 August 2017

**Acknowledgement by Client's Representative**

Name :

LIM CHANG KHAN

Signature :

Date :

24 August 2017 .

## RSPO P&C STAGE 2 AUDIT REPORT

### SUMMARY OF AUDITS

Stage 2 Audit				
On-site audit date	:	3-5 May 2017	No. of auditor days	: 9 auditor days
Audit team	:	Mohd Zulfakar Kamaruzaman (LA), Rozaimiee Ab Rahman, Mohd Razman Salim,		
No. of major NCR	:	8	2.1.1, 4.6.11, 4.8.1, 5.1.1, 5.2.1, 5.2.2, 6.9.1, D 3.1 (Supply Chain)	Closing date : 2 August 2017
No. of minor NCR	:	6	2.1.2, 2.2.2, 4.7.5, 5.2.3, 5.2.4, 6.5.3	
Indicate the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers
		X		X
		Contract workers	NGOs	Govt. agency
			X	X
		Indigenous people	Contractor	Others (Please specify)
			X	
Supply base sampled	:	Lam Soon Estate		

### SUMMARY OF INFORMATION

TYPE OF AUDIT	STAGE 2
Projection Period	May 2017 to April 2018
Certified Area (Ha)	5,885.00
Production Area(Ha)	5,684.00
Immature	1,269.00
HCV Area (Ha)	119.00 (including buffer zone, pond and quarry)
Certified FFB Processed (MT)	127,620.00
Production of Certified CPO (MT)	28,395.00
Production of Certified PK (MT)	6,381.00
REMARKS	-

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## **1.0 AUDIT PROCESS**

### **1.1 Certification Body**

SIRIM QAS International Sdn. Bhd. is the leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally and nationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS) and the International Automotive Task Force (IATF). SIRIM QAS International is a partner of IQNet, a network currently comprising of leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and accredited by ASI on 27 September 2014.

### **1.2 Qualification of audit team**

<b>Member of the Audit Team</b>	<b>Role/area of RSPO requirements</b>	<b>Qualifications</b>
Mohd Zulfakar Kamaruzaman	Lead Auditor / Environment, Safety & Health and Supply Chain	Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Mohd Razman Salim	Auditor / Social and Conservation scopes	Holds a B.Sc. Forestry (Hons) degree from University Putra Malaysia with more than 6 years of working experience in the forest management, HCVF and ecology.
Rozaimie Ab Rahman	Auditor / Good Agricultural Practices(GAP)	Holds a B. Sc. in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm operation

### **1.3 Audit methodology**

The audit covered the Lam Soon palm oil mill and its supply base, i.e. the Lam Soon Estate. The audit included an on-site audit to the estate, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the Lam Soon's management, employees, contractors, local NGO's and other relevant stakeholders were also conducted during the audit.

### **1.4 Stakeholder Consultation**

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the the SIRIM QAS International's websites on 23 March 2017. Letters to the stakeholder were also sent via registered letter or email. There was no comment received for this client.

### **1.5 Audit plan : Refer to Attachment 2**

### **1.6 Date of next audit : The first surveillance audit will be conducted within 12 months but not sooner than 9 months from the certification decision date.**

## **2.0 SCOPE OF CERTIFICATION AUDIT**

### **2.1 Description of the certification unit**

The Lam Soon Plantations Sdn Bhd. (here after referred to as LSPSB) is one of the subsidiary under the Lam Soon (M) Bhd. The company was incorporated in 1978 as Pacific Cocoa Plantations Sdn. Bhd., which was then changed to Lam Soon Plantations Sdn. Bhd. in July 2000. The core business of Lam Soon Plantations Sdn. Bhd. is oil palm plantation. Under the LSPSB, there is one oil palm estate and one palm oil mill which are located in Lahad Datu, Sabah, East Malaysia.

The Lam Soon Estate consisted of two divisions; the KK division and the KL division. The palm oil mill commenced operations in 1997 with a processing capacity of 45 metric tonnes of fresh fruit bunches (FFB) per hour. The estate had been fully developed before the year of 2005.

### **2.2 Description of the Supply Base (including the planting profile)**

The FFB sourced from company owned estates that are certified. Details of the FFB contribution from each source to the Lam Soon Palm Oil Mill are shown in the following tables:

Projected FFB production for period from May 2017 to April 2018

Source	FFB Contribution	
	Tonnes	Percentage (%)
Lam Soon Estate	127,620.00	100
<b>Total</b>	<b>127,620.00</b>	<b>100</b>

Table 2: Projected CPO and PK tonnage for the next reporting period (May 2017 to April 2018)

	Total (MT)
FFB Received	127,620.00
FFB Processed	127,620.00
CPO Production	28,395.00
PK Production	6,381.00
CPO delivered as Identity Preserved	28,395.00
PK delivered as Identity Preserved	6,381.00

Table 3 : Planted and certified area of the Lam Soon CU

Estate	Planted (ha)	Certified (ha)
Lam Soon Estate	5684	5885
<b>Total</b>	<b>5684</b>	<b>5885</b>

Table 4: Planting profile for Lam Soon Estate

Year of planting	Planting cycle ( 1 <sup>st</sup> , 2 <sup>nd</sup> , etc. Generation)	Mature / Immature	Planted area (ha)	% planted area
1990	1 <sup>st</sup>	Mature	189	3.32
1993	1 <sup>st</sup>	Mature	569	10.02
1994	1 <sup>st</sup>	Mature	1081	19.02
1995	1 <sup>st</sup>	Mature	254	4.46
2010	2 <sup>nd</sup>	Mature	575	10.17
2011	2 <sup>nd</sup>	Mature	380	6.68
2012	2 <sup>nd</sup>	Mature	441	7.76
2013	2 <sup>nd</sup>	Mature	437	7.69
2014	2 <sup>nd</sup>	Mature	489	8.60
2015	2 <sup>nd</sup>	Immature	460	8.10
2016	2 <sup>nd</sup>	Immature	434	7.64
2017	2 <sup>nd</sup>	Immature	375	6.60
<b>Total</b>			<b>5,684.00</b>	<b>100</b>

### **2.3 Organisational Information/Contact Person(s)**

The details of the contact person is as shown below:

Name	:	Mr. Lim Chan Khoon
Position	:	Plantation Director
Address	:	Lam Soon Management Service Sdn.Bhd Level 3, Wisma DLS No.6 Jalan Jurunilai U1/20 Hicom-Glenmarie Industrial Park Shah Alam 40150 Selangor Darul Ehsan
Phone no.	:	+6019-3251961
Fax no.	:	+603-5569-3604
Email	:	<a href="mailto:chankhoon@gmail.com">chankhoon@gmail.com</a>

### **3.0 AUDIT FINDINGS**

#### **3.1 Time-bound Plan for Other Management Units**

Lam Soon Plantations Sdn Bhd (LSPSB) is a member of RSPO since 27 October 2007 with the membership number 1-0044-07-000-00. The organisation has only one estate and one mill. The organization is ahead of their schedule in terms of certification to RSPO.

### **4.0 DETAILS OF NON-CONFORMITY REPORT**

#### **4.1 For P&C (Details checklist refer to Attachment 3) :**

Total no. of minor NCR(s) (details refer to Attachment 4 )	List : 6	MRS 01/2017, MRS 02/2017, MRS 06/2017, MRS 07/2017, RAR01-2017, MZK 03 2017
Total no. of major NCR(s) (details refer to Attachment 4 )	List : 7	MRS 03/2017, MRS 04/2017, MRS 05/2017, MRS 08/2017, RAR02-2017, MZK 01 2017, MZK 02 2017

#### **4.2 For SC (Details checklist refer to Attachment 5) :**

Total no. of major NCR(s)	List : 1	MZK 04 2017
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### **5.0 AUDIT CONCLUSION**

The audit team concludes that the organisation has established its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to achieve agreed criterion & requirements.

## RSPO P&C STAGE 2 AUDIT REPORT

### 6.0 RECOMMENDATION



No NCR recorded. Recommended for certification



Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.

*Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs.*



Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.



Recommended for certification.

**IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR RSPO P & C CERTIFICATION.**

Audit Team Leader :

MOHD ZULFAKAR  
KAMARUZAMAN

(Name)



(Signature)

02/08/2017

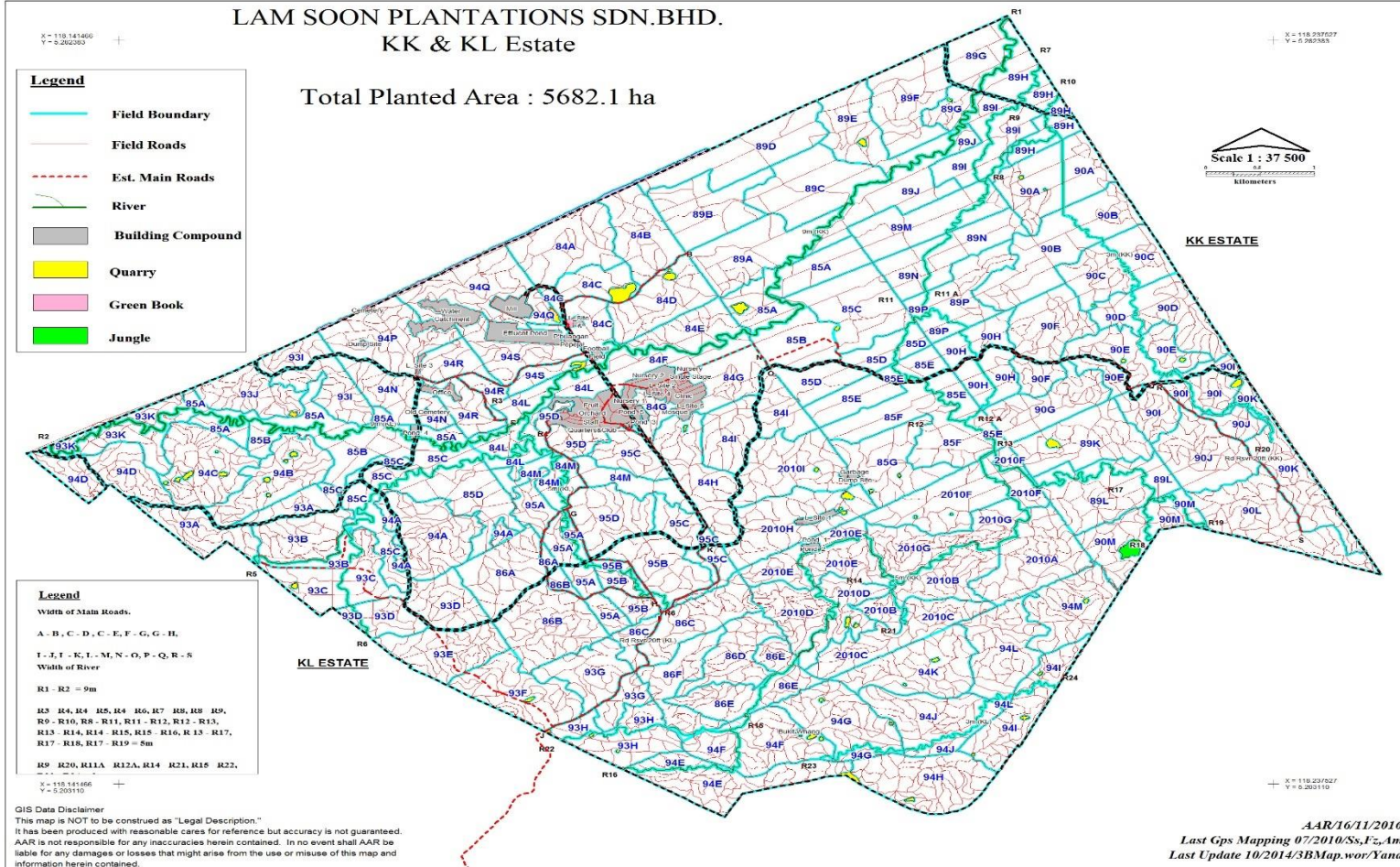
(Date)



RSPO P&C AUDIT REPORT
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## Attachment 1

## Map of Lam Soon CU





## RSPO P&C AUDIT REPORT

### Attachment 2

### RSPO STAGE 2 AUDIT PLAN

1. **Objectives**  
The objectives of the audit are as follows:
  - (i) To evaluate Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain Requirements
  - (ii) To verify the effective implementation of issue of concerns arising from the stage 1 assessment.
  - (iii) To make appropriate recommendations based on the assessment findings.
2. **Date of audit** : 3-5 May 2017
3. **Site of audit** : Lam Soon POM CU
  - Lam Soon Palm Oil Mill
  - Lam Soon Estate
4. **Audit Criteria:**
  - RSPO P&C MYNI: 2014
  - RSPO Supply Chain Certification Standard, 2014
  - Company's audit criteria including Company's Manual/Procedures
5. **Audit Team**
  - a) Audit Team Leader : Mohd Zulfakar Kamaruzaman
  - b) Auditors : Mohd Razman Salim & Rozaimee Ab Rahman
6. **Audit Programme Details:** As shown below:

Day 1: 3 May 2017 (Wednesday)			
Time	Activities / areas to be visited		
9.00 – 9.30 am	<b><u>Opening meeting at Lam Soon Estate/POM</u></b> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes <b>Organisation Representative to brief on the following :</b> <ol style="list-style-type: none"> <li>1) Briefing on <b>Lam Soon CU</b> organisation's background, operations, RSPO implementation &amp; legal non compliances such as land / labour dispute - if any (Please provide maps that have details of surrounding stakeholders, terrain, soil profile and conservation/HCV area).</li> <li>2) Time bound plan for Lam Soon Plantations Sdn. Bhd.</li> <li>3) Significant changes on organisation activities, machinery, supply bases capacity etc.</li> </ol>		Top mgmt & Committee Member
	Zulfakar	Razman	Rozaimee

## RSPO P&C AUDIT REPORT

9:30 – 1:00 pm	<u><b>Lam Soon Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Environmental management (witness activities at site)</li> <li>- EIA, Environmental Plan.</li> <li>- Waste &amp; chemical management</li> <li>- Interview with workers , committee and contractors</li> <li>- Safety Plan, HIRARC</li> <li>- Occupational safety &amp; health practice – witness activities at site</li> <li>- Interview with workers , safety committee and contractors</li> <li>- Facilities at workplace</li> <li>- Continuous improvement</li> </ul>	<u><b>Lam Soon POM</b></u> Coverage of assessment: P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Land titles user rights</li> <li>- Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>- Consultation with relevant government agencies</li> <li>- Interview workers, gender committee, local communities and stakeholders</li> <li>- Complaints and grievances</li> <li>- Consultation with relevant government agencies</li> <li>- Training and skill development programmes</li> <li>- Continuous improvement</li> </ul>	<u><b>Lam Soon Estate</b></u> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Commitment to long-term economic and financial viability</li> <li>- Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>- EFB mulching, POME application</li> <li>- Plantation on hilly/swampy area</li> <li>- IPM implementation, training and safe use of agro-chemicals.</li> <li>- New planting</li> <li>- Facilities at workplace</li> <li>- Environmental management - EIA, Environmental Plan.</li> <li>- Waste &amp; chemical management</li> <li>- Interview with workers , committee and contractors</li> <li>- Training and skill development programmes</li> <li>- Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			
				Guide(s) for each assessor

<b>Day 2: 4 May 2017 (Thursday)</b>				
	<b>Zulfakar</b>	<b>Razman</b>	<b>Rozaimie</b>	
9.00 – 1.00 pm	<u><b>Lam Soon POM</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Environmental management (witness activities at site)</li> <li>- EIA, Environmental Plan.</li> <li>- Waste &amp; chemical management</li> <li>- Interview with workers , committee and contractors</li> <li>- Safety Plan, HIRARC</li> <li>- Occupational safety &amp; health practice – witness activities at site</li> <li>- Interview with workers , safety committee and contractors</li> <li>- Facilities at workplace</li> <li>- Continuous improvement</li> </ul>	<u><b>Lam Soon Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Land titles user rights</li> <li>- Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>- Consultation with relevant government agencies</li> <li>- Interview workers, gender committee, local communities and stakeholders</li> <li>- HCV Assessment</li> <li>- Complaints and grievances</li> <li>- Consultation with relevant government agencies</li> <li>- Inspection of protected sites with HCV attributes</li> <li>- Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>- Riparian zone</li> <li>- Training and skill development programmes</li> <li>- Continuous improvement</li> </ul>	<u><b>Lam Soon Estate</b></u> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Commitment to long-term economic and financial viability</li> <li>- Good Agricultural Practice- witness activities at site</li> <li>- EFB mulching, POME application</li> <li>- Plantation on hilly/swampy area</li> <li>- IPM implementation, training and safe use of agro-chemicals.</li> <li>- New planting</li> <li>- Facilities at workplace</li> <li>- Environmental management -EIA, Environmental Plan, waste &amp; chemical management</li> <li>- Interview with workers , committee and contractors</li> <li>- Training and skill development programmes</li> <li>- Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			
				Guide(s) for each assessor

## RSPO P&C AUDIT REPORT

### Day 3: 5 May 2017 (Friday)

	Zulfakar	Razman	Rozaimiee	
8.30 – 1.00 pm	<b><u>Lam Soon POM</u></b> Site visit and assessment on Supply Chain Implementation including the Model used <ul style="list-style-type: none"> <li>• General Chain of Custody System Requirements for the supply chain</li> <li>• Documented procedures</li> <li>• Purchasing and goods in</li> <li>• Outsourcing activity</li> <li>• Sales and goods out</li> <li>• Processing</li> <li>• Records keeping</li> <li>• Registration</li> <li>• Training</li> <li>• Claims</li> </ul>	<b><u>Lam Soon Estate</u></b> Coverage of assessment: P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• HCV Assesment</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<b><u>Lam Soon POM</u></b> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>- Laws and regulations</li> <li>- Commitment to long-term economic and financial viability</li> <li>- Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>- EFB mulching, POME application</li> <li>- Plantation on hilly/swampy area</li> <li>- IPM implementation, training and safe use of agro-chemicals.</li> <li>- New planting</li> <li>- Facilities at workplace</li> <li>- Environmental management</li> <li>- EIA, Environmental Plan.</li> <li>- Waste &amp; chemical management</li> <li>- Interview with workers , committee and contractors</li> <li>- Training and skill development programmes</li> <li>- Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00–2.00 pm	Break			
2.00 – 4.00 pm	<ul style="list-style-type: none"> <li>• Continue assessment on unfinished area</li> <li>• Verification on outstanding issues</li> <li>• Audit Team discussion, preparation on audit findings and issuance of NCR (if any)</li> </ul>			
4.00 – 5.00 pm	<ul style="list-style-type: none"> <li>• Closing meeting</li> </ul>			Top management & Committee member

## RSPO P&C AUDIT REPORT

### Attachment 3

### RSPO P&C AUDIT CHECKLIST AND FINDINGS

#### Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	<p>The CU has implemented procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records reviewed were correspondences with the authorities and employees. Lam Soon recognize efforts to nurture long-term sustainability and commitment to the environment is reflected in very practices and policies which entails best practices, care for the environment and managing the social aspects.</p> <p>Lam Soon efforts in improving the worker's welfare was reflected through the award by the Labour Department, Lahad Datu as one of the best managed estate in handling workers' welfare.</p> <p>Among the policy established to address their commitment in managing the environment safety and social are Environmental Policy, Social Policy, Occupational Safety &amp; Health Policy and Ethical Business Conduct</p> <p>The CU continued to use their website for disseminating public information. Information relating to land titles, Policies, complaints and grievances are available at <a href="http://lamsoonplantations.com.my">http://lamsoonplantations.com.my</a></p> <p>Records of visit by regulators such as DOSH, DOE, MPOB to the sites were reviewed during the audit. In Lam Soon Estate the management documents relating to environment, social and legal issues, were made available to the public except for those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes</p>
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	<p>Lam Soon estates have identified personnel responsible for handling complaints. Records of communication (classified as internal and external) were identified and maintained in different files, depending on the stakeholders. Among the records reviewed were correspondences with the authorities, local communities and employees. The latest communications sighted in these records were the 'Borang Aduan' and Visitors request and response record. Some of the requests by employee include complaint on not enough water, toilet was broken and etc.</p> <p>The procedure for responding to any communication is outlined in "Prosedur Pengendalian Aduan - The flow chart". The procedure was displayed at the notice boards in the Estate office and Muster grounds.</p> <p>Both estate and mill continued to maintain stakeholders list which included the contractors, vendors/suppliers, government agencies, schools, local communities, etc.</p>
C 1.2	1.2.1 Land titles/user rights (Criterion 2.2);	YES	Land titles for the Lam Soon POM and Lam Soon Estate were kept at the respective office. (cross refer to 2.2)

## RSPO P&C AUDIT REPORT

Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		Occupational health and safety plans (Criterion 4.7);	YES	Occupational Health & Safety Plan was established at each site. Indicators set in the plan were monitored. The progress of the monitoring was verified by the auditor. Cross refer to C 4.7.
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	YES	Plans and impact assessments relating to environmental and social impacts maintained available (refer to Criteria 5.1 and 6.1).
		HCV documentation summary (Criteria 5.2 and 7.3);	NO	Documents related to HCV was not available, NCR was raised under indicator 5.2.1
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Pollution prevention and reduction plans maintained available (refer to Criterion 5.6).
		Details of complaints and grievances (Criterion 6.3);	YES	The mill and estate had made available the documented system for dealing with complaints and grievances as below: 1. Stakeholders Requests and Responses Procedure, 2. Grievances Procedures and Stakeholders Consultations Procedure, 3. A flowchart for complaints to management from external and internal stakeholders including whistle-blower. Form 'Borang Aduan (Complaint Form)' was also available. The form included information related to complaint and suggestion from external stakeholders and submitted to the estate during the stakeholder meeting.
		Negotiation procedures (Criterion 6.4);	YES	Negotiation procedures such as 'Land Dispute Compensation and Calculation Procedure', 'Procedure For Calculating & Distribution Fair Compensation' and 'Grievances Procedure For Land Owner Issues' were available at both the estate and mill.
		Continual improvement plans (Criterion 8.1);	YES	Continuous improvement plans for 2017 are available for Lam Soon POM and Lam Soon Estate. Refer to Criterion 8.1
		Public summary of certification assessment report;	N/A	There is no Public Summary for this CU since the CU has yet to be certified to the RSPO P&C.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	Human Rights Policy (Criterion 6.13).	YES	A policy to respect human rights dated 22 February 2017 was established by the management of LSP. The audit team had interviewed workers, which confirmed that the policy was communicated to all of them in April 2017.
		There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	Code of ethical conduct and integrity titled 'Ethical Business Conduct' has been established and distributed to all staffs and workers. As verified through interview with local and foreign workers, all levels of the workforce have been briefed on the code of ethic on 28 April 2017.

## RSPO P&C AUDIT REPORT

### Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings																
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	NO	<p>In general, Lam Soon CU continued to comply with most of the applicable local, national and ratified international laws and regulations. Relevant licenses and permits were verified at Lam Soon CU. The following were reviewed:</p> <p>Lam Soon Estate:</p> <ul style="list-style-type: none"><li>Trading license</li><li>MPOB license selling and transporting of FFB</li><li>MPOB license for nursery : produce, sellers and transporting, and storage of seedlings.</li><li>Suruhanjaya Tenaga</li><li>Lesen untuk menggaji pekerja bukan permastautin</li><li>Permit potongan gaji pekerja</li><li>Renewal process for permit to storage of diesel</li><li>Air compressor (SB PMT 489)</li></ul> <p>Lam Soon POM:</p> <ul style="list-style-type: none"><li>MPOB license</li><li>Permit (S 016713) for purchase and storage of diesel from KPDNKK</li><li>Suruhanjaya Tenaga License</li></ul> <p>Factory and Machinery Act 1967 –</p> <p>i) <i>Person In Charge Regulation 1970</i></p> <table><tr><td>Competent person</td><td></td></tr><tr><td>Steam engineer</td><td>One 2<sup>nd</sup> grade engineer</td></tr><tr><td>Engine Driver (BHC)</td><td>One 1<sup>st</sup> grade &amp; one 2<sup>nd</sup> grade</td></tr><tr><td>Boilermen</td><td>One 1<sup>st</sup> grade &amp; one 2<sup>nd</sup> grade</td></tr><tr><td>AESP(Authorised Entrant and Standby Person for Confined Space)</td><td>1 competent person</td></tr><tr><td>Authorised Gas Tester and Entry Supervisor for Confined Space)</td><td>2 competent person</td></tr><tr><td>ICE driver</td><td>Two 2<sup>nd</sup> grade ICE driver</td></tr><tr><td>Electrical Chargemen</td><td>1 A4 Chargemen</td></tr></table> <p>ii) <i>Steam Boiler and Unfired Pressure Vessel 1970</i> Name plate affixed at tank – Boiler name plate PMD 10291 and manufacture name plate was found affixed to the boiler.</p> <p>iii) <i>The Factories and Machinery (Notification, Certificate of Fitness and Inspection), Regulations, 1970 Regulation 10(2) CF for</i></p> <ol style="list-style-type: none"><li>Water Tube Boiler (PMD 10291)</li><li>Softener Tank (PMT 121924, PMT 121925, PMT 90017)</li><li>Vacuum Deaerator (PMT 90018)</li></ol>	Competent person		Steam engineer	One 2 <sup>nd</sup> grade engineer	Engine Driver (BHC)	One 1 <sup>st</sup> grade & one 2 <sup>nd</sup> grade	Boilermen	One 1 <sup>st</sup> grade & one 2 <sup>nd</sup> grade	AESP(Authorised Entrant and Standby Person for Confined Space)	1 competent person	Authorised Gas Tester and Entry Supervisor for Confined Space)	2 competent person	ICE driver	Two 2 <sup>nd</sup> grade ICE driver	Electrical Chargemen	1 A4 Chargemen
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Authorised Gas Tester and Entry Supervisor for Confined Space)	2 competent person																			
ICE driver	Two 2 <sup>nd</sup> grade ICE driver																			
Electrical Chargemen	1 A4 Chargemen																			

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			<p>4) Vacuum Oil Dryer (PMT 121922)</p> <p>5) Steam Separator (SB PMT 11809)</p> <p>6) Air Water Separator (PMT 90021)</p> <p>7) Hoisting Crane (PMA 71204)</p> <p>8) Back Pressure Steam Receiver (PMT 89796)</p> <p>9) Air Receiver (PMT 90020)</p> <p>10) Steriliser (SB PMT 9714, PMT 89797, PMT 89798)</p> <p>11) Air Compressor Receiver (PMT 121923)</p> <p>12) Air Receiver (PMT 90019)</p> <p>All of the above permits were valid until 6 July 2017</p> <p>13) Monorail crane (SB PMA 8865) – the permit valid until 2 March 2017. Sighted inspection was carried out by DOSH on 28/2/17 and now the mill awaiting for new certificate.</p> <p>iv) <i>Noise Exposure Regulations 1989</i>  Audiometric test was carried out on 3 May 2016 for 26 workers/staffs by a registered OHD (JKKP NO. HIE 127/5/3 – 1 (128)). The test report indicated that a total of 9 persons were identified with hearing impairment with 2 persons need to be retest. Retest was carried out on 25/7/2016. PPE was recommended to using ear plug and ear muff. JKKP 7 was sent to DOSH on 3/5/2016. New annually test has been done in 2/5/2017 and now waiting for the report.</p> <p><u>EQ (Prescribed Premise) Crude Palm Oil Regulations 1977</u></p> <ul style="list-style-type: none"> <li>• License number 003427, valid from 1/7/16 to 30/6/17. The license indicates mill capacity as 45mt/hr</li> <li>• Final discharge method – land irrigation</li> <li>• Analysis of the final discharge was carried out on monthly basis. Quarterly report was submitted to DOE. Latest report was submitted on 1/4/2017. Review of results for Q1 2017 indicated that the results were within the regulatory limit.</li> </ul> <p>Air monitoring</p> <p>a) Black smoke – The smoke density indicator alarm for boiler no.1 was functioning during site review at LSPOM.</p> <p>b) Particulate – Stack sampling was carried out on quarterly basis. Noted that monitoring was conducted on 6/3/17, and the results of isokinetic stack sampling was found to be below the regulated limit of 0.4 g/Nm<sup>3</sup> (0.172 g/Nm<sup>3</sup>).</p> <p><u>Scheduled Waste Regulations 2005</u></p> <p>i) <i>Regulation 3 (Notification of scheduled waste generated)</i>  During site review it was found that there was 7 types of SW generated and all were notified to DOE accordingly. Last submission was on 3/5/17</p> <p>ii) <i>Regulation 9 (Storage of scheduled waste &lt; 180 days)</i></p>
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				<p>The scheduled wastes were stored not more than 180 days. Last disposal was made on 16/1/2017 through Legenda Bumimas Sdn. Bhd.</p> <p>iii) <i>Regulation 11 (Inventory of scheduled waste)</i> 5<sup>th</sup> schedule inventory was up-to-date and tally with the physical stock at the storage area. The management has communicated the 5<sup>th</sup> Schedule to DOE on 3/5/17.</p> <p><u>OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations 2000</u> Chemical Health Risk Assessment (CHRA) for Lam Soon POM was conducted on 16 November 2012.</p> <p>CHRA Report 2015 (Lam Soon Estate) was carried out on 31 March 2015. Discussion on finding with respect to manuring, spraying, workshop, store, harvesting operation was included in the report. Actions to be taken have been identified and initiated. The recommendation at the CHRA Report was reviewed on a periodically basis taking into consideration the progress made in implementing the recommendation. Mitigating actions were identified, implemented and monitored.</p> <p>i) <i>Regulation 27 (health surveillance programme)</i> At Lam Soon POM, the medical surveillance was carried out on 3 June 2016 for 11 persons. Report indicate that all workers were fit to do their job. New medical surveillance was carried out on 2 May 2017 and currently waiting for the report.</p> <p>ii) <i>Code of Practice in Confined Space 2010 (Health Surveillance 2 years once)</i> The requirement under this regulation i.e. the Authorised Entrance and Authorised Gas Tester need to do health surveillance every 2 years and the need to fill in the Declaration of Fit form before entering the confined space were not fulfilled by the mill. Hence, a Major NCR MZK 01 2017 was raised.</p>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained Minor Compliance	NO	<p>Lam Soon POM and Lam Soon Estate had up-dated its legal register on 7 March 2017 to include the following:</p> <ol style="list-style-type: none"> <li>1. Worker's Minimum Standards of Housing and Amenities Act 1990</li> <li>2. Employee Provident Fund Act 1991</li> <li>3. Employee' Social Security Act 1969</li> <li>4. Trade Unions Act 1959</li> <li>5. Human Rights Commissions of Malaysia Act 1999</li> <li>6. Labour Ordinance (Sabah Cap. 67)</li> <li>7. Immigration Act (Act 155)</li> <li>8. Minimum Wages Order 2016</li> <li>9. Minimum Retirement Age Act 2012</li> <li>10. Holidays Ordinance (Sabah Cap. 56)</li> <li>11. Passport Act 1966</li> <li>12. Workmen Compensation Act, 1952</li> </ol>

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				<p>However, in Lam Soon POM the legal register has not included all applicable requirements of the following legal:</p> <ol style="list-style-type: none"> <li>1. All requirements for Worker's Minimum Standards of Housing and Amenities Act 1990 except design and basic housing for employees.</li> <li>2. Minimum Wages Order 2016 only stated for daily rated.</li> </ol> <p>Thus, a minor NCR MRS 01/2017 was raised.</p>
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	<p>The legal register was used as guidance in carrying out the periodic evaluation of compliance exercise. Through this exercise, the estate and mill obtained information about the status of their compliance to the applicable regulations. Appropriate actions shall be taken should there be any non-compliance found. Based on the verification of this exercise, the auditors confirmed that most of the non-compliance found have been acted upon.</p> <p>There was evidence of compliance to legal requirements which had been evaluated on an annual basis. The mechanism of ensuring implementation was by:</p> <ol style="list-style-type: none"> <li>i. Periodic reporting from operating units</li> <li>ii. On site visits, inspections and discussions with relevant personnel</li> <li>iii. Assessments and audits like internal audit, PA visits, VE visits and by RSPO Audits.</li> </ol>
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	<p>The Sustainability Officer who is based in Lahad Datu is responsible to track any changes to the Acts and Regulations. This was done through communicating with the publisher of the documents. This mechanism was outlined in its procedure. The updating of the legal register was carried out on a periodical basis. Any change in the legal register is communicated to the respective sites</p> <p>Lam Soon POM and Estate followed the Lam Soon documented system for identifying, tracking, accessing and updating the legal requirements. Lam Soon had documented a list of all the applicable laws and regulations relevant to its operations. Among the identified legal requirements were Pesticides Act 1974 and its Regulations, Environmental Quality Act 1974 and related Regulations, Factories and Machinery Act 1967 and applicable Regulations, Occupational Safety and Health Act 1994 and applicable regulations, Employment Act 1955, Aboriginal Peoples Act 1954, Industrial Relations Act 1967, MPOB Regulations (Licencing) 2005, Worker's Minimum Standards of Housing and Amenities Act 1990, Employee Provident Fund Act 1991, Employee' Social Security Act 1969 and Trade Unions Act 1959., National Forestry Act 1984, Wildlife Conservation Act 2010, Sabah Labour Ordinance and etc. There was clear compliance with the law in all areas sampled.</p>
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual	YES	<p>Lam Soon CU maintained and complied with the terms of the land title. Observed that the land titles specify the purpose of the planting for either oil palm or agricultural crops for economic value. Land titles were available at the estate office.</p>

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have legal,customary or user rights		legal use of the land shall be available. Major Compliance		
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	NO	Field verification at Lam Soon Estate, observed that the boundary stones were visibly maintained between the estate with the neighboring private oil palm plantations such as Sandau Estate (Sawit Kinabalu) and Ham Sam Estate. However, there was no physical markers along the legal boundaries between Lam Soon Estate with JC Chang (Melewar Estate & Asia Estate) & Kemajuan Ruta. Thus, a minor NCR MRS 02/2017 was raised.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	NA	There was no issues raised on land dispute with neighbouring private oil palm plantations. There was no local communities lived neighbouring with the Lam Soon CU.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	YES	There was no land dispute issue with any of the neighbouring private oil palm plantations i.e. with JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompoy Estate, Sawit Kinabalu & Kam Chong Estate.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance	NA	There was no land dispute issue with any of the neighbouring private oil palm plantations i.e. with JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompoy Estate, Sawit Kinabalu & Kam Chong Estate.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations.	YES	There was no land dispute. However, Lam Soon POM and Lam Soon Estate employed watchmen in order to guard their workers, staffs and children, their belongings and company properties. There was no violence action taken by Lam Soon to maintain peace.

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C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Major Compliance Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	NA	There was no land dispute issue with any of the neighbouring private oil palm plantations i.e. with JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompoy Estate, Sawit Kinabalu & Kam Chong Estate.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance	NA	There was no land dispute issue with any of the neighbouring private oil palm plantations i.e. with JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompoy Estate, Sawit Kinabalu & Kam Chong Estate.

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	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	NA	There was no land dispute issue with any of the neighbouring private oil palm plantations i.e. with JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompoy Estate, Sawit Kinabalu & Kam Chong Estate.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	NA	There was no land dispute issue with any of the neighbouring private oil palm plantations i.e. with JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompoy Estate, Sawit Kinabalu & Kam Chong Estate.

### **Principle 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY**

Clause	Indicators		Comply Yes/No	Findings																																			
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	Lam Soon Estate continued to make commitment to long term economic and financial viability. The annual budgets for 2017 to 2020 was sighted. The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budget included projections on yield/ha, and total cost of production per mt & per ha.																																			
	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	YES	<div>The following was the proposed replanting schedule for Lam Soon Estate</div> <table><tr><th>Replanting year</th><th>Original plan (Ha)</th><th>Revised plan(ha)</th><th>Field</th><th>Age at felling</th><th>remarks</th></tr><tr><td>2017</td><td>375</td><td>375</td><td>1190 C-F, I &amp; j</td><td>27</td><td>Seedlings already raised</td></tr><tr><td>2018</td><td>408</td><td>189</td><td>1990 K, L, M</td><td>28</td><td>-</td></tr><tr><td>2019</td><td>400</td><td>237</td><td>94 A, B, C, D</td><td>25</td><td>High Ganoderma incident 6%</td></tr><tr><td>2020</td><td>430</td><td>276</td><td>93 D, E, F, G, H</td><td>28</td><td>-</td></tr><tr><td>2021</td><td>414</td><td>293</td><td>93 A, B, C, I, J, K</td><td>28</td><td>-</td></tr></table>	Replanting year	Original plan (Ha)	Revised plan(ha)	Field	Age at felling	remarks	2017	375	375	1190 C-F, I & j	27	Seedlings already raised	2018	408	189	1990 K, L, M	28	-	2019	400	237	94 A, B, C, D	25	High Ganoderma incident 6%	2020	430	276	93 D, E, F, G, H	28	-	2021	414	293	93 A, B, C, I, J, K	28
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### **Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**

Clause	Indicators	Comply Yes/No	Findings
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C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	<p>In Lam Soon Estate and mill, SOPs for plantation and mill were documented in:</p> <ul style="list-style-type: none"> <li>- Oil Palm Agriculture Policy</li> <li>- Standard Operating Procedure (S.O.P)</li> <li>- Safety Operating procedure (STOP)</li> <li>- Standard Operating Procedure for POM</li> <li>- Safety Work Procedure for POM</li> <li>- SOP on RSPO: Supply Chain.</li> </ul> <p>Oil Palm Agriculture Policy is the manual used for the operations in the estate. The manual was updated accordingly with the latest update in March 2017. It was confirmed that all activities in the estates from seedlings in nursery to planting in the fields have been included in the Manual. The document contains section related to Harvesting and Pruning, Manuring, Nursery Practices, Weed Control, Pest &amp; Diseases and New Planting &amp; Replanting Oil Palm</p> <p>For the Mill, procedures such as Standard Operating Procedure (SOP), Safe Work Procedure (SWP) and Supply Chain Procedure were established. The manual was approved by the Lam Soon Director. The document specifies sections related to Weighbridge Station, Loading Ramp Station, Sterilisation, Hoist and Threshing, Digester, Press, Oil Room, Nut Plant, Kernel Plant and CPO &amp; PK Despatch</p> <p>Safe Work Procedure</p> <ul style="list-style-type: none"> <li>- Safe Work operation from reception until CSPO and CSPK dispatch</li> </ul> <p>For the supply chain, the SOP on RSPO Supply Chain dated 4 May 2017 was established to managed the activities related on its supply chain certification standard. The procedure contains the chapter related to Documentation for Sustainable CPO, Documentation for Sustainable PK, Management Responsibility, Training, Reception – FFB, Production (CPO &amp; PK) and Sales &amp; Despatch (CPO &amp; PK).</p>
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	<p>Lam Soon Estate monitored the good agricultural practices through on-site visits, inspections and discussions with relevant personnel and by conducting audits such as Internal Audits, RSPO Audits and visits by PA and Agronomists. The mechanism of ensuring consistent implementation was by:</p> <ol style="list-style-type: none"> <li>1. Periodic reporting - monthly progress reports to Plantation Director were sighted. The report included labour statement, crop statement, manuring return, weeding, P&amp;D spraying, rat baiting, maintenance pruning, desilting of drain / main waterways and supply palm.</li> <li>2. Agronomist report on 20/07/2016 and 18/10/2016. Recommendations relating to issues below were Palm appearance, Pest and disease, Ground condition, Leaf nutrient analysis (fertiliser recommendation), Soil nutrient analysis and Yields</li> </ol>
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	<p>Records of monitoring and the actions taken by the estate continued to be maintained and kept for a minimum of 12 months. Monthly Progress, Monthly Costing and Annual Reports on monitoring of all activities were made available during the audit as well as official monthly reporting to MPOB. Among those records sighted at the estate included the Monthly Chemical consumption, Daily</p>

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				worker's activity, rainfall data, pest census, agrochemicals usage and Programme sheets for Fertiliser Application, Field upkeep, etc.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	N/A	Auditor has verified through weighbridge ticket and interview with weighbridge clerk, and confirm that no third party FFB supplier send their fruit to Lam Soon POM. The mill will be implementing the Identity Preserved (IP) supply chain model. Therefore, this indicator was not applicable.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	The estate continued to practice the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention (pruned fronds left to decompose in the fields) and EFB in replants and application in mature areas. Maintaining soil fertility was guided by a few chapters: <ul style="list-style-type: none"> <li>• Oil palm agricultural policy (manuring) - to ensure healthy palm growth and sustained high yield, adequate and balance nutrients.</li> <li>• Oil palm agricultural policy (new planting and replanting oil palm) - section no 6.4-soil conservation, section no. 6.7 cover establishment- legumes cover crop.</li> <li>• EFB composting application</li> <li>• POME application</li> </ul>
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Fertiliser inputs were recorded on costing book. Sighted records of fertiliser application (Ammonium Sulphate). The rate of fertiliser input was based on agronomist recommendation. Record of fertiliser application was sighted on the monthly progress report dated January 2017, February 2017, and March 2017.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Leaf nutrient analysis was conducted on yearly basis. The visit was carried out on 20/10/2016, Agronomist report no: MF/advisory/KL/OP2017. The analysis was to check deficiency of N,P,K,Mg, and B concentration. The results from this analysis was used for fertiliser recommendation for year 2017. Soil nutrient analysis was conducted on same date by the same agronomist.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	YES	Lam Soon Estate had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose. There was no specific programme for EFB mulching and compost application at the estate. The application was based on wherever possible area to be applied. The estate had maintained a good ground covers i.e. soft weeds, legumes, and fern. Bare ground condition was avoided. The ground cover is essential for slowing down surface run off of organic matter during rain and it also acts as a filter to trap the organic matter. To add on nutrient for palms and soil estate had applied EFB composting application.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	Soil survey and assessment report was conducted on February 2017. The purpose of this assessment was to characterize the soils in the estate with a view of grouping the soils into management group for oil palm cultivation and to highlight problem if any. The report concluded that the soils series were Kinabatangan, Lungmanis, Rumidi and Kretam
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the	YES	Lam Soon Estate subscribed to the policy of no planting on primary forest, on peat, no planting on very steep slope which is above 24 degrees as per Lam Soon Management Services Sdn Bhd-oil palm agricultural policy – new planting & replanting. The policy together with the SOPs to minimize soil erosion based on conservation terrace to reduce the speed of run-off water, ground cover management, biomass recycling, and terracing. A good spreading of the frond stacks on the



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		company's SOP. Minor Compliance		steeper slopes also been sighted to slowdown the speed of any run off, which otherwise would cause a substantial loss in the soil organic.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was noted that roads were well maintained in the estates. Accessibility was made possible by regular maintenance guided by its road maintenance programmes. The program was supported by adequate provisions in the budgets. Surface run off water from cambered roads was directed to the road side drains and/or silt pits.  The estate had a motor grader, a compactor and a backhoe for road maintenance,. For resurfacing, laterite used. Heaps of this laterite was sighted at strategic points in estate.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	There were no peats soils in Lam Soon Estate.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	There were no peats soils in Lam Soon Estate.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	YES	There were no peats soils in Lam Soon Estate.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	<u>Lam Soon Estate</u> The estate had in place and implemented water management plan. Plan for 2017 dated 3/01/2017 was sighted. The objective of the water management plan was to optimise water usage and improvements in water quality for workers usage in Lam Soon Estate area including housing sites, office, clinic, workshop, humana, surau and etc.  Water from rinsing of pesticide containers was reused for spraying. Water bodies were established in ravines and silt pits in flat areas and on slopes.  Water analysis at the catchment area was conducted on monthly basis. Results showed no adverse quality affected by estate operation to the water quality. Latest drinking water treatment and analysis was conducted on 13/03/2017.  Records of rainfall data to assist in the water management plan were sighted recorded from 2005 until 2017 (now).  <u>Lam Soon POM</u>

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				<p>The mill had a water management plan. The water management plan included the identification of water source, protection of watercourse, monitoring water quality and emergency water usage during drought season. The plan was updated on 1/2/17. Analysis of the final discharge at the effluent treatment plant, up-stream and downstream of the river water was conducted on 3/4/17 and the result within the regulatory limits. Drinking water analysis was conducted at 6 monthly basis. Last analysis was conducted on 29/09/2016.</p> <p>Records of rainfall data to assist in the water management plans were sighted recorded from 2005 until 2017 (now).</p>
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	YES	<p>Lam Soon Estate continued to protect water courses and wetlands including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.</p> <p>During the site review at the estate, it was confirmed that the buffer zone boundary had been identified with signboard erected along the river. Spraying activities were prohibited at the riparian buffer zone along the Sg Kamcong and Sg Sandau. Lam Soon had the policy to maintain the buffer by restricting agrochemicals application and will be left undeveloped during replanting.</p>
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	YES	<p>Site visit to the effluent treatment plant and interview with the operator in-charge revealed that the operation was in accordance with the standard operation procedure and legal requirements. No overflow was sighted and flow meter reading was recorded daily. Monitoring of the effluent discharge was submitted to DOE on quarterly basis through the submission of '<i>Borang Penyata Suku Tahunan</i>'. The 1<sup>st</sup> quarter report dated 1/4/2017 was reviewed and found that the monitored parameters pH, BOD, COD, Suspended Solids (SS), Ammonical Nitrogen (AN), Total Nitrogen and Oil &amp; Grease were within the regulatory limit.</p> <p>Lam Soon also conducted the monitoring of the river water quality at the upstream and downstream of Sungai Tenegang. The monitoring was carried out on monthly basis. Verified results of analysis dated 3<sup>rd</sup> January 2017, 16<sup>th</sup> February 2017, 2<sup>nd</sup> March 2017, 4<sup>th</sup> April 2017. All the results were within the regulatory limit.</p>
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	YES	<p>Processing water obtained from water catchment pond. The water consumption at the mill was monitored on monthly basis. A slight inconsistent trend was noted. This was due to cleaning process in the mill.</p>
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	<p>Lam Soon Estate practiced IPM to reduce the quantity of chemical pesticides entering the environment. IPM was based on preventive measures, monitoring crop damages, assessing the pest damages and choosing appropriate actions such as:</p> <ul style="list-style-type: none"> <li>Cultural controls – deprive pests' comfortable habitat through legume cover crop (LCC) planting, removal of infected plant materials, sanitation equipment and application of EFB in single layer to prevent RB breeding area.</li> <li>Biological controls- attract a natural predators using a beneficial plant such as <i>Cassia cobanensis</i>, <i>Antigonon leptopus</i> and <i>Turnera subulata</i>.</li> </ul>

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	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. The IPM technique for rats includes rearing barn owls ( <i>tyto alba</i> ), bagworm control includes planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> and for rhino beetles by using pheromone trap. Sighted the following the IPM training on pest & disease (rat baiting), pheromone lure (trap), and beneficial plant procedure on 26/01/2017 by the Assistant Manager. The training was attended by all sprayers and rat baiting applicators.																								
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	<p>A chemical register list was established by the estate. The list also included the intended target of the chemicals, hazards signage, trade and generic names. The chemical register was approved by Estate Manager on 30/01/2017. Among the chemical in the register included :</p> <table><tr><td>Product name</td><td>Name of chemical</td><td>Name of active ingredient</td><td>class</td></tr><tr><td>Roundup rainguard 28%</td><td>Glyphosate patasium</td><td>Glyphosate patasium</td><td>iii</td></tr><tr><td>Starane 200 EC</td><td>Fluroxypir meptyl ester</td><td>Fluroxyfyr 1 – methylheptyn ester</td><td>iii</td></tr><tr><td>Tri – Ester 32</td><td>Trichloro pyridloxyacetic acid</td><td>Triclopyr butotyl</td><td>iii</td></tr><tr><td>Strom</td><td>Faraffin Hydrocarbon</td><td>Flocoumafen</td><td>Iv</td></tr><tr><td>Antracol 70 WP</td><td>Propineb methenamine kalin</td><td>Probineb</td><td>iv</td></tr></table>	Product name	Name of chemical	Name of active ingredient	class	Roundup rainguard 28%	Glyphosate patasium	Glyphosate patasium	iii	Starane 200 EC	Fluroxypir meptyl ester	Fluroxyfyr 1 – methylheptyn ester	iii	Tri – Ester 32	Trichloro pyridloxyacetic acid	Triclopyr butotyl	iii	Strom	Faraffin Hydrocarbon	Flocoumafen	Iv	Antracol 70 WP	Propineb methenamine kalin	Probineb	iv
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4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Records of the use of types of pesticides with active ingredients and their LD50 and where these pesticides had been used, the total quantity, number of applications and Ai/Ha were available at the estate. Pesticides were only used when justified and areas used was recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. The estate had documented programs for spraying pesticides and for rat baiting.																									
4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	<p>Lam Soon Estate practiced IPM to reduce the quantity of chemical pesticides entering the environment. IPM was based on preventive measures, monitoring crop damages, assessing the pest damages and choosing appropriate actions such as:</p> <ul style="list-style-type: none"><li>• Cultural controls – deprive pests' comfortable habitat through legume cover crop (LCC) planting, removal of infected plant materials, sanitation equipment and application of EFB in single layer to prevent RB breeding area.</li><li>• Biological controls- attract a natural predators using a beneficial plant such as <i>Cassia cobanensis</i>, <i>Antigonon leptopus</i> and <i>Turnera subulata</i>.</li><li>• Use of pheromones – using during replanting area by using female insect emits to attract mates during mating phase.</li></ul> <p>As mentioned in 4.5.1, during the visit it was observed a number of Beneficial Plants and LCC were planted and both divisions had plants ready for planting in the nurseries.</p> <p>In the estate prophylactic spraying using diluted cypermethrin was carried out in the replants and immature area, where palms were felled, chipped, widowed and left to decompose and not burn for replanting. The spraying was carried out against rhinoceros' beetles as per SOP.</p>																									
	4.6.4	Pesticides that are categorised as World Health Organisation	YES	The chemical registers confirmed that the estates had only used class 2, 3, and 4 pesticides. There was no evidence on the use of class 1A or 1B chemical and the company had banned the use of																								

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	Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		Paraquat. Paraquat was changed to dichlorophenyl dimethylureat monosodium methylarsonate which is class iii chemicals.
4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance	YES	<p>Records showed that pesticides were handled, used and applied by trained workers and as per the MSDS of the pesticide. The employees involved in the chemical handling such as the storekeepers, sprayers, fertiliser and rat bait workers were trained in chemical handling. They understood the hazards of the chemicals and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to them through the MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit.</p> <p>All employees involved in pesticide application were provided with appropriate PPE and replaced when damaged. PPE issuance and replacement records were verified by the auditors. It was also observed that the workers in the fields were using an appropriate PPE such as:</p> <ul style="list-style-type: none"> <li>• Sprayer &amp; premix operator- PPE: wellington boots, respirator, apron, nitrile glove, google</li> <li>• Manuring operator – PPE: wellington boots, respirator, apron, nitrile glove, google</li> </ul>
4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders,	YES	<p>The chemical stores in both divisions of the estate were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. Record of the purchase, storage and used were maintained. The stores were ventilated with exhaust fans and locked. Only authorized personnel was allowed to handle the chemicals.</p> <p>Empty pesticides containers were triple rinsed, before it was punched with holes. The containers were stored in the scheduled waste store before disposal.</p>

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		Pesticides Act 1974 (Act 149) and Regulations. Major Compliance		
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	As mentioned under 4.6.5, pesticides were handled only by trained personnel. Sprayers were trained by the ESH officer on spraying methods and the use of PPE. Latest training was conducted on 22/01/2017 for 32 sprayers. Fertiliser applicators were trained on 04/03/2017 for 56 workers. Interviewed with the sprayers during the field audit found that they were aware of the need to use the appropriate PPE and were aware of all safety issues. Chemical were premixed before transported to the fields for spraying. The PPE issuance records confirmed that PPEs were replaced as and required. HIRARC associated with the use of chemicals was established since May 2016.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	There was no evidence of any aerial spraying had been carried in the visited sites. The estate only practices circle spraying and selective spraying which is only for targeted species such as woodies and VOPS.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available (see Criterion 4.8). Minor Compliance	YES	Information of the agrochemicals used by workers was communicated mainly via the morning muster. Training on chemical handling and spraying techniques especially to the sprayers were conducted on 22/01/2017 and 17/01/2017. The aim was to disseminate correct information and ensure understanding regarding the usage and hazards of the agrochemicals. Interviewed during the spraying activities and fertilizer application noted that the information was understood by the workers.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	YES	Field inspection and observation confirmed that chemicals were being handled in accordance with the product safety precautions. MSDS were made available at point of use, for example at the workshop, store, and chemical mixing area. Domestic wastes and recycle wastes were segregated by the workers. Only organic wastes were disposed at the landfill. Recycle materials such as cans, glass bottles, plastic bottles and papers were sent to recycle area. Records of disposals (Check Roll Book for domestic wastes and Consignment Notes for scheduled wastes respectively) were sighted.  For scheduled wastes, the SW at the estate and mill were disposed to DOE approved contractor, Lagenda Bumimas Sdn Bhd. The consignment notes for the disposal were sighted.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented	NO	Medical surveillance was conducted on 15/07/2016 for 31 workers. Results for all workers examined was satisfactory and fit to handle chemicals. Chemical Exposure Monitoring Report by ESI Sampling Sdn. Bhd was reviewed. The monitoring was carried out on 8 June 2016 at KK

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		action to treat related health conditions, shall be demonstrated. Major Compliance		Division and 9 June 2016 at KL Division. However it was found that, the exposure monitoring was not carried out on 6 monthly basis as per recommendation by CHRA, Therefore Major NCR MZK 02 2017 was raised.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	Lam Soon had established "Polisi Pekerja Wanita" dated 22/02/2017. The policy states that no pregnant women or breast-feeding women to work as sprayer or chemical handler. There was no evidence of pregnant and breast-feeding women sprayers performed spraying activity in the estate. The interviewed workers were aware that pregnant and breast-feeding women should not handle chemicals. Monitoring pregnancy and lactating was conducted every month by the estate hospital attendant. Sighted a log book "kad prenatal ibu & kelahiran bayi" to monitor of health / pregnancy status for chemical handling operator conducted on 17/04/2017, 08/03/2017, and 11/02/2017.
<p>C 4.7</p> <p>An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>The occupational health and safety plan shall cover the following:</p>	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	<p>A Lam Soon Plantations Sdn Bhd Occupational Safety and Health Policy, signed by the Plantation Director was available at the sites. The policy was available in English and Bahasa Malaysia and were communicated to all employees through briefings by the OSH representatives. The policy was also displayed on the notice boards. A safety and health plan for 2017 was established on 3/1/2017 and in the progress of implementation. The plan included OSH target (i.e. to reduce accident), Annual OSH training, OSH Meeting, Issuance of PPE, review of SOPs, OSH Audit, ESH risk management, Chemical Safety management, Inspection, etc. The implementation of the plan was monitored by the Estate Management.</p> <p>For Lam Soon POM, the Occupational Safety &amp; Health Plan 2017 was updated on 4/2/17. The OHS management plan addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. Generally, the OSH program noted to be satisfactory.</p>
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	YES	<p>Hazard identification, risk assessment and risk control (HIRARC) and CHRA covering all activities in the estates and mill available during the audit. The HIRARC register for Lam Soon Estate was updated on 1 February 2017. The activities and control measure for water catchment, Buffer Zone, Laterite Quarry, Patrolling, and Lifting Heavy Object were updated in the records. All routine activities for estate was covered including chemical spraying, Manuring and harvesting.</p> <p>At Lam Soon POM, the HIRARC was last updated on 4.1.2017. Among the activities updated in HIRARC was related to working at effluent treatment plant. HIRARC was reviewed after the incident occurred and as a to date in 2017 no accident has occurred.</p> <p>Appropriate risk control measures had been determined and implemented for the respective activities and operation. Most of the moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control such as safety signage was displayed at all work stations in the mill and estates In general, the OSH administrative controls implementation as well as engineering control equipment were found adequate.</p> <p>The following health and safety related actions were undertaken by the estate:</p>

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				<ul style="list-style-type: none"> <li>- Chemical Health Risk Assessment Report dated 31 March 2015 was available. Discussion on the activities related to Manuring, Spraying, Workshop, Store, Harvesting operation were included in the report. Actions to be taken were identified and initiated. The recommendation at the CHRA Report was reviewed on periodically basis taking into consideration the progress made in implementing the recommendation. Mitigating Actions have been identified, implemented and are being followed through.</li> </ul> <p>The following health and safety related actions undertaken by the mill were reviewed :</p> <ul style="list-style-type: none"> <li>- CHRA Report for Lam Soon POM were available and last was conducted on 16 November 2012. Discussion on the activities related to palm oil mill operation were included in the report. Actions to be taken were identified and initiated. The recommendation at the CHRA Report was reviewed on periodically basis taking into consideration the progress made in implementing the recommendation. Mitigating Actions have been identified, implemented and are being followed through.</li> </ul> <p>At Lam Soon POM, the medical surveillance was carried out on 3 June 2016 for 11 persons. Report indicated that all workers fit to do their job. New medical surveillance was carried out on 2 May 2017 and currently waiting for the report. The medical report for some of the sampled employees was reviewed.</p> <p>For lab personnel, the parameters tested were n- Hexane: Blood test Screen, Urine 2.5 Hexanedione, Urine T.T – Muconic Acid Spirometry and Urinalysis.</p> <p>Audiometric test was carried out on 3 May 2016 for 26 workers/staff. It was found that a total of 9 persons were identified with hearing impairment a retest was carried out on 25/7/2016. During the retest, 2 workers were concluded with hearing impairment. Ear plug and ear muff was recommended. JKPP 7 was submitted to DOSH on 3/5/2016. New annually test has been done on 2/5/2017 and now waiting for the report.</p>
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	YES	<p>Training and briefing on the operations were provided to all workers. The training was meant to educate the workers on safe working practices and to ensure precautions are adhered to. Training for employees were conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc. The staff and workers such as the storekeepers, sprayers, fertiliser and rat bait workers were trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. Some of the training conducted were Lam Soon Estate</p> <ul style="list-style-type: none"> <li>- Scheduled waste management training – 22/3/17</li> <li>- Recycle training – 21/3/17</li> <li>- SOP driver training – 20/1/17</li> <li>- General workers training – 1/3/17</li> <li>- Sprayer training and Chemical Handling – 17/1/17</li> <li>- Sprayer Maintenance training - 24/1/17</li> <li>- Harvesting training – 18/1/17</li> </ul>



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				<ul style="list-style-type: none"> <li>- RSPO training – 25/1/17</li> <li>- First Aider training – 21 and 22/12/2016</li> <li>- Manuring training – 19/1/17</li> <li>- P&amp;D and IPM training – 24/1/17</li> <li>- Pregnant Woman, Under Age training – 9/1/17</li> </ul> <p>Lam Soon POM</p> <p>Appropriate PPEs were identified through HIRARC exercise and have been provided accordingly to the affected workers. Workers involved with pesticides, observed spraying in the Field at Lam Soon Estate were with the appropriate PPE. Other sprayers when interviewed, confirmed using the appropriate PPEs issued to them. During the assessment, the auditor observed that workers conducting harvesting activities at Lam Soon Estate, and workers pruning in Lam Soon Estate were using the appropriate PPEs. When interviewed, it was confirmed that they were aware of all precautions and safety requirements. During visit at POM all workers at every station were aware of using of PPE.</p> <p>PPEs issuance and replacement records were available in File OSH 11 PPE Rekod alat perlindungan diri. Records of training for each employee (as in 4.8.2) were maintained at the office for reference and verification, and were verified during the audit. Some of the training are:</p> <ul style="list-style-type: none"> <li>- SOP Confined Space training- 1.03.2017</li> <li>- Chemical Handling training – 19.05.2016</li> <li>- Water Treatment and Effluent Treatment Plant training – 01.04.2017</li> <li>- OSH Policy, PPE Usage, Fire Drill and Emergency Response training – 10.02.2017</li> <li>- Safe Working Procedure training – 11.02.2017</li> <li>- Fire Drill – 30.4.2017 and 23.04.2017</li> </ul> <p>Based on the HIRARC carried out at Lam Soon Estate and POM, the types of PPE for various job were identified using the 'Daily Safety Checklist'. The management had carried out daily inspection for PPE to all workers by daily basis. The list of PPE that were given at the estate are as below:</p> <ol style="list-style-type: none"> <li>i. Harvester- Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots</li> <li>ii. Sprayers- Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron.</li> <li>iii. Manuring- Apron, Wellington Boots, Dust Mask</li> <li>iv. Boilermen- Safety Helmet, Cotton Glove, Safety Boots, Ear Plug</li> <li>v. Strelizer - Safety Helmet, Cotton Glove, Safety Boots, Ear Plug, safety Jacket</li> <li>vi. Water Treatment Plant- Nitrile Glove, Safety Boots, Ear Plug, safety Jacket, Respirator</li> <li>vii. Water Catchment Area- Cotton Glove, Safety Boots, Life Jacket</li> </ol>
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	4.7.4	<p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>Major Compliance</p>	YES	<p>The Safety and Health Committee chart for Lam Soon estate and POM were established.</p> <p><u>Lam Soon Estate</u>            OSH committee is chaired by the Estate Manager and the SHO as the secretary Quarterly Safety &amp; Health Committee meeting was held. The discussion in the meeting included the following agenda :</p> <ul style="list-style-type: none"> <li>i) Passing of previous minutes and arising matters.</li> <li>ii) Hospital Assistant Report ( Monthly Accident statistics )</li> <li>iii) Estate Health &amp; Safety Inspection Report</li> <li>iv) Training &amp; Safety related activities</li> </ul> <p>Verified the Health &amp; Safety Committee Meeting Minutes, which was held on a quarterly basis :</p> <p><u>Lam Soon POM</u>            Safety and Health Committee organisation Chart has been established 15 Dec 2016 with workers and Management representation. The committee is chaired by the Mill Manager and the second Clerk as Committee secretary. Quarterly Safety &amp; Health Committee meeting was held. The discussion in the meeting included the following agenda:</p> <ul style="list-style-type: none"> <li>j) Passing of previous minutes and arising matters.</li> <li>v) Hospital Assistant Report ( Monthly Accident statistics )</li> <li>vi) Mill Health &amp; Safety Inspection Report</li> <li>vii) Training &amp; Safety related activities</li> </ul> <p>Verified the Health &amp; Safety Committee Meeting Minutes, which was held on a quarterly basis.</p>
	4.7.5	<p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.</p> <p>Minor Compliance</p>	NO	<p>Lam Soon Estate and POM had adhered to Lam Soon SOP 'Prosedur persediaan dan tindakan Semasa Kecemasan, Penyiasatan Insiden Lam Soon Plantation Sdn Bhd'.</p> <p>Name of the Emergency Response Team (ERT) members and their contact numbers were displayed at the notice boards of respective sites as well as communicated to all workers. Telephone numbers of the Police Station, Fire Brigade, Immigration Department and Hospital were also included. The ERT comprised of trained First Aiders, Field Staffs, Mandores, Office Staff, and Workshop Operator and Security personnel. The Field Staff and Mandores are responsible for handling emergency at the field. During field inspection it was noted that all operating units had been provided with first aid boxes which were checked on a monthly basis by the Medical Assistants. Records of replenishment were verified by the auditor. Records of competency for some of the First Aiders were verified during the audit.</p> <p>For Lam Soon POM the following Accident and Emergency procedures were reviewed:</p> <ul style="list-style-type: none"> <li>i. Emergency Preparedness Response Team with the Mill Manager as the Emergency Commander</li> <li>ii. Prosedur persediaan dan tindakan Semasa Kecemasan, Penyiasatan Insiden Lam Soon Plantation Sdn Bhd' which included the               <ul style="list-style-type: none"> <li>a) Steps of responses to an environmental and OSH emergencies</li> </ul> </li> </ul>

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				<p>b) Emergency Action Plan in the event of fire. c) Emergency Action Plan in the event of an explosion d) Emergency Action Plan in the event of oil spillage.</p> <p>Fire drill was conducted as planned. Drills conducted on 30<sup>th</sup> April 2017 and 23 April 2017 he were reviewed and found to be satisfactory conducted.</p> <p>The ERT comprised of trained First Aiders, Supervisor, Mandores, Office Staff, WTP operator and Workshop Operator and Security personnel. The Supervisor and Mandores are responsible for handling emergency at the field. During field inspection, it was noted that all operating units had been provided with first aid boxes which were checked monthly by the Medical Assistants. Records of replenishment were verified by the auditor. Records of competency for some of the First Aiders training were reviewed.</p> <p>During site visit at POM working station e.g Boiler, Workshop, Steriliser, Store, Press, it was found that there were no accident and emergency plan available. Therefore, minor NCR MZK 03 2017 was raised.</p>
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	<p>One clinic with qualified HA is provide for basic medical care. The clinic available for all workers and staffs of Lam Soon Estate and the POM. Serious cases were sent to the Lahad Datu Hospital which is about 60 km from Lam Soon.</p> <p>All employees were covered by accident insurance. Local workers are covered by SOCSO while for foreign works covered by insurance as required the Workmen Compensation Act 1952. Contribution to SOCSO for the some of the local workers were verified through their pay slip.</p> <p>For foreign workers, insurance policy from Lonpac Insurance Berhad for the estate workers (W/17/WF00/202067/KUL) and for Lam Soon POM (W/17/WF00/202067/KUL) with validity period from 1 January 2017 to 31 December 2017 were sighted during the audit.</p>
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	<p><u>Lam Soon POM</u> Accident statistics were maintained and reviewed during the quarterly 'Health and Safety' committee meeting. JKPP 8 for 2016 submitted on 3 Jan, 2017. One accident was reported as follow:</p> <p>i) Engine Driver – accident when coming to work on 2 August 2016.– 151 days loss in man-days, the accident was classified as Class III (Temporary Disability). Investigation was carried out, corrective action proposed and implemented. HIRARC was revised accordingly.</p> <p><u>Lam Soon Estate</u> Accident statistics were maintained and reviewed during the quarterly 'Health and Safety' committee meeting. JKPP 8 for 2016 submitted on 31/12/16. No accident was recorded for 2016.</p>

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				<p>As for 2017, one accident was recorded which resulted in more than 4 days of medical leave.</p> <p>i) Tractor Driver – Hit by tractor bar resulting in right foot injury on 23/1/17 resulted in 53 days of loss in man-days. The accident was classified as Class III (Temporary Disability). JKKP 6 was submitted to DOSH on 24/1/17. Internal investigation was carried out. Root cause was identified and the corrective action was proposed and implemented.</p>
<p>C 4.8</p> <p>All staff, workers, smallholders and contract workers are appropriately trained.</p>	4.8.1	<p>A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.</p> <p>Major Compliance</p>	NO	<p>Formal training programmes for 2017 covering all aspects of the RSPO Principles and Criteria was established. Assessments of training needs was carried out for both the estate and mill. A training plan was established on 3 January 2017. The training program includes</p> <ul style="list-style-type: none"> <li>• ESH Legal &amp; Other requirements</li> <li>• Safe handling of Electrical Equipment</li> <li>• Use &amp; Standard Exposure of Chemical Hazardous to Health (USECHH) 2000</li> <li>• Accident Investigation Techniques</li> <li>• Emergency Respond Plan Training (e.g. Chemical spill, poisoning, Fire. Lightening)</li> <li>• First Aid Training</li> <li>• Scheduled wastes management</li> <li>• Safe Work Procedure for All Stations.</li> <li>• Confined Space Training</li> <li>• Policy Training</li> <li>• LOTO Training</li> <li>• MSDS training</li> <li>• Harvesting &amp; Pruning Training</li> <li>• Manuring Training</li> <li>• Workshop &amp; Genset Training</li> </ul> <p>For the Lam Soon POM, it was found that the training programme had only covered the safety and health aspects. The training on social aspect was not included. Thus, a major NCR MRS 03/2017 was raised.</p>
	4.8.2	<p>Records of training for each employee shall be maintained.</p> <p>Minor Compliance</p>	YES	<p>Lam Soon had trained their staffs and workers. Records of training were kept in the RSPO training file. The records included the title of training, name and signature of the attendees, name of the trainer, time and venue. Verified records for the following training:</p> <p>Lam Soon Estate</p> <ul style="list-style-type: none"> <li>- Scheduled wastes management training – 22/3/17</li> <li>- Recycle training – 21/3/17</li> <li>- SOP driver training – 20/1/17</li> <li>- General workers training – 1/3/17</li> <li>- Sprayer training and chemical handling – 17/1/17</li> <li>- Sprayer maintenance training - 24/1/17</li> <li>- Harvesting training – 18/1/17</li> <li>- RSPO training – 25/1/17</li> <li>- First Aider training – 21 and 22/12/2016</li> <li>- Manuring training – 19/1/17</li> </ul>

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				<ul style="list-style-type: none"> <li>- P&amp;D and IPM training – 24/1/17</li> <li>- Pregnant Woman, Under Age training – 9/1/17</li> </ul> <p>Lam Soon POM</p> <ul style="list-style-type: none"> <li>- SOP Confined Space training- 1.03.2017</li> <li>- Chemical Handling training – 19.05.2016</li> <li>- Water Treatment and Effluent Treatment Plant training – 01.04.2017</li> <li>- OSH Policy, PPE Usage, Fire Drill and Emergency Response training – 10.02.2017</li> </ul>
				<ul style="list-style-type: none"> <li>- LOTO training – 13.02.2017</li> <li>- Safe Working Procedure training – 11.02.2017</li> <li>- Fire Drill – 30.4.2017 and 23.04.2017</li> <li>- Code of ethical conduct – 28 April 2017</li> <li>- Human Rights – 28 April 2017</li> <li>- Sexual harassment policy – 16 March 2017 &amp; 16 January 2017</li> </ul>

### Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators		Comply Yes/No	Findings								
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	NO	Environmental Impact Assessment, Management Action Plans and continuous Improvement Plans (December 2016-December 2021) dated 31/12/2016 were reviewed during the audit. However, Environment impact aspect (EIA) was not clearly identified, predicting, and evaluating for activities in Lam Soon Estate and Mill. Thus, #Major NCR RAR02-2017 has been raised.								
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	YES	Significant environmental aspect and impact was derived from the environmental impact Assessment & pollution prevention plan (2017). Those activities evaluated as significant were monitored using the mitigation measure established for each significant activity. Among of activities or process to mitigate the negative impacts to positive impacts were:								
				<table><tr><th>Process</th><th>Major activity</th><th>Impact</th><th>Mitigation measure</th></tr><tr><td>Scheduled waste store, diesel, lubricant store, chemical store</td><td>Storage of SW such as oil, filter, chemical container, etc.</td><td>Water / land pollution</td><td><ul style="list-style-type: none"><li>• Proper bund / oil trap to prevent any spillage</li><li>• training on management of wastes by competent person CepSWam</li><li>• Training by management on emergency response plan to PIC of store.</li></ul></td></tr><tr><td>Genset room</td><td>Generate electricity, diesel usage</td><td>Noise, water / land pollution, air pollution</td><td><ul style="list-style-type: none"><li>• no residential area should build within 500m radius.</li><li>• regular service as per schedule to prevent leakage.</li></ul></td></tr></table>	Process	Major activity	Impact	Mitigation measure	Scheduled waste store, diesel, lubricant store, chemical store	Storage of SW such as oil, filter, chemical container, etc.	Water / land pollution	<ul style="list-style-type: none"><li>• Proper bund / oil trap to prevent any spillage</li><li>• training on management of wastes by competent person CepSWam</li><li>• Training by management on emergency response plan to PIC of store.</li></ul>
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	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	No changes were made to the environmental aspects and impacts or current practices which require changes in the environmental action plans. Nevertheless, the existing environmental action plans had identified timeframes and responsible person at each operating unit assessed.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	NO	HCV assessment report was not during the audit. Thus, a major NCR MRS 04/2017 was raised.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	NO	Action plan on High Conservation Value (HCV) and rare, threatened and endangered (RTE) species was not available: <ul style="list-style-type: none"> <li>• HCV habitats, such as conserved area, and buffer zones;</li> <li>• Control any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts</li> </ul> Thus, a major NCR MRS 05/2017 was raised.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	NO	There was no evidence to show that Lam Soon had complied with this indicator as below: <ol style="list-style-type: none"> <li>1. Programme and training to educate the workforce on the RTE species</li> <li>2. Appropriate discipline action to be taken if found the employee has captured, harm, collect or kill these species</li> </ol> Thus, a minor NCR MRS 06/2017 was raised.

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	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	NO	Action plan and monitoring for HCV area such as riparian buffer zone were not available at Lam Soon Estate during this audit. Thus, a minor NCR MRS 07/2017 was raised.															
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	There was no HCV area set-asides for local communities since there is no local communities lived nearby Lam Soon areas. Lam Soon is surrounded by other private oil palm plantations.															
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	<p>Lam Soon POM had identified all of its wastes and sources of pollution in the Identification, prevention, mitigation and improvement plan on waste / pollution sources. Among the wastes identified for recycling include plastic (from household, inner-layer of fertiliser bags), paper (from office &amp; household) and metal (from workshop &amp; household). These wastes were sent to recycling centre near to the workshop. Scheduled wastes include used lubricant, used oil filter, contaminated rags and gloves, chemical containers and clinical waste. Other domestic wastes such as organic wastes were collected and buried at the estate's landfill.</p> <p>The following were also identified</p> <p>Air – from boiler stack (smoke and particulate), vehicle &amp; generator (smoke and gases), biogas emission from anaerobic processes (ETP, EFB dumping),</p> <p>Water – cleaning water/run-off/process station waters (hydrocyclone / steriliser condensate / clarification waste) &amp; boiler quenching water and blowdown.</p> <p>For Lam Soon Estate, information pertaining wastes and plans were available as below:</p> <table border="1"> <thead> <tr> <th>Source of waste</th><th>Possible waste / pollution</th><th>Affected environment</th><th>Prevention</th><th>mitigation</th></tr> </thead> <tbody> <tr> <td>Fertiliser (nursery area)</td><td>Fertiliser leaching</td><td>Contamination of water bodies / ground water</td><td>set up nursery site away from major water bodies</td><td>Educated nursery workers on good agricultural practices.</td></tr> <tr> <td>Pesticide</td><td>Excess insecticides</td><td>Contamination of water bodies / ground water</td><td>Apply as per recommend</td><td>Training and awareness for proper spraying technique and observe</td></tr> </tbody> </table>	Source of waste	Possible waste / pollution	Affected environment	Prevention	mitigation	Fertiliser (nursery area)	Fertiliser leaching	Contamination of water bodies / ground water	set up nursery site away from major water bodies	Educated nursery workers on good agricultural practices.	Pesticide	Excess insecticides	Contamination of water bodies / ground water	Apply as per recommend	Training and awareness for proper spraying technique and observe
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## RSPO P&C AUDIT REPORT

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	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Among the identified wastes include empty chemical/pesticides containers. These empty containers were washed at washing station prior to disposal. Disposals were carried out in compliance with relevant regulation of scheduled waste. Inventory and consignment documents verified for confirmation of proper management and disposal.															
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	The audited sites maintained their documented SOP for wastes disposal and Waste Management Plan 2017 for ensuring proper waste management and reduce environmental pollution.															
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	<p>Lam Soon POM had established a fossil fuel action plan. The POM had planned to stop the diesel generator during non-processing hour, and to ensure the higher load machineries running only during mill operation and also monitor the consumption of diesel per MT/FFB.</p> <p>For the estate, a Fossil Fuel reduction plan for year 2017 which included the following were sighted:</p> <ul style="list-style-type: none"> <li>Write off very old tractor which consume more diesel – will be monitored yearly by assistant manager and approved by manager before to rip off vehicle.</li> <li>To regular check and service the fuel pump injector – daily and monthly regular checking by driver and foremen on those tractors consume more diesel.</li> <li>To reduce diesel consumption at main gate 3 by using solar system (change from gen set to solar system) – already completed since March 2017.</li> </ul>															
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance	YES	Lam Soon had an "Environmental Policy" dated: 24/06/2016. The policy was signed by the Plantation Director. The policy included a statement which does not allow or practices open burning to be conducted at its owned estate. Lam Soon Estate had practices zero burning during replanting. All palms were chipped and left for decomposed.															

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guidelines or other regional best practice	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	There was no evidence that the estate had used fire during replanting. All palms were chipped and left decomposed on field.
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions.	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	Lam Soon had assess the environmental aspects and its associated environmental impacts for all its activities related to field operation as well as other facilities such as the workshop, chemical and waste stores The assessment covers activities related to estate operation such as chemical spraying, manuring, harvesting/pruning, EFB mulching, transportation and decanter cake application, chemical storage, etc. For the mill, the assessment covers activities from receiving FFB until dispatch of CPO. Some of the assessment were:  1. Plantations: use of agrochemical, use of diesel/petrol/lubricant, use of fertiliser and electricity consumption. 2. Mill: chemical usage, diesel/lubricant usage, electrical usage, CPO transportation and management of effluent.  Lam Soon Estate had included the assessment for activities which emit GHG, e.g. FFB transportation, manuring and road maintenance. For the mill activities included treatment of effluent and operation of diesel engine.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	Lam Soon had established a plan to monitor GHG. The estate had planned to reduce GHG from tractor and for Lam Soon POM, close monitoring of diesel usage and also plan to get the electricity from SESB.

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Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	<p>RSPO made compulsory for submitting GHG starting from 1/1/2017. Lam Soon had used RSPO PalmGHG Calculator as a tool. Sighted report send to RSPO on 5 May 2017. From the report the following were reported:</p> <p>Mill emissions:</p> <table><tr><td>Emission sources</td><td>tCO2e</td><td>tCO2e/tFFB</td></tr><tr><td>POME</td><td>16928.50</td><td>0.2</td></tr><tr><td>Fuel consumption</td><td>1601.57</td><td>0.02</td></tr><tr><td>Grid electricity utilisation</td><td>0</td><td>0</td></tr><tr><td>Export of excess electricity to housing</td><td>-789.54</td><td>-0.01</td></tr><tr><td>Sale of PKS</td><td>-694.30</td><td>-0.01</td></tr><tr><td>Sale of EFB</td><td>0</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>17046.23</b></td><td><b>0.2</b></td></tr></table> <p>Estate emissions:</p> <table><tr><td>Emission sources</td><td>tCO2e</td><td>tCO2e/tFFB</td></tr><tr><td>Land Conversion</td><td>49,571.35</td><td>0.57</td></tr><tr><td>*CO2 Emissions from Fertiliser</td><td>1,431.28</td><td>0.02</td></tr><tr><td>**N2O Emissions</td><td>2,492.48</td><td>0.03</td></tr><tr><td>Fuel Consumption</td><td>2,857.51</td><td>0.03</td></tr><tr><td>Peat Oxidation</td><td>0</td><td>0</td></tr><tr><td>Sinks</td><td></td><td></td></tr><tr><td>Crop Sequestration</td><td>-47.932.07</td><td>-0.56</td></tr><tr><td>Conservation Sequestration</td><td>0</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>8,420.55</b></td><td><b>0.1</b></td></tr></table> <p>The final emissions value per product are 1.08 tCO2e/tCPO and 1.08 tCO2e/TPK.</p>	Emission sources	tCO2e	tCO2e/tFFB	POME	16928.50	0.2	Fuel consumption	1601.57	0.02	Grid electricity utilisation	0	0	Export of excess electricity to housing	-789.54	-0.01	Sale of PKS	-694.30	-0.01	Sale of EFB	0	0	<b>Total</b>	<b>17046.23</b>	<b>0.2</b>	Emission sources	tCO2e	tCO2e/tFFB	Land Conversion	49,571.35	0.57	*CO2 Emissions from Fertiliser	1,431.28	0.02	**N2O Emissions	2,492.48	0.03	Fuel Consumption	2,857.51	0.03	Peat Oxidation	0	0	Sinks			Crop Sequestration	-47.932.07	-0.56	Conservation Sequestration	0	0	<b>Total</b>	<b>8,420.55</b>	<b>0.1</b>
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### Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
<p>C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and</p>	6.1.1	<p>A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance</p>	YES	<p>Lam Soon had conducted Social Impact Assessment (SIA) as verified on the SIA report titled 'Social Impact Assessment &amp; Management Action Plans and Continuous Improvement Plans' dated on 31 December 2016. The SIA report comprises individual reports for Lam Soon Palm Oil Mill and Lam Soon Estate.</p> <p>Each individual report contains maps of the estate, manpower statement, focus group discussions were held, number of participants who attended each session, number of internal and external stakeholders consulted, stakeholders' perspectives, issues that were raised, and proposed mitigation/enhancement measures.</p>

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promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.				The report included discussion on stakeholder mapping, employment conditions, living conditions, health & safety in the workplace, public health & safety, respect for human rights, communication with management, and community relations.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	Evidence that the assessment has been done with participation of the affected parties is contained within the SIA report itself. The SIA report states the various stakeholders who were consulted during Stakeholders Meeting dated 23 March 2017 with NGOs and Government departments, 6 December 2016 with neighbouring estates on 20 December 2016 with contractors and suppliers, and 27 January 2017 with workers housing representatives.  All records of meetings and consultation during the SIA was incorporated in the assessment document. List of the stakeholders consulted are also available within the document.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	YES	Social action plan titled 'Social Impact Assessment and Management Action Plan' showing a summary of the issues raised, solutions, person responsible, target date and date of completion was made available at respective sites. The action plan was developed in consultation with the affected parties during stakeholders meeting.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties Minor Compliance	NA	Since this is the first time that Lam Soon has carried out an SIA, none of the action plan is due for revision and update.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	YES	There was no smallholder schemes in the Lam Soon certification.
C 6.2 There are open and transparent methods for communication	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	The estate and mill have a Stakeholders Requests and Responses Procedure, Grievances Procedures and Stakeholders Consultations Procedure, a flowchart for complaints to management from external and internal stakeholders including whistle-blower. These documents were all documented and sighted.

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and consultation between growers and/or millers, local communities and other affected or interested parties				There was also another set of forms entitled 'Borang Aduan (Complaint Form)' which contain complaints and suggestions from external stakeholders and submitted to the estate during a stakeholder meeting.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The Mill Manager of Lam Soon POM via a letter dated 1 March 2017 had appointed the Senior Assistant Manager for handling the social issues. For Lam Soon Estate, the estate has appointed Senior Assistant Manager on 1 January 2017.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	<p>List of stakeholders that relevant to the company's operation such as neighbouring oil palm estates, local authorities and NGOs was made available at the visited site. The list was updated on 25 April 2017.</p> <p>Lam Soon POM and Lam Soon Estate had conducted stakeholders meetings; on 23 March 2017 with NGOs and Government Departments, 6 December 2016 with neighbouring estates, 20 December 2016 with contractors, suppliers and sundry shop, and 27 January 2017 with workers representatives. Evidence of the above stakeholder consultation conducted were available in the form of signed attendance list as well as photos taken during the meeting. The minutes of the meeting of the consultation was also maintained.</p> <p>Auditor has tried to interview with representatives from NGO – Pusat Kebajikan Goog Shepherd through several phone call. However, no pick up from the NGO during the audit.</p>
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested. Major Compliance	YES	<p>Lam Soon estate and mill have created a complaints form where complainant can fill up and submit to the office. Review of the records revealed that all the filled forms submitted by their staffs and workers requesting for house repairs. Most of the complaints were resolved within 2 to 7 days, depending on the complexity of the complaints. In some cases, some delays were noted. All the complaints forms sighted contain sections for complainants to fill up their names, and in some forms, their job and address.</p> <p>Lam Soon maintained affirms that its dispute system is open to any affected parties including whistle-blower. A flowchart titled 'Grievances Process' was observed maintained available for sighted. Anonymity of complainants and whistle-blowers will not be revealed to third parties. So far, there was no disputes happen at the audited sites.</p>
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Both the estate and mill have a system which indicated the status of the complaints. There was no disputes cases found at the audited sites. All complaints were satisfactorily resolved and in timely manner.
C 6.4 Any negotiations concerning	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people	YES	Lam Soon POM and estate have a standard procedure for identifying social related issues called "Land Dispute Compensation and Calculation Procedure" and "Procedure For Calculating & Distribution Fair Compensation". The procedures defined details process of how compensation for

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compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		entitled to compensation, shall be in place.  Major Compliance		any issues/disputes related to land, ownership and access to land, and ensures negotiations concerning compensation are dealt with. There was no evidence sighted at any of the estate and palm oil mill of any dispute on customary rights, boundary disputes, etc.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation.  This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.  Minor Compliance	YES	"Land Dispute Compensation and Calculation Procedure" and "Procedure For Calculating & Distribution Fair Compensation" detail out the procedures for calculating and distributing compensation in a fair manner. These procedures specify that it would take into account ethnic group, gender differences, etc. A flowchart to the same effect was also sighted. There is no evidence sighted at any of the estate and palm oil mill of any dispute on customary rights, boundary disputes, etc.
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.  Major Compliance	YES	There was no evidence sighted at any of the estate and palm oil mill of any dispute on customary rights, boundary disputes, etc.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	The estate and mill have monthly pay slips as evident of salary paid to the workers and staffs. A copy of the pay slip was given to each employee every month. The pay slip contains the date, salary payable including any allowances, overtime pay, paid medical leave, less any deductions such as advances taken, statutory deductions (SOCSSO, EPF), temple/mosque funds, etc. Interviews with workers reveal that they understand the contents of the pay slip and would seek clarifications from the relevant clerk if they are unsure or have questions.

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minimum standards and are sufficient to provide decent living wages				Samples of the worker's pay slip for February and March 2017 were taken and compared with the worker's checkroll (i.e. workers on the estate's direct pay list). There was evident that workers who were paid piece-rated, and work a minimum of 4 hours per day, receive basic wages of more than RM920 per month in compliance with the Minimum Wage Order 2016.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	<p>Workers and staff have their contracts of employment based on Sabah's Labour Ordinance. Details of payments, working hours, deductions, overtime, leave entitlement, reasons for dismissal, etc are available in the contract. The contract is in Bahasa Malaysia and understood by the estate and mill employees.</p> <p>Lam Soon also given permission by the Labour Department ('Permit Potongan Daripada Gaji Pekerja' dated 8 March 2017) to deduct worker's salary for travelling processing fee (foreign workers), passport for family members, medical fee for family members and also others fees (grocery, store item, canteen, mosque &amp; church).</p>
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance	NO	<p>All staff and workers are staying at the same quarters area within Lam Soon Estate. Based on visits conducted, the houses provided were adequate, and in reasonably good conditions and comfortable. Interviews with the workers reveal that they were satisfied with the response to requests for any repair works.</p> <p>Each family was given one house. Single workers share between 2 to 3 persons per house. All houses were supplied with 24 hours of electricity (from mill generator set) and water supply (self-treated). Sundry shops, canteen, surau, chapel, cre'che, clinic and recreational facilities such as football field, volleyball and badminton court are also available.</p> <p>Creche and Community Learning Centre (CLC) are available for children. Lam Soon has provided immunizations programme and food for Creche. For CLC, Lam Soon provided breakfast and transportation.</p> <p>Mill has conducted water analysis for <i>E. coli</i>, total coliform, ammoniacal nitrogen, etc. by Permula Sdn. Bhd.. The monitoring was last conducted on 29 September 2016 and report received on 11 October 2016. The analysis was based on Guidelines for Drinking Water Quality, 2<sup>nd</sup>. Edition Vol. 1, World Health Organization (WHO), 1993. This was the first time that the analysis for drinking water conducted by Lam Soon. And The result was within the specification.</p> <p>During the audit, it was found that there was no record of inspection carried out on the housing conditions as required under Section 23(2) of the Workers' Minimum Standards of Housing &amp; Amenities Act 1990. Thus, minor NCR RAR01-2017 has been raised.</p>

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	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	Sundry shop was available within the estates premises. For example, the sundry shop at Lam Soon Estate sells basic daily needs including tobacco, beverages, rice, flour, cooking oil, etc. These shops also allow the workers to buy goods on credit basis. However, the estate allows the workers to shop outside the estate, not depend on shop in the Estate. The estate has monitored price at the grocery shop once in six months with latest inspection on 4 February 2017.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	Lam Soon has published a policy titled 'The Rights of Freedom of Association of Employee' dated 24 June 2016. The policy is available in Bahasa Malaysia and English. The policy was displayed at the estate's and mill's notice boards.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	Minutes of meeting between management and workers representatives was documented and sighted at estate and mill. The representatives were represented for both workers at mill and estate. The latest meeting was conducted on 27 January 2017 and the minutes meeting was sighted. No complaint received during the meeting.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The list of workers which contains worker's detail, including their dates of birth was reviewed for both the estate and mill. Observations were also made during field visits and during interviews with workers confirm that no one below 18 is employed in the estate and the mill.  All estates and mill have a written policy against employment of child labour. Based on Labour Ordinance of Sabah, the company could hire an employee 16 years and above. While for foreign workers is 18 years and above. However, the CU only hired workers with age more than 18 years old.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	YES	Lam Soon has mentioned on the equal opportunities policy in the Labour Policy. The policy was sighted at sites audited. Among other things, the policy specifies that management would ensure that all parties directly or indirectly involved with the estate/mill would be accorded fair treatment, and that the estate/mill would not be involved in, nor support any oppression based on race, caste, nationality, religion, disability, age, sexual orientation, union membership or political leanings. Interviews conducted with the staff and workers (including foreign contract workers) confirm that there was no discrimination of any form at the estates and palm oil mill.



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orientation, union membership, political affiliation, or age, is prohibited.	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	<p>A human rights policy, labour policy, special labour policy and 'Polisi Pekerja Wanita' sighted at estate and mill also state their commitment against unfair and discriminatory practices.</p> <p>The company does not practice discrimination based on race, caste, national, origin, disability, gender, sexual orientation, union membership, political affiliation, or age. A functioning grievance mechanism is in place. The <i>Persatuan Pekerja</i> and Gender Committee also looks into allegation of discrimination if reported.</p> <p>Interviews with local workers, foreign workers and female employees confirm that there is no evidence of any form of discriminatory practices by the estates and oil palm mill.</p>
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	Based on interviews with workers/staff at all the audited sites, they were appointed to their respective positions based on job availability, their experience and qualification. An interview evaluation form, and medical fitness report were sighted which shows an objective assessment of a candidate during a job interview.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	NO	<p>The estate and mill have established a Sexual Harassment Policy ("Polisi Gangguan Seksual"). The policy defines what constitutes sexual harassment, and states that it would comply with the relevant laws and increase awareness with regards to sexual harassment. The policy is written in the Bahasa Malaysia and displayed on the notice boards. No evidence or acts that contradict this policy were observed. Lam Soon POM and Lam Soon Estate have briefed all employees during gender committee meeting in 16 March 2017 &amp; 16 January 2017.</p> <p>Interviews with workers at visited estate and mill revealed that there was inadequate understanding on sexual harassment, grievance procedure on sexual harassment and role of gender committee. Thus, a major NCR MRS 08/2017 was raised.</p> <p>Nevertheless, all employees interviewed at the estate and mill confirmed that they have not encountered any form of sexual harassment.</p>
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	<p>The company has established a 'Polisi Pekerja Wanita' to protect the reproductive rights. Lam Soon POM and Lam Soon Estate had briefed their workers during morning muster on this policy. Based on interview with workers, they were aware of the policy requirements.</p> <p>Generally, based on interviews, the female employees were aware of their maternity rights, and that the workers were aware that they are to cease any spraying and fertilising works once they get pregnant.</p>
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established,	YES	A grievance mechanism has been sighted at the estate and the mill titled 'Sexual Harassment Procedure'. It involves a flowchart 'Sexual Harassment Reporting Flowchart' which explains the process of grievance handling for both external and internal parties. At Lam Soon Palm Oil Mill and

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		implemented, and communicated to all levels of the workforce. Minor Compliance		<p>Lam Soon Estate, the flowchart is exhibited prominently near the entrance to the main estate/mill office.</p> <p>Chairman of Gender Committee called 'Persatuan Wanita' at each sites responsible in handling and channeling issue to management, if any. Management has directed chairman of gender committee to respects and protects anonymity and complainants where requested.</p> <p>Complainants can submit in their complaint either in writing or verbally. Workers interviewed know that they can either complaint to their immediate supervisor, or if they wish, to the estate management.</p>
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	This indicator was not applicable as the mill only received FFB from their own estate.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	YES	Lam Soon POM has documented their pricing mechanisms for CPO transporters as agreed by both parties. This was verified with the contract agreement and payment invoice to the transporter i.e. Chong Shu Ming Trading. The agreement is valid until 31 December 2017.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	<p>Interviews were conducted with three contractors/suppliers; Palm-Mech Engineering Sdn. Bhd. (Spare parts), Chem Yields Co (mill chemical supplier), and Best Venture Suppliers Sdn. Bhd. (Safety equipment &amp; lubricant supplier).</p> <p>Based on interviews conducted, the contractors/suppliers understood the contractual agreements they entered into, including their rights and obligations. He informs that there is no fixed supply contract with the mill. The supplier also informed that dealings with the mill had been fair, legal and transparent. Payments were received within one or two months of issuance of invoice as verified through Payment Voucher (No. M 7836, 7886 &amp; 7901).</p>
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Interviews were conducted with three contractors/suppliers; Palm-Mech Engineering Sdn. Bhd. (Spare parts), Chem Yields Co (mill chemical supplier), and Best Venture Suppliers Sdn. Bhd. (Safety equipment & lubricant supplier) confirmed that payments were made in a timely manner.
C 6.11 Growers and millers contribute to local Sustainable	6.11.1	Contributions to local development that are based on the results of consultation with	YES	The estate and the mill do provide contributions to the local communities. Lam Soon POM and Lam Soon Estate have employed 38 and 27 local communities from Sabah.

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development where appropriate.		local communities shall be demonstrated. Minor Compliance		
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	There was no scheme smallholders FFB supplier involved in Lam Soon.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	Both the estate and mill had adopted the Human Rights Policy which, among others, respects human rights and will not be complicit in human rights infringement. Interviews with workers and staff also confirmed that they entered into the employment voluntarily and freely. Equally, they are allowed to terminate their employment as per their terms of employment, without any penalty. Foreign workers also confirm that the job they are doing corresponds with what they were told on their home country. There was no evidence of contract substitution.  All employees work 8 hours a day and are paid overtime should this number of hours exceeded. Workers who work on rest days are also compensated in accordance with the Labour Ordinance.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	Foreign workers also confirm that the job they are doing corresponds with what they were told on their home country. There was no evidence of contract substitution.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	Special labour policy for employment of foreign workers has been addressed in the 'Polisi Khas Pekerja' dated 22 February 2017. The policy stated that foreign employees should be treated fairly in terms of recruitment, terms and conditions of work, provide decent living, no contract substitution and post arrival programme.  Lam Soon has also established specific procedures/flowchart for employment of foreign workers 'Proses Permohonan Untuk 'Pass Lawatan Kerja Sementara' (PLKS) Melalui Kelulusan Kuota One Stop Centre" (OSC)' and also SOP Passport. The procedure was implemented for employment of foreign workers.  Lam Soon had been permitted by the Immigration Department of Sabah to recruit new foreign workers from Indonesia and Philippines without passport with limited quota maximum 250 employees as verified through official letter from the Immigration Department dated 14 March 2017 (BPA/12041/GCAJQ1624108). Lam Soon has planned for legalise these illegal workers for 2017 'Plan Processing Passport and Work Permit'. The permit is valid for 6 months from 14 March 2017. The company also allow to extent for another 6 months with approval from the Immigration Department of Sabah.

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C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	YES	Lam Soon had established a policy to respect human rights dated 22 February 2017. The policy was communicated to all levels of the workforce and operations on 28 April 2016. This was confirmed during the interview with some workers. The estate and mill adopt the Human Rights Policy which, among others, respects human rights and will not be complicit in human rights infringement.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	Lam Soon had provided a Community Learning Centre (CLC) inside their estate for the mill and estate foreign worker's children.

### Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Lam Soon has no plan for any new planting and no new development of area was observed during the visit. Thus Principle 7 is not applicable.

### Principle 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	The Lam Soon Estate continued to manage pests, disease and weeds using appropriate IPM techniques. The estate had nursery for beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . This was to ensure continuity in the planting of the beneficial

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				plants and indirectly reduces the use of pesticides. The estate had implemented and will continue to only spray Circles (Strip) and noxious weeds. Spraying was only carried when required. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows. EFB was applied in single layers and was not dumped in large amounts to prevent breeding of Rhinoceros Beetles. To ensure efficient loose fruit collection, circle raking was carried to avoid VOPs from merged and for the purpose to reduce of chemical usage. The following were implemented at sites: <ul style="list-style-type: none"><li>• The estate had implemented only circle spray and selective spraying weeding in possible areas to reducing use of chemicals for spraying.</li><li>• For control of Rhinoceros Beetle, the estate used pheromone traps and had programs to cover trunk chips in replants with cover crops.</li><li>• Bagworm control – to reduce chemical use, the estate was to plant more nectariferous beneficial plants. This was evident with the presence of small polybag full of <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> in the nurseries.</li></ul>
b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	Lam Soon maintained established and implemented environmental improvement plans and measures. Among the plans and measures were: <ul style="list-style-type: none"><li>• Waste Management Action Plan 2017/18.</li><li>• Environmental Management Program (EMP).</li><li>• Pollution Prevention Plan.</li></ul> The plan included <ul style="list-style-type: none"><li>• reduction of diesel usage / GHG emission.</li><li>• reduction of POME generation.</li><li>• maintain water quality.</li><li>• reduce soil erosion.</li><li>• reduce usage of chemical.</li><li>• reduce land contamination</li><li>• improve soil fertility</li><li>• reduce waste</li></ul>	
c)	Waste reduction (Criterion 5.3);	YES	Lam Soon had established and implemented waste reduction plans. Among the plans were: <ul style="list-style-type: none"><li>• Waste Management Action Plan 2017/18.</li><li>• Environmental Management Programme (EMP).</li><li>• Pollution Prevention Plan.</li></ul> Among the improvement actions: (a) inculcate awareness to reduce domestic waste generation by recycling all plastic or bottle and used it as a landscape. (b) salvage of reusable scrap metal for part repair or replacement. (c) reuse of wastewater generated from washing of pesticide containers and fertiliser bags for field application.	

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	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Lam Soon had established and implemented GHG plan. Among the plan implemented were periodical maintenance of tractor, monitoring of diesel usage and application of organic material (biomass) as fertiliser.
	e)	Social impacts (Criterion 6.1);	YES	Lam Soon POM and Lam Soon Estate have allocated budget in 2017 for social commitment as continuous improvement such as: <ol style="list-style-type: none"> <li>1. Construction new car park for staff quarters</li> <li>2. Construct new bus stop for staff and workers quarters</li> <li>3. Construct new school for CLC</li> <li>4. Additional school bus</li> <li>5. Inoculation for mother and children</li> <li>6. Repair of quarter, crèche, CLC and others building</li> </ol>
	f)	Encourage optimising the yield of the supply base	YES	In order to optimise yields Lam Soon Estate is committed to implement best agricultural practices inclusive of timely and proper fertiliser application, Improve on accessibility to maximise crop evacuation, maintaining harvesting interval below 10 days, To collect all loose fruit to minimise losses, Water bodies and water conservation pits were constructed to conserve moisture.

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Attachment 4

### RSPO Supply Chain at the Lam Soon Palm Oil Mill – Identity Preserved Model – Module D

Item No	Requirement NOV 2014	Findings Standard Nov 2014										
D.1 D.1.1	<p><b>Definition</b></p> <p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> <p>To verify :</p> <p>a) the volume of certified FFB entering the mill</p> <p>b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as IP</p>	Lam Soon POM processed FFB only from its own estate. Based on the observations of the current facilities of the mill, the auditor of the opinion that the mill will able to adopt the Identity Preserved Supply Chain Model. The FFB volume entering the mill and sales of RSPO products will not be verified as this is main assessment and no transactions was made.										
D 2 D.2.1	<p><b>Explanation</b></p> <p>Estimate total tonnage of CPO and PK potentially produce in a year</p>	<p><b>Projection (May 2017 – April 2018) RSPO Certified</b></p> <table><tr><td></td><td>MT</td></tr><tr><td>(1) FFB Received</td><td>127,620.00</td></tr><tr><td>(2) FFB Processed</td><td>127,620.00</td></tr><tr><td>(3) CPO Production</td><td>28,395.00</td></tr><tr><td>(4) PK Production</td><td>6,381.00</td></tr></table>		MT	(1) FFB Received	127,620.00	(2) FFB Processed	127,620.00	(3) CPO Production	28,395.00	(4) PK Production	6,381.00
	MT											
(1) FFB Received	127,620.00											
(2) FFB Processed	127,620.00											
(3) CPO Production	28,395.00											
(4) PK Production	6,381.00											
D. 2 D 2.2	<p><b>Explanation</b></p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim.</p>	There was no palmTrace yet as this is the first main assessment.										

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<b>D 3</b> <b>D 3.1</b>	<b>Documented procedures</b> The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements; b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	<p><b>a)</b> Lam Soon CU has established procedure title: SOP on RSPO Supply Chain describing the procedures on the following activities related on its supply chain certification standard required by the RSPO. However, this procedure was found not complete and not covering all the implementation of all the elements in RSPO Supply Chain Requirement. Therefore, Major NCR MZK 04 2017 was raised.</p> <p><b>b)</b> The Manager and Assistant Manager have the overall responsibility and authority over the implementation of the supply chain requirements. Interviewed with relevant person in-charge at critical control point was revealed they are understood on the RSPO standard requirements which requires no mixing of RSPO certified and non RSPO certified material in receiving, processing, storage and delivery.</p>
<b>D 3.2</b>	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	As stated in the procedure SOP on RSPO Supply Chain Receiving of certified and non-certified FFB procedure is stated in section Reception – FFB at Security Guard House & Weighbridge Station (Critical Control Point).
<b>D.4</b> D.4.1	<b>Purchasing and goods in</b> The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	All certified FFB came from own supply base/estates namely Lam Soon Estate. All delivery documents of certified FFB shall be accompanied with Delivery Note. Delivery Note state with information such as ticket no, field no and mode of transport. The Mill Weighbridge shall verify the source and issue the weighbridge ticket. The clerk shall keep the DN copy and maintain in the file. The Person in charge (Assistant Manager) were verified to ensure the certified status of the FFB. Volumes of certified FFBs received by the mill had been properly recorded and monitored.
<b>D 4.2</b>	The site shall inform the CB immediately if there is a projected overproduction.	Not applicable as this is the first Main Assessment
<b>D.5</b> D.5.1	<b>Record keeping</b> The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	Lam Soon POM has maintained the three-monthly accounting system to record RSPO certified FFB and deliveries of RSPO certified CPO and PK. Record entitle <i>"Identity Preserved Records for Oil Mills"</i> . It records on the Monthly basis.
<b>D 6</b> <b>D.6.1</b>	The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.	The mill only receives certified crops from it own estates, for dispatching of CSPO and CSPK, following procedures are taken to ensure the product are original from their own estates. See PRODUCTION & STORAGE g) <i>Mill shall ensure that there is no mixing of RSPO certified and non-certified material in the processing and storage of sustainable products (through cleaning, flushing or other appropriate methods). This is to ensure 100% segregated sustainable product to be reached'</i>
<b>D.6.2</b>	The objective is for 100 % segregated material to be reached.	Lam Soon POM does not accept any non-certified FFB. It was confirmed through weighbridge summary report therefore CPO and PK can be considered 100% segregated.



## RSPO P&C AUDIT REPORT

Attachment 5

### Details of Non-conformities and Corrective Actions Taken for RSPO P&C MYNI 2014

P & C Indicator	Specific ation Major/ Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 2.1.1	Major	<p><b>#NCR No : MZK 01 2017</b></p> <p>Finding : Requirement in the Industry Code of Practice for Working in a Confined Space Area, 2010 was not fully met.</p> <p>Objective evidence :</p> <ul style="list-style-type: none"> <li>- There was no Form Declaration of Fit before entrance to the confined space at Lam Soon POM.</li> <li>- No medical surveillance carried out for authorized entrance and authorized gas tester</li> </ul>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- Mill Management has sent person that enter to confined space immediately to do Health Surveillance on 6/5/17</li> <li>- Mill management has created the form to enter the confined space immediately and will monitored the usage of form.</li> <li>- Mill Management has provide training on 5/7/2017 regarding confined space to the entrance.</li> </ul> <p><b>Auditor Verification:</b></p> <ul style="list-style-type: none"> <li>- Auditor has received picture of Purchase order dated 4/5/2017 to Klinik Mansor Regarding Health Surveillance for confined Space person.</li> <li>- A copy of the filled form of declaration of fit and training attendance dated 5/7/2017 were provided to the auditor.</li> </ul> <p><b>Status:</b> Closed</p>
Indicator 2.1.2	Minor	<p><b>#NCR No : MRS 01/2017</b></p> <p>Finding : Not all applicable legal requirement was not updated in the legal register</p> <p>Objective evidence : Lam Soon POM has yet to fully register all applicable requirements in the legal register such as:</p> <ol style="list-style-type: none"> <li>1. Worker's minimum not registered all requirements only has design and basic housing for employees.</li> <li>2. Minimum Wages Order 2016 only stated for daily rated.`</li> <li>3. Code of Confined Space 2010</li> </ol>	<p><b>Corrective Action Plan:</b> Mill has updated legal register dated 8/7/2017 to include all stated.</p> <p><b>Auditor Verification:</b> Corrective action plan accepted</p> <p><b>Status:</b> Open The effectiveness of the corrective action will be verified during next audit.</p>
Indicator 2.2.2	Minor	<p><b>#NCR No : MRS 02/2017</b></p> <p>Finding: There was no evidence of physical markers located and visibly maintained along the legal boundaries</p> <p>Objective evidence: There were no physical markers located along the legal boundaries between Lam Soon Estate with other neighbouring private oil palm plantations such as JC Chang (Melewar Estate &amp; Asia Estate) &amp; Kemajuan Ruta.</p>	<p><b>Corrective Action Plan:</b></p> <ul style="list-style-type: none"> <li>- Estate management will paint back the billian peg</li> <li>- Estate management will increase the marking peg at the boundary</li> <li>- The marking complete on 15<sup>th</sup> May 2017</li> </ul> <p><b>Auditor Verification:</b> Corrective action plan accepted.</p> <p><b>Status:</b> Open The effectiveness of the corrective action plan will be verified during next audit</p>

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Indicator 4.6.11	Major	<p><b>#NCR No : MZK 02 2017</b></p> <p><b>Finding :</b> Chemical Exposure Monitoring was not done as per CHRA recommendation – every 6 months.</p> <p><b>Objective evidence :</b> Last Chemical Exposure Monitoring Report carried out by ESI Sampling Sdn. Bhd on 8 June 2016 at KK Division and 9 June 2016 at KL Division.</p>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- Reassessment the CHRA report audit completed on 11 May 2017 and the report indicate that not recommended to continue do the Chemical Exposure Monitoring (CEM) due to no highly toxic pesticide.</li> <li>- Estate management will monitor the requirement of CHRA.</li> </ul> <p><b>Auditor Verification:</b> A new CHRA dated 11/5/2017 by Suzanna J Rice Oxley JKPP HIE 127/171-2(290) indicated that no monitoring of the chemical exposure required as there was no highly toxic pesticides at the estate.</p> <p><b>Status:</b> Closed</p>
Indicator 4.7.5	Minor	<p><b>#NCR No : MZK 03 2017</b></p> <p><b>Finding :</b> No Accident and emergency plan has been available at some of the visited work stations:</p> <p><b>Objective evidence :</b> At Boilerhouse, Workshop, Steriliser, Store and Press station.</p>	<p><b>Corrective Action Plan:</b> Mill management will prepare the new notice board for accidents and emergency procedures at strategic location in mill compound immediately.</p> <p><b>Auditor Verification:</b> Corrective action plan accepted.</p> <p><b>Status:</b> Open The effectiveness of the corrective action plan will be verified during next audit</p>
Indicator 4.8.1	Major	<p><b>#NCR No : MRS 03/2017</b></p> <p><b>Finding :</b> A formal training programme on social aspect was not available.</p> <p><b>Objective evidence :</b> Training on social aspects was not included in the POM FY2017 training programme.</p>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- Mill Management has developed the Social Training plan named ' Social Training Programmed 2017'</li> <li>- Mill management will monitored this plan and the training regarding the social issue.</li> </ul> <p><b>Auditor Verification:</b> A copy of the revised 2017 Training Programme was provided. The training programme had included the training on the social aspects.</p> <p><b>Status:</b> Closed.</p>
Indicator 5.1.1	Major	<p><b>#NCR No : RAR02-2017</b></p> <p><b>Finding :</b> Requirement related to EIA was not complied with.</p> <p><b>Objective evidence :</b> Environment Impact Assessment (EIA) was not clearly identified, predicting, and evaluating for activities in Lam Soon Estate and Mill.</p>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- The Lam Soon management has amended the document Environment Aspect Impact on 11<sup>th</sup> May 2017.</li> <li>- The Lam Soon management will updated and monitor Environment Aspect Impact if new work started in the estate / mill</li> </ul> <p><b>Auditor Verification:</b> Auditor has received new Environment Aspect Impact dated 11<sup>th</sup> May 2017. The EIA has identified all the Activities in the Estate and Mill and also the mitigation measures. Auditor has verified the evidence and evidence has been accepted</p> <p><b>Status:</b> Closed. The effectiveness of the corrective action will be verified during next audit.</p>

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Indicator 5.2.1	Major	<p><b>#NCR No : MRS 04/2017</b></p> <p><b>Finding :</b> High Conservation Value (HCV) assessment was not available.</p> <p><b>Objective evidence :</b> HCV assessment report was not available during the audit</p>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- To Identify HCV Resource Network License</li> <li>- Send Map and associated document to assessor on 6 March 2017</li> <li>- 16 May 2017 appointment with assessor (Dr.S.K.Yap)</li> <li>- To create team for survey unplanted area, monitoring buffer zone, catchment area and pond.</li> <li>- HCV assessment completed on 25 May 2017.</li> <li>- HCV assessment report prepared by internal team and conducted by S.K.Yap. Date of completed 25 May 2017.</li> </ul> <p><b>Auditor Verification:</b> Received evidence of Assessment by Dr.S.K.Yap and The report dated on 25 May 2017 indicated that no HCV in the estate. However, an area of 119.00 Ha (water catchment, Riparian Buffer Zone and Small river) were place under HCV 4.1. and 4.2 for erosion control. Evidence has been accepted.</p> <p><b>Status:</b> Closed.</p>
Indicator 5.2.2	Major	<p><b>#NCR No : MRS 05/2017</b></p> <p><b>Finding :</b> Action plan on High Conservation Value (HCV) and rare, threatened and endangered (RTE) species was not available</p> <p><b>Objective evidence :</b> Action plan on High Conservation Value (HCV) and rare, threatened and endangered (RTE) species was not available:</p> <ul style="list-style-type: none"> <li>• HCV habitats, such as conserved area, and buffer zones;</li> <li>• Control any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts</li> </ul>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- To created action plan for HCV and rare, threatened and endangers (RTE) species.</li> <li>- Attached herewith "Action Plan on HCV and rare, threatened and endangered (RTE) species. Date completed on 8 May 2017</li> </ul> <p><b>Auditor Verification:</b> Auditor has received the action plan for HCV and RTE species completed on 8 May 2017.</p> <p><b>Status:</b> Closed.</p>
Indicator 5.2.3	Minor	<p><b>#NCR No : MRS/06/2017</b></p> <p><b>Finding :</b> Programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures were not available.</p> <p><b>Objective evidence :</b> There was no evidence to show that the Lam Soon CU has complied with this indicator as below:</p> <ol style="list-style-type: none"> <li>1. Programme and training to educate the workforce on the RTE species</li> <li>2. Appropriate discipline action to be taken if found the employee has captured, harm, collect or kill these species</li> </ol>	<p><b>Corrective Action Plan:</b></p> <ul style="list-style-type: none"> <li>- Estate has given the training and briefing during morning muster to educate the workers, but no proper documentation and training recorded.</li> <li>- Estate also lack of information regarding the RTE Species in the estate due to no proper HCV Assessment has been done</li> </ul> <p><b>Auditor Verification:</b> Training on RTE and disciplinary action has been conducted to all workforce on 11 May 2017. The CU also has circulated memo that all workers and visitors are not allowed to capture, harm, collect or kill wildlife and RTE species dated 8 May 2017. Corrective action plan accepted.</p> <p><b>Status:</b> The effectiveness of the corrective action plan will be verified during next audit</p>

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Indicator 5.2.4	Minor	<p><b>#NCR No : MRS/07/2017</b></p> <p><b>Finding :</b> Action plan and HCV monitoring were not available</p> <p><b>Objective evidence :</b> Action plan and monitoring for HCV area such as riparian buffer zone was not available at Lam Soon Estate during this audit.</p>	<p><b>Corrective Action Plan:</b></p> <ul style="list-style-type: none"> <li>- To created checklist form and person in charge to monitoring the HCV area on 8 May 2017.</li> <li>- Estate Management has created "Action plan and monitoring" for HCV area.</li> <li>- HCV assessment completed has on 25 May 2017 and action will be created based on the assessment.</li> </ul> <p><b>Auditor Verification:</b> Auditor has received HCV Areas Monitoring Checklist dated 9 May 2017. Corrective action plan accepted <b>Status:</b> The effectiveness of the corrective action plan will be verified during next audit.</p>
Indicator 6.5.3	Minor	<p><b>#NCR No : RAR01-2017</b></p> <p><b>Finding :</b> Non-compliance with Section 23(2) of the Workers' Minimum Standards of Housing &amp; Amenities Act 1990</p> <p><b>Objective evidence :</b> No record of housing inspection was carried out on weekly basis.</p>	<p><b>Corrective Action Plan:</b></p> <ul style="list-style-type: none"> <li>- Estate management has appointed HA to do the Housing Inspection by weekly.</li> <li>- Estate Manager/ Assistant manager will monitor the record regarding housing inspection.</li> <li>- HA will start the housing inspection on 11<sup>th</sup> May 2017</li> </ul> <p><b>Auditor Verification:</b> Corrective action plan accepted <b>Status:</b> The effectiveness of the corrective action plan will be verified during next audit.</p>
Indicator 6.9.1	Major	<p><b>#NCR No : MRS 08/2017</b></p> <p><b>Finding :</b></p> <ol style="list-style-type: none"> <li>1. Inadequate understanding on sexual harassment and grievance procedure on sexual harassment</li> <li>2. Based on Specific Guidance, this committee, which should include representatives from all areas of work, will consider matters such as: training on women's rights; counselling for women affected by violence; child care facilities to be provided by the growers and millers; women to be allowed to breastfeed up to nine months before resuming chemical spraying or usage tasks; and women to be given specific break times to enable effective breastfeeding.</li> </ol> <p><b>Objective evidence :</b> Interviews with workers at visited estate and mill reveal that there was inadequate understanding on sexual harassment, grievance procedure on sexual harassment and role of gender committee.</p>	<p><b>Corrective Action:</b></p> <ul style="list-style-type: none"> <li>- Lam Soon Management will revise the procedure every 5 years.</li> <li>- Lam Soon Estate has conducted Training regarding Sexual Harassment for All workers at Muster Ground on 16<sup>th</sup> May 2017 together with Gender committee.</li> <li>- Lam Soon Management has set Frequency of briefing every 6 month.</li> </ul> <p><b>Auditor Verification:</b> A revised sexual harassment procedure and training record on sexual harassment procedure grievance procedure &amp; role of gender committee dated 16 May 2017 including Monthly Training Programme Social 2017 were provided to the auditor <b>Status:</b> Closed</p>
Indicator D 3.1 (Supply Chain)	Major	<p><b>#NCR No : MZK 04 2017</b></p> <p><b>Finding :</b> Non Compliance related to RSPO SCCS procedures</p>	<p><b>Corrective Action:</b> Mill management has amended the RSPO Supply Chain Procedure immediately.</p> <p><b>Auditor Verification:</b></p>

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		<p><b>Objective evidence :</b> Lam Soon POM has the procedure title: SOP on RSPO Supply Chain but not complete and not covering all the implementation of all the elements in RSPO Supply Chain Requirement.</p>	<p>Auditor has received new RSPO Supply Chain Procedure dated 4 May 2017. The Procedure was verified and found all elements were covered which included:</p> <ul style="list-style-type: none"> <li>• Documentation for Sustainable CPO</li> <li>• Documentation for Sustainable PK</li> <li>• Management Responsibility</li> <li>• Training</li> <li>• Reception - FFB</li> <li>• Production (CPO &amp; PK)</li> <li>• Sales &amp; Despatch (CPO &amp; PK)</li> </ul> <p><b>Status:</b> Closed</p>
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