



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 PUBLIC SUMMARY REPORT

CLIENT : LAM SOON PLANTATIONS SDN BHD CERTIFICATION UNIT

PARENT COMPANY : LAM SOON CANNERY PRIVATE LIMITED

RSPO MEMBERSHIP No.: 2-0909-18-000-00

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

(In the case of multisite certification, list additional sites in attachments) :

| 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 : 13-15 May 2019

DURATION : 12 auditor days

TYPE OF AUDIT : Annual Surveillance Audit No. 2 Recertification Audit

STANDARD : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014 (REVISED 14 JUNE 2017)

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

VALIDITY OF RSPO CERTIFICATE : 25/8/2017-24/8/2022

The following attachments form part of this report:

Non-conformity Report(s)

List of additional site(s)

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : ROZAIMEE AB RAHMAN

Name : Mosdi Bin Latif

Signature :

Signature :

Date : 23/08/2019

Date :

27. 08. 2019

SUMMARY OF AUDITS

| Stage 2 audit / Recertification audit | | | |
|--|---|--|---------------------------------|
| On-site audit date : | 3-5 May 2017 | No. of auditor days : | 9 auditor days |
| Audit team : | Mohd Zulfakar Kamaruzaman (LA), Rozaimée 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 / Local communities |
| | X | | X |
| | Contract workers | NGOs | Govt. agency |
| | | X | X |
| | Indigenous people | Contractor | Others (Please specify) |
| | NA | X | |
| Supply base sampled : | Lam Soon Estate | | |
| Justification of audit planning : | | | |
| Report approved by : | | Approval date : | |

| Annual Surveillance Audit 1 | | | |
|---|--|---|-------------------------------|
| On-site audit date : | 5-8 June 2018 | No. of auditor days : | 12 Auditor Days |
| Audit team : | Mohd Zulfakar Kamaruzaman (LA) , Rozaimée Ab Rahman, Selvasingam T. Kandiah, Suzalina Kamaralarifin (Supply Chain) Dzulfiqar Azmi (Observer) | | |
| No. of major NCR : | 8 | Indicator: P& C: 4.1.1, 4.4.2, 4.7.2, 4.7.3, 6.12.3 Supply Chain :5.3.2, 5.6.1, 5.13.1 | Closing date : 3 Sept 2018 |
| No. of minor NCR : | 3 | Indicator : 4.1.2, 4.3.3, 5.6.3 | |
| Indicate by ticking the stakeholders interviewed during the on-site audit | Employees | Settlers | Villagers / Local communities |
| | x | | X |
| | Contract workers | NGOs | Govt. agency |
| | | | x |
| | Indigenous people | Contractor | Others (Please specify) |
| | NA | x | |
| Supply base sampled : | Lam Soon Estate | | |
| Changes since the last audit : | No changes. | | |
| Justification of audit planning : | Total allocation of auditor days for Lam Soon CU were: Mill = 6 days (6 days for safety and health, environment, mill best practices, GHG verification and Social at Mill) + (1 day for supply chain certification systems) Estate = 6 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV, TBP, Partial Certification and GHG verification plus the verification of Land History and Land Title. | | |
| Report approved by : | Radziah Mohd Daud | Approval date | 17/09/2018 |

| Annual Surveillance Audit 2 | | | | |
|---|---|--|--|-------------------------------|
| On-site audit date | : | 13-15 May 2019 | No. of auditor days | 12 days |
| Audit team | : | Rozaimée Ab Rahman (LA), Zulfakar Kamaruzaman, Rahayu Zulkifli, Mohd Raof Asis | | |
| No. of major NCR | : | 12 | Indicator: P&C -2.1.1,4.6.6, 5.6.2, 6.5.2 SCCS- 5.3.2, 5.4.2, 5.8.2, 5.11.1, 5.12.1, 5.13.2, 5.13.3, D.4.2 | Closing date : 14/08/2019 |
| No. of minor NCR | : | 6 | Indicator : 4.7.5, 5.1.2, 5.2.2, 5.2.4, 5.4.1, 6.5.3 | |
| Indicate by ticking the stakeholders interviewed during the on-site audit | | Employees | Settlers | Villagers / Local communities |
| | | x | | x |
| | | Contract workers | NGOs | Govt. agency |
| | | | x | Independent growers |
| | | Indigenous people | Contractor | Others (Please specify) |
| | | NA | x | |
| Supply base sampled | : | Lam Soon Estate | | |
| Changes since the last audit | : | No changes. | | |
| Justification of audit planning | : | Total allocation of auditor days for Lam Soon CU were: Mill = 6 days (6 days for safety and health, environment, mill best practices, GHG verification and Social at Mill) + (1 day for supply chain certification systems) Estate = 6 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV, TBP, Partial Certification and GHG verification plus the verification of Land History and Land Title. | | |
| Report approved by | : | Radziah Mohd Daud | Approval date : 23/08/2019 | |

| Annual Surveillance Audit 3 | | | | |
|---|---|-------------------|---------------------|-------------------------------|
| On-site audit date | : | | No. of auditor days | |
| Audit team | : | | | |
| No. of major NCR | : | | Indicator: | Closing date : |
| No. of minor NCR | : | | Indicator : | |
| Indicate by ticking the stakeholders interviewed during the on-site audit | | Employees | Settlers | Villagers / Local communities |
| | | | | |
| | | Contract workers | NGOs | Govt. agency |
| | | | | Independent growers |
| | | Indigenous people | Contractor | Others (Please specify) |
| | | | | |
| Supply base sampled | : | | | |
| Changes since the last audit | : | | | |
| Justification of audit planning | : | | | |
| Report approved by | : | | Approval date : | |

SUMMARY OF INFORMATION

TABLE 1

| | STAGE 2 / RA | ASA 1 | ASA 2 | ASA 3 | ASA 4 |
|--|--|----------------------|----------------------|-------|-------|
| Projection Period | Dec 2015 – Nov 2016 | June 2018 – May 2019 | June 2019 – May 2020 | | |
| Certified FFB Processed (MT) | 127,620.00 | 105,300.00 | 94,805.74 | | |
| Production of Certified CPO (MT) | 28,395.00 | 23,429.25 | 21,558.04 | | |
| Production of Certified PK (MT) | 6,381.00 | 5,265.00 | 4,581.36 | | |
| Certified Areas (Ha) | 5,885.00 | 5,885.00 | 5,885.00 | | |
| Planted Areas (Ha) | 5,684.00 | 5,684.00 | *5,562.00 | | |
| Production Areas (Ha) | 4,415.00 | 4,415.00 | 4352.00 | | |
| HCV Areas / Conservation Areas (Ha) | 119.00 (including buffer zone, pond and quarry) | 119.00 | *122.00 | | |
| REMARKS | *Revised area based on latest survey. | | | | |

TABLE 2

| | PO | PK |
|--|------------|----------|
| Last years certified volume (MT) | *25,929.25 | 5,265.00 |
| Last years actual certified sold (MT) | 1,173.22 | 4,724.96 |
| Last years actual sold under other schemes (MT) | - | - |
| Last years sold conventional (MT) | 23,816.34 | 250.61 |
| New year certified volume (MT) | 21,558.04 | 4,581.36 |

*New volume extension approved by RSPO on 30/05/2019.

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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

| Member of the Audit Team | Role/area of RSPO requirements | Qualifications |
|----------------------------|--|--|
| Rozaimée Ab Rahman | Lead Auditor / Safety and Environment | Holds a B.Sc. in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm operation. |
| Mohd. Zulfakar Kamaruzaman | Auditor / SCCS & HCV & Environment | Holds a B.Sc. Forestry. He had several years of working experience in the oil palm operation. He is a qualified RSPO P&C and RSPO Supply Chain Lead Auditor. |
| Mohd Ab Raouf Asis | Auditor / GAP, Health & Safety, plantation | Holds a B. Sc. in Manufacturing (Production and Operation). He had more than 7 years of working experience in the oil palm operation. |
| Rahayu Zulkifli | Auditor / Social | Holds a Degree in LLB (Hon), she was a practicing lawyer before joining WWF-Malaysia and RSPO as a Dispute Settlement Facility Manager. She is now working as a freelance RSPO auditor |

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 CU's management, employees, contractors, local NGO's and other relevant stakeholders were also conducted during the audit

1.4 Stakeholder Consultation

Stakeholder consultation was carried out during the on-site audit. In general, there was no negative comments made against this Certification Unit.

1.5 Audit plan : Refer to Attachment 2

1.6 Date of next audit : The next surveillance audit will be conducted within 12 months but not sooner than 8 months from this audit.

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. Currently, LSPSB had only oil palm estates and palm oil mill. The oil palm estate and mill is located in Lahad Datu, Sabah, East Malaysia. The Lam Soon Estate consisted of two divisions; the KK estate division and the KL estate 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 actual and projected contribution from each source to the mill are shown in the following tables.

Table 1: Actual FFB production by the supply base for the last reporting period June 2018 – May 2019

| Estates | FFB Production | |
|--------------|----------------|----------------|
| | Tonnes | Percentage (%) |
| Lam Soon | 110,487.83 | 100% |
| Total | 110,487.83 | 100% |

Table 2: Projected FFB production by supply base for the next reporting period June 2019 – May 2020

| CU own estates | FFB Contribution | |
|------------------------------|------------------|----------------|
| | Tonnes | Percentage (%) |
| Lam Soon Plantations Sdn Bhd | 94,805.74 | 100% |
| Grand Total | 94,805.74 | 100% |

Table 3: Actual FFB received and CPO & PK dispatch by the Mill for the last reporting period (June 2018 – May 2019)

| | Total (MT) |
|--|------------|
| FFB Received | 110,487.83 |
| FFB Processed | 110,487.83 |
| CPO Production | 24,989.56 |
| PK Production | 4,975.57 |
| CPO delivered as RSPO certified | 1,173.22 |
| CPO delivered as non-RSPO certified | 23,816.34 |
| PK delivered as RSPO certified | 4,724.96 |
| PK delivered as non-RSPO certified | 250.61 |
| Credits traded through Books and Claim | 0.00 |

Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period
June 2019 – May 2020

| | Total (MT) |
|-------------------------------------|------------|
| FFB Received | 94,805.74 |
| FFB Processed | 94,805.74 |
| CPO Production | 21,558.04 |
| PK Production | 4,581.36 |
| CPO delivered as RSPO certified | 21,558.04 |
| CPO delivered under other schemes | - |
| CPO delivered as non-RSPO certified | - |
| PK delivered as RSPO certified | 4,581.36 |
| PK delivered under other schemes | - |
| PK delivered as non-RSPO certified | - |

Table 5 Planted and certified area of the CU

| Estate | Planted (ha) | Certified (ha) |
|------------------------------|--------------|----------------|
| Lam Soon Plantations Sdn Bhd | 5,562 | 5,885 |
| Total | 5,562 | 5,885 |

Table 6 Planting profile for *Lam Soon Estate*

| Year of planting | Planting cycle (1st, 2nd, 3rd, etc. Generation) | Mature / Immature | Planted area(ha) | Percentage of planted area (%) |
|------------------|---|-------------------|------------------|--------------------------------|
| 1993 | 1 st | Mature | 325 | 5.84 |
| 1994 | 1 st | Mature | 904 | 16.25 |
| 2010 | 2 nd | Mature | 563 | 10.12 |
| 2011 | 2 nd | Mature | 344 | 6.18 |
| 2012 | 2 nd | Mature | 437 | 7.86 |
| 2013 | 2 nd | Mature | 416 | 7.48 |
| 2014 | 2 nd | Mature | 485 | 8.72 |
| 2015 | 2 nd | Mature | 450 | 8.10 |
| 2016 | 2 nd | Mature | 428 | 7.70 |
| 2017 | 2 nd | Immature | 375 | 6.74 |
| 2018 | 2 nd | Immature | 411 | 7.39 |
| 2019 | 2 nd | Immature | 424 | 7.62 |
| Total | | | 5,562 | 100% |

2.3 Organizational 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 | : chankhoon@gmail.com |

3.0 AUDIT FINDINGS

3.1 Changes to certified products in accordance to the production of the previous year

There was no change to the certified products since last assessment.

3.2 Progress and changes in time bound plan (Refer to Attachment 7 for the time bound plan)

i. Have all the estates under the parent company been certified? Yes No

If no, comments on the organization's compliance with the RSPO partial certification rules :

-

ii. Are there any changes to the organization's time bound plan? Yes No

If yes, comment in terms of acceptance or non acceptance on the changes in the time-bound plan?

-

iii. Are there associated smallholders (including scheme smallholders) in the CU Yes No

If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification? Yes No

If no, please state reasons Not applicable. There is no associated smallholders supplying FFB to the CU.

iv. Any new acquisition which has replaced primary forests or HCV areas Yes No

3.3 Other changes (e.g. organizational structure, new contact person, addresses, etc.)


No.

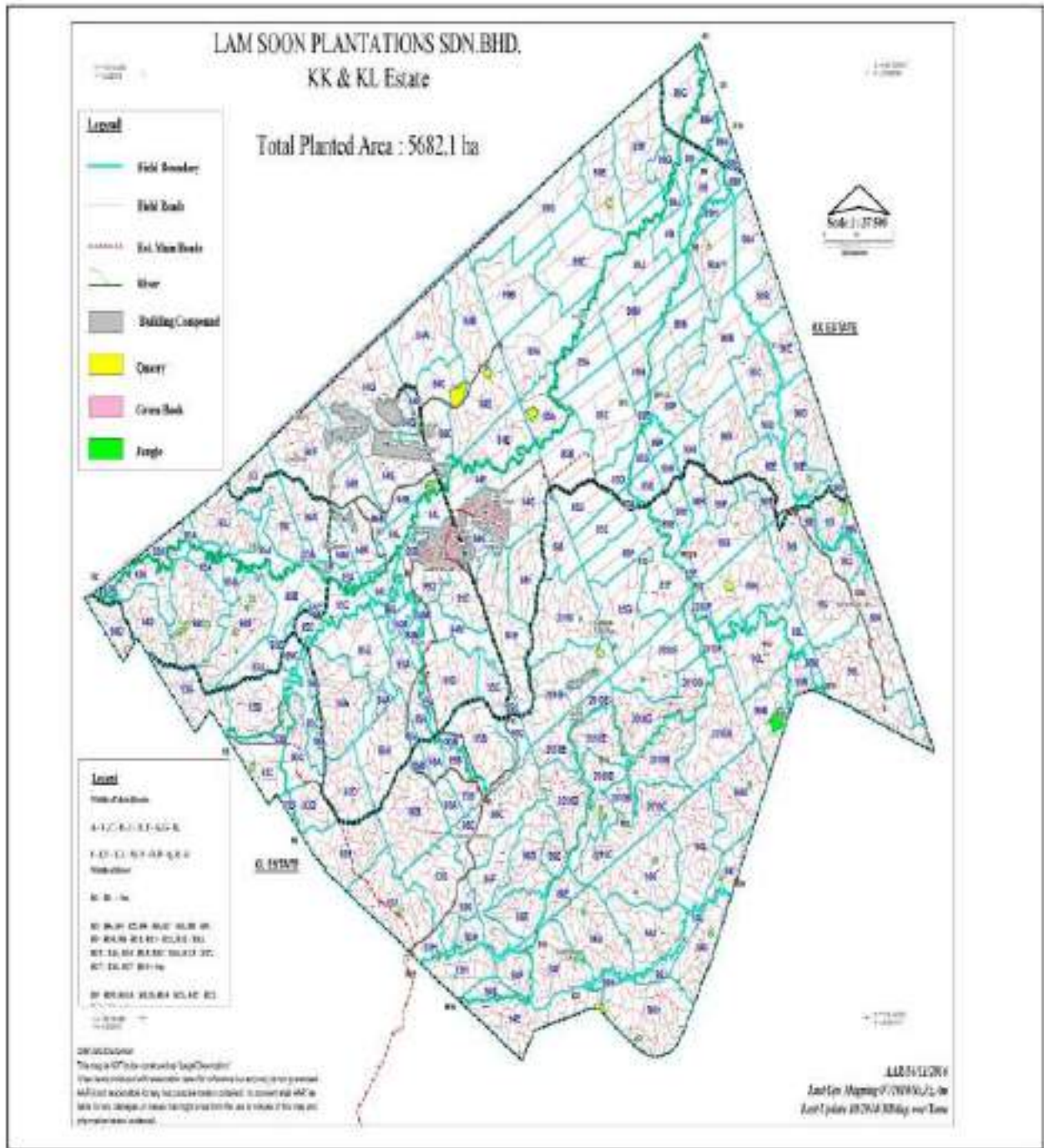
3.4 Status of previous non-conformities * Closed Not closed*

* If not closed, minor non conformity will be upgraded to major non conformity

3.5. Complaint received from stakeholder (if any)

No complaints from stakeholders were observed.

| | | | |
|---------------------|---|--|---|
| 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 | MAR 03 2019, MZK 09 2019, MZK 10 2019, MZK 11 2019, MZK 12 2019, RZ 02 2019 |
| | Total no. of major NCR(s) (details refer to Attachment 4) | List : 4 | MAR 01 2019, MAR 02 2019, MZK 13 2019, RZ 01 2019 |
| 4.2 | For SC (Details checklist refer to) : | | |
| | Total no. of minor NCR(s) (details refer to Attachment 5) | List : | |
| | Total no. of major NCR(s) (details refer to Attachment 5) | List : 8 | MZK 01 2019, MZK 02 2019, MZK 03 2019, MZK 04 2019, MZK 05 2019, MZK 06 2019, MZK 07 2019, MZK 08 2019, |
| 5.0 | AUDIT CONCLUSION | | |
| | The audit team concludes that the organization has established and maintained its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements. | | |
| 6.0 | RECOMMENDATION | | |
| | <input type="checkbox"/> | No NCR recorded. Recommended to continue certification. | |
| | <input checked="" type="checkbox"/> | Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit. | |
| | | <i>Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs .</i> | |
| | <input checked="" type="checkbox"/> | 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. | |
| | <input checked="" type="checkbox"/> | Recommended to continue certification. | |
| | <input type="checkbox"/> | Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 90 days of the audit. Recommended for suspension of the certificate. | |
| | | <i>Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.</i> | |
| 7.0 | 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 CONTINUATION OF RSPO P & C CERTIFICATION. | | |
| Audit Team Leader : | | Rozaimée Bin Ab Rahman | 14/08/2019 |
| | _____ |  | _____ |
| | (Name) | (Signature) | (Date) |



SURVEILLANCE 2 AUDIT PLAN**1. Objectives**

The objectives of the audit are as follows:

- (i) To determine Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI)
- (ii) To verify the effective implementation of corrective actions arising from the findings of last audit
- (iii) To make appropriate recommendations based on the audit findings

2. Date of assessment : 13-15 May 2019

3. Site of assessment : Lam Soon CU

- Lam Soon Palm Oil Mill
- Lam Soon Estate

4. Scope of Certification : Production of sustainable crude palm oil and palm kernel using the Identity Preserved supply chain model

5. Reference Standard :

- a. RSPO P&C MYNI:2014
- b. RSPO Certification Systems, June 2017
- c. RSPO Supply Chain Standard, 14 June 2017
- d. Company's audit criteria including Company's Manual/Procedures

6. Assessment Team

Assessor: Mr. Rozaimie Bin Ab Rahman (Safety, Environment) **(RAR)**
 Mr. Mohd Zulfakar Kamaruzaman (HCV, Environment, Supply Chain) **(MZK)**
 Mr. Mohd Ab Raouf Asis (GAP, Safety) **(MAR)**
 Ms. Rahayu Zulkifli (Social) **(RZ)**

Witnessed (ASI): LA- Mr. Selvanathan Grapragasem
 Co-assessor – Mr. Sanjiv Singh
 Translator – Ms. Hong Keh Shin

If there is any objection to the proposed audit team, the organization is required to inform the Lead Auditor/RSPO Section Manager.

7. Audit Method

Site audits including observation of practices, interviews with interested parties (all categories of contractors, employees, nearby population, etc.), documentation evaluation and evaluation of records.

8. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 90 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 90 days, the certificate shall be terminated.

If there are five or more major non-compliances within one Principle found during the audit, immediate suspension of RSPO certification shall be recommended. For minor non conformities raised in the surveillance audit, corrective action shall be verified in the next audit. These shall be upgraded to major non-conformities if the corrective actions are not satisfactory implemented in the next audit.

9. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

10. Working Language : English and Bahasa Malaysia

11. Reporting

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 2 weeks after the closure of the Major NC / or if only minor NC, 30 days from the last day of this audit.

12. Facilities Required

- a. Room for discussion
- b. Relevant document and record
- c. Personnel protective equipment if required
- d. Photocopy facilities
- e. A guide for each group

13. Assessment Programme Details : As below

| Date / Time | Coverage of assessment / Activity / Site | RAR | MZK | MAR | RZ |
|-------------------------------------|--|-----|-----|-----|----|
| Day 0: 12 May 2019 (Sunday) | | | | | |
| 14:55 – 15:50 | • MH 3018 : Travelling day : KLIA - KK - Lahad Datu | / | / | / | / |
| Day 1: 13 May 2019 (Monday) | | | | | |
| 8.30am – 9.15am | <p>Opening Meeting – Venue: Lam Soon Meeting Room</p> <ul style="list-style-type: none"> • Audit team Leader - Briefing on assessment objectives, scope, methodology, confidentiality clarification, audit criteria and programmes • Organization Representative - Briefing RSPO implementation, significant change on organization activity, structure, certified areas, machinery, FFB supply bases , Time bound plan, actions taken to address previous audit findings. | / | / | / | / |
| 9.15am – 12.30pm | <p>Site observation to Lam Soon POM P1, P2, P4, P5, P6, P8</p> <ul style="list-style-type: none"> • Verification of basic information mill & estate • Milling practice • Legal compliance , Land titles user rights • Occupational safety & health aspects , chemical management • Environmental management, waste & chemical management • Land titles user rights • Social aspects - SIA, management plan & implementation, workers' quarters, • Stakeholder consultation with affected communities surrounding the CU • Interview with gender committee, safety committee, worker representative, contractors, supplier, contractor ,etc • Mill Practices <p>RSPO Supply Chain 2017</p> <ul style="list-style-type: none"> • RSPO Supply chain standard implementation including model requirements | / | / | / | / |
| 12.30pm – 1.30pm | Lunch Break | / | / | / | / |
| 1.30pm – 5.00pm | Continue assessment at respective sites | / | / | / | / |
| 5.00 pm | End of day 1 audit | / | / | / | / |
| Date / Time | Coverage of assessment / Activity / Site | RAR | MZK | MAR | RZ |
| Day 2: 14 May 2019 (Tuesday) | | | | | |
| 8.30am – 12.30pm | <p>Site observation at Lam Soon Estate P1, P2, P3, P4,P5, P6, P7, P8</p> <ul style="list-style-type: none"> • Good Agricultural Practice such as harvesting, spraying, POME application, IPM, New planting • Land titles user rights • Social aspects - SIA, management plan & implementation, workers' quarters, • Stakeholder consultation with affected communities surrounding the CU • Interview with gender committee, safety committee, worker representative, contractors, supplier, contractor ,etc • Occupational safety & health aspects , chemical management • Environmental management, waste & chemical management | / | / | / | / |

RSPO PUBLIC SUMMARY REPORT

| | | | | | |
|---------------------------------------|---|---|---|---|---|
| | <ul style="list-style-type: none"> • Interview with workers, contractors etc. • Verification Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use, riparian zone | | | | |
| 12.30pm – 1.30pm | Lunch Break | / | / | / | / |
| 1.30pm – 4.45pm | Continue assessment at respective sites | | | | |
| 4.45pm- 5.00 pm | Team discussion , End of day 2 audit | / | / | / | / |
| Day 3: 15 May 2019 (Wednesday) | | | | | |
| 8.30am – 12.30pm | <p>Site observation at Lam Soon Estate P1, P2, P3, P4,P5, P6, P7, P8</p> <ul style="list-style-type: none"> • Good Agricultural Practice such as harvesting, spraying, POME application, IPM, New planting • Land titles user rights • Social aspects - SIA, management plan & implementation, workers' quarters, • Stakeholder consultation with affected communities surrounding the CU • Interview with gender committee, safety committee, worker representative, contractors, supplier, contractor ,etc • Verification-of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use, riparian zone • Occupational safety & health aspects , chemical management • Environmental management, waste & chemical management • Interview with workers, contractors etc. | / | / | / | / |
| 12.30pm – 1.30pm | Lunch Break | / | / | / | / |
| 1.30pm – 3.00pm | Continue assessment at respective sites Verification on outstanding issues | / | / | / | / |
| 3.00pm – 4.00pm | Audit team discussion, preparation on audit findings and issuance of nonconformity report (if any) | / | / | / | / |
| 4.00pm -5.00pm | <ul style="list-style-type: none"> • Closing meeting – venue at Lam Soon Meeting Room • Presentation of audit findings, positive comment, • Question & answer | / | / | / | / |

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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. | YES | 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. LSP 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. LSP 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. |
| | 1.1.2 | Records of requests for information and responses shall be maintained. Major Compliance | | Lam Soon estates and Lam Soon POM 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 Logbook/'Borang Aduan' and Visitors request and response record. |
| C 1.2 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. | 1.2.1 | Land titles/user rights | YES | Land titles for the Lam Soon POM and Lam Soon Estate were kept at the respective office. |
| | | Occupational health and safety plans | YES | Occupational Health & Safety Plan was established at each site. Indicators set in the plan were being monitored. The progress of the monitoring was verified by the auditor. |
| | | Plans and impact assessments relating to environmental and social impacts | YES | Plans and impact assessments relating to environmental and social impacts maintained available. Cross refer to Indicator 6.1 below. |
| | | HCV documentation summary | YES | Documents related to HCV was available, Cross refer indicator 5.2.1 |
| | | Pollution prevention and reduction plans | YES | Pollution prevention and reduction plans maintained available (refer to Criterion 5.6). |
| | | Details of complaints and grievances | YES | Details of complaints and grievances are available and were sighted during the audit. The details of complaints are contained in the Complaints file/book which compile all the complaints forms received. |
| | | Negotiation procedures | YES | Negotiation procedures such as 'Land Dispute Compensation and Calculation Procedure', 'Procedure For Calculating & Distribution Fair Compensation' and 'Grievances Procedure For Land Owner Issues' are all available at both the Estate and Mill. |
| Continual improvement plans | YES | Continuous improvement plans were available for Lam Soon POM and Lam Soon Estate. | | |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|---|---------------|---|
| | | Public summary of certification assessment report; | YES | Public summary for RSPO certification assessment report can be assessed SIRIM QAS website. |
| | | Human Rights Policy (Criterion 6.13). | YES | A policy to respect human rights was established by Lam Soon Plantation which encompasses both the Mill and Estate. |
| C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions. | 1.3.1 | 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'/ 'Code of Conduct' has been established in June 2016 and communicated to all staffs and workers. As verified through interview with local and foreign workers, they have been briefed on the contents of the code of ethic at POM and Estate. |

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 | These were reviewed for Lam Soon CU: License trading, Air receiver permit, MPOB license, Energy commission license, License to employee foreign workers, Permit to salary deduction, Permit to diesel storage, Permit to overtime from JTK. 1) Factory and Machinery Act 1967 – i) <i>Person In Charge Regulation 1970</i> ii) <i>Steam Boiler and Unfired Pressure Vessel 1970</i> iii) <i>The Factories and Machinery (Notification, Certificate of Fitness and Inspection), Regulations, 1970</i> 2) EQ (Prescribed Premise) Crude Palm Oil Regulations 1977 3) EQ (Scheduled Waste) Regulations 2005 i) Regulation 3 (Notification of scheduled waste generated) ii) Regulation 9 (Storage of scheduled waste < 180 days) iii) <i>Regulation 11 (Inventory of scheduled waste)</i> 4) OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations 2000 i) <i>Regulation 27 (health surveillance programme)</i> ii) <i>Noise Exposure Regulations 1989</i> However, the Lam Soon POM did not sent the worker passport no AT 961939 to be tested on 2/3/2019 as recommended in the audiometric test dated 2/3/2018. Major NCR raised in MAR 01 2019. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|-------------------|---|----------------------|---|
| | 2.1.2 | A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance | YES | Lam Soon POM and Lam Soon Estate had up-dated its legal register that had included the FMA 1967 (Exemption of Certificate of Fitness for Unfired Pressure Vessel) Order 2017 and Employment Insurance Act 2017. |
| | 2.1.3 | A mechanism for ensuring compliance shall be implemented. Minor Compliance | YES | 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 the legal register has been used as guidance in carrying out the periodic evaluation of compliance exercise. Through this exercise, the CU determined their status of compliance with 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. |
| | 2.1.4 | A system for tracking any changes in the law shall be implemented. Minor Compliance | YES | Changes to the law and regulation were monitored by the sustainability manager/officer. Various sources were referred in obtaining information about the updates of legal requirements. This include checking with the industrial association (e.g. MPOA, EMPA, SECA, etc.), attending seminar/conference, buying of the law books, government agencies websites, etc. |
| C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights. | 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 NCR land) and the actual legal use of the land shall be available. Major Compliance | YES | After the review of the document provided, it has been verified that the land titles were previously owned by Pacific Cocoa Plantations Sdn Bhd. The Pacific Cocoa bought land from the government of Sabah in April 1986. The Company has changed its name to Lam Soon Plantations Sdn Bhd in July 2000. The Land title was Country Lease and also specified that the purpose of the planting is either for oil palm or agricultural crops for economic value. It can be confirmed that Lam Soon Plantations maintained and complied with the terms of the land title. |
| | 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 | YES | In the field verification at Lam Soon Estate, it has been observed that the boundary stones were visibly maintained between the estate with the neighboring private oil palm plantations. |
| | 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 | YES | As reported in 2.2.1 of this checklists, it has been verified that the land is now legitimately owned by Lam Soon CU since 1986. The audit team had confirmed that there were no land issues related to previous owners. The audit team has also interviewed relevant stakeholders such as the JC Chang, Ham Sam Estate, Johor Estate, Kemajuan Ruta, Bompy Estate, Sawit Kinabalu (Sandau Estate) & Kam Chong Estate, FFB transporter- William Chong Hao Wei of Chong Shu Min Trading. From the interviews, it can be concluded that there was no evidence of any land dispute at Lam Soon CU. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|---|---------------|---|
| | | informed consent (FPIC). Minor Compliance | | |
| | 2.2.4 | There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance | YES | As reported in 2.2.1 of this checklist, it has been verified that the land is legitimately owned by Lam Soon CU since 1986. Hence, there is no land conflict anticipated and no need for acceptable conflict resolution processes. |
| | 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. Minor Compliance | YES | As reported in 2.2.1 of this checklist, it has been verified that the land is legitimately owned by Lam Soon CU since 1986. Hence, there is no land conflict anticipated and no need for acceptable conflict resolution processes. |
| | 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. Major Compliance | YES | As reported in 2.2.1 of this checklist, it has been verified that the land is legitimately owned by Lam Soon CU since 1986. Hence, there was no land conflict anticipated nor the need to avoid escalation of conflict is required.. |
| 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 | 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 | YES | As reported in 2.2.1 of this checklist, Lam Soon CU has been developed since 1986. All the related documentation regarding the land acquisition was kept in Lam Soon HQ Office and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. Hence, there was no map showing the legal, customary, or user right of other users since 1986. |
| | 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: | YES | As reported in 2.2.1 of this checklist, Lam Soon CU has been developed since 1986. All the related documentation regarding the land acquisition was kept in Lam Soon HQ Office and was verified by the auditor. The documentation sighted during the audit showed that there were no issues regarding the land with neighboring estate since 1986. From Based on the audit findings, copies of negotiated agreements on FPIC and other evidences required by these indicators a) to c) were not applicable. |
| | a) | Evidence that a plan has been developed through consultation and discussion with all affected | | |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--------|------------|--|---------------|---|
| | | 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 | | |
| | 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 | YES | As mentioned in 2.3.2 a) to c) of this checklist, this requirement in this indicator does not apply to Lam Soon CU. |
| | 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 | YES | As mentioned in 2.3.2 a) to c) of this checklist, this requirement in this indicator does not apply to Lam Soon CU. |

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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 | LSP continued to be committed to long term economic and financial viability. The annual budgets for 2019 to 2023 was sighted. The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. |
| | 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 | The long-range replanting program (LRRP) until 2025 were sighted for both Estates of LSP. This program was reviewed once a year and was incorporated in their annual financial budget. |

Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS

| Clause | Indicators | Comply Yes/No | Findings |
|---|---|---------------|--|
| 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 | In Lam Soon Plantation and mill, SOPs for plantation and mill were documented in: - Oil Palm Agriculture Policy - Standard Operating Procedure (S.O.P) - Safety Operating procedure (STOP) - Standard Operating Procedure for POM - Safety Work Procedure for POM - SOP on RSPO: Supply Chain |
| | 4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance | YES | Both KK and KL Estates 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 Plantation Director and Agronomists. |
| | 4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance | YES | 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. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|-------------------|--|----------------------|---|
| | 4.1.4 | The mill shall record the origins of all third-party sourced FFB. Major Compliance | YES | Auditor has verified that there was no third party FFB supplier send their FFB to LSP POM. The CU was certified under the Identity Preserved supply chain model. Hence, this indicator was not applicable. |
| C 4.2 Practices maintain soil fertility at or, where possible, improve oil 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 | Both KK & KL Estates continued to provide evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), were followed to manage soil fertility to a level that ensures optimal and sustained yield estate. The estates 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. |
| | 4.2.2 | Records of fertiliser inputs shall be maintained. Minor Compliance | YES | Records of programs and applications of fertilisers were made available to auditors. Fertiliser application program was monitored using records like program sheets, bin cards and Field Cost book. |
| | 4.2.3 | There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance | YES | From the reports made by the Agronomist, it was established that both estates have carried out periodic foliar and soil sampling to monitor changes in nutrient status. Annual foliar sampling for N, P, K, Mg, Ca & B had been carried out and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. |
| | 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 Plantation Sdn Bhd 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 Effluent Solid application at the estates. 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. |
| 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 | There were no fragile/marginal soils in LSP. Soil survey and assessment report was conducted by Param Agriculture Soil Surveys (M) Sdn Bhd 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. |
| | 4.3.2 | A management strategy shall be in place for plantings on slopes between 9 and 25° unless specified otherwise by the company's SOP. Minor Compliance | YES | LSP had a management strategy in place for planting on slopes and to minimise and control erosion and degradation of soils. 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 Oil Palm (March 2017). Item 6.4.2 of the policy advocated that terracing to be carried out on gentle slope (5° to 8°) onwards. |
| | 4.3.3 | A road maintenance programme shall be in place. | YES | The estates had a motor grader, a compactor and a backhoe for road maintenance. For resurfacing, the estates had their own laterite pits and stone quarry. Heaps of laterite and |

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| Clause | Indicators | Comply Yes/No | Findings |
|--|--|---------------|--|
| | Minor Compliance | | stones was sighted at strategic points in estates. During the field visit, it was noted that some roads in both KK and KL Estates were adequately maintained as per its road maintenance programmes. |
| | 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 | From the maps provided it was established that LPS had no peat soils. |
| | 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 Plantation. |
| | 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 fragile and problem soils (e.g. podzols and acid sulphate soils). in Lam Soon Plantation. |
| 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 | Both estates had implemented water management plans. Plans for 2019 were sighted. The water management plans objective to meet the needs of existing and future population and ensure that habitats and ecosystems are protected. Water from triple rinsing of pesticide containers was reused for spraying. |
| | 4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated. Major Compliance | YES | During site visit at both Estate division especially at KK Estate Block 2010 C effluent solids (final discharged area) was collected in the top of hill (designated area for effluent solids area) and far from water ways. |
| | 4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor Compliance | YES | Analysis of the final discharge was carried out on monthly basis. Quarterly report was submitted to DOE. Latest report was submitted on 05/04/2019. Review of results for Q1 (January – March) 2019 indicated that the results were within the regulatory limit. Such as BOD- below 20mg/l, suspended solid below 40mg/l, ammoniacal nitrogen below 10 mg/l, total nitrogen below 40 mg/l. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|-------------------|---|----------------------|---|
| | 4.4.4 | Mill water use per tonne of Fresh Fruit Bunches (FFB) shall be monitored. Minor Compliance | | Process water is obtained from water catchment near to the mill. The water usage per tonne of fresh fruit bunches (FFB) continued to be monitored on monthly baA slight inconsistent trend was noted. This was due to high crop season. |
| 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 | Both KK & KL Estates practiced IPM as the Agriculture Manual "Pest and Disease Policy" January 2017. In order to reduce the quantity of chemical pesticides entering the environment, the IPM policy was based on preventive measures, monitoring crop damages, assessing the pest damages and choosing appropriate actions. |
| | 4.5.2 | Training of those involved in IPM implementation shall be demonstrated. Minor Compliance | YES | The IPM program among others included training. Sighted the following the IPM training conducted on pest & disease procedure (rat baiting, pheromone lure (trap), and beneficial plants) on 10/05/2019 conducted by the Assistant Managers. The training was attended by all staff, 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 | LSP had demonstrated the Justification of all pesticides used. The use of selective products that are specific to the target pest, weed or disease and which had minimal effect on non-target species were used. This was available in Table 2 General Guidelines of Herbicide Mixture of Weed Policy (August 2016). |
| | 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 pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per Ha and number of applications) were maintained and provided to auditors. Areas applied, quantity used and number of applications carried out were recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. |
| | 4.6.3 | Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. No prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance | YES | Both KK and KL Estates continued to practice IPM to reduce the quantity of chemical pesticides entering the environment. In order to reduce the quantity of chemical pesticides entering the environment, the IPM policy was based on preventive measures, monitoring crop damages, assessing the pest damages and choosing appropriate actions. |

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| Clause | Indicators | Comply Yes/No | Findings |
|--------|--|---------------|---|
| 4.6.4 | Pesticides that are categorised as World Health Organisation 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 | YES | Based on pesticides usage records for 2018 and 2019, there was no evidence to show that pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used on both KK and KL Estates. The chemical registers confirmed that the estates had only used class 2, 3, and 4 pesticides. The company had banned the use of Paraquat. |
| 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. Major Compliance | YES | On both estates, pesticides were only handled, used and applied by persons who have completed the necessary training and had always applied in accordance with the product label. Records showed that pesticides were handled, used and applied by trained workers and as per the CHRA, SDS, HIRARC and SOPs of the pesticides. 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 SDS training. It was also noted that SDS are available at all sites during the audit. Records of training were sighted of which some were: Chemical handling, manuring, PPE use, spraying, chemical store management. All employees involved in pesticide application were provided with appropriate PPE and replaced when damaged. PPE issuance and replacement records were verified by auditors. |
| 4.6.6 | Storage of all pesticides shall be according to recognised best practices. All pesticide | NO | Storage of pesticides at KK & KL Estate not according to recognized best practices. During site visit at KK & KL Estate chemical store, it was found that hazard signage for the following |

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| Clause | Indicators | Comply Yes/No | Findings |
|--------|--|---------------|---|
| | containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the OSHA 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance | | chemical i.e. Garlon, Triclopyr Butotyl and Glyphium not followed Safety Data Sheet accordingly such as corrosive. Hence, NCR MAR 02 2019 raised. |
| 4.6.7 | Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance | YES | On LSP application of pesticides were carried out by proven methods that minimise risk and impacts as per the CHRA, SDS, HIRARC and SOPs of the pesticides. 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 in March 2018 for the sprayers. 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 both KK and KL Estate. |
| 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. Minor Compliance | YES | Evidence of continual training to enhance knowledge and skills of employees and on pesticide-handling was demonstrated by both estates. Information of the agrochemicals used by workers was communicated mainly via the morning muster. |
| 4.6.10 | Proper disposal of waste material, according to proc that are understood by workers and managers shall be demonstrated. Minor Compliance | YES | Domestic waste from line sites has been disposed through land fill. Sighted guidelines for landfill establishment for domestic wastes disposal in estate environment has been used as a guideline to minimize environmental impacts as to ensure it is result of activities are following the require standard and design. Domestic waste has been collected every 3 days per week. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|--|---------------|--|
| | 4.6.11 | Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance | YES | The required has been conducted accordingly and records were available during review. |
| | 4.6.12 | No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance | YES | The estates had policy which stated that no work with pesticides shall be undertaken by pregnant or breast-feeding women. At both estates, identification of pregnancy was done by the HA based on interview with their women workers on the last menstrual period dates. This interview was done during the monthly medical check-up. Pregnancy test was carried on doubtful cases. There was no evidence that the work with pesticides was undertaken by pregnant or breast-feeding women. This has also been confirmed through interviewed with workers. Monthly medical check-up for women sprayer is being carried out by VMO. Female sprayers pregnancy and breast-feeding status are being monitored. |
| C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following: | 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 & implemented, and its effectiveness monitored. Major Compliance | YES | The OSH 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. OSH management plan had been established and addressed issues to meet the laws and regulation requirements operating unit were maintaining records of all activities covering the previous twelve months. |
| | 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 | The HIRARC procedure has been established. LSP Estate have conducted the risk assessment on all its operation as well as determining their control measures. Last review was carried out in Feb 2018 for add new activities such as mechanization (compactor, excavator, motor grader, backhoe), orchard, church, water pump, etc. Risk assessment on activities such as harvesting, spraying, manuring, pruning, weeding, pest & disease, FFB evacuation, etc., have been carried out and control measures have been determined. |
| | 4.7.3 | All workers involved in the operation shall be adequately trained in safe working practice. Adequate and appropriate protective | YES | Communication on the hazards of chemical was given through awareness and training program to all workers involved in handling of dangerous chemicals. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Among the trained employees include sprayers and manuring operator. Field inspection and observation of spraying tasks confirmed chemicals were applied in |

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| Clause | Indicators | Comply Yes/No | Findings |
|--------|---|---------------|--|
| | 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 | | accordance with the product safety precautions. MSDS was made available at point of use such as at fertilizer store and chemical store. |
| 4.7.4 | The responsible person/s 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. Major Compliance | YES | The managements had appointed ESH committees Environment and for workers' safety and health and appointment letters sighted. OSH committee established, meetings were carried out and evidence sighted during audit. |
| 4.7.5 | 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. Minor Compliance | NO | Lam Soon Estate and POM had adhered to Lam Soon SOP 'Prosedur persediaan dan tindakan Semasa Kecemasan, Penyiasatan Insiden Lam Soon Plantation Sdn Bhd'. 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. However, the following were noted and minor NCR MAR 03 2019 raised. <ol style="list-style-type: none"> 1. First aid equipment i.e. emergency shower available at worksite but it was found not effective at Lam Soon POM, KK and KL Estate. It was found that the emergency shower and eye wash at Lam Soon POM, KK and KL Estate doesn't have a spray pattern, the eye wash was not intersect each other and the water flown directly to the monsoon drain without chemical trap (Lam Soon POM). 2. No evidence of training conducted for first aid equipment i.e. first aid box at Lam Soon POM. During site visit at Lam Soon POM, none of the operator know function of ammonia solution in the first aid box and also no evidence of training conducted for first aid box. |
| 4.7.6 | All workers shall be provided with medical care, and | YES | One clinic with qualified HA provided the 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 |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|---|---------------|---|
| | | covered by accident insurance. Minor Compliance | | Hospital which was about 60 km from Lam Soon. Lam Soon Estate continued to provide insurance for all their foreign workers as required under the "Skim Bencana Kerja Perkeso (SBKP)" and Local workers were covered by SOCSO. While, all employees in the POM were covered by SOCSO. |
| | 4.7.7 | Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance | YES | Record available and reviewed. |
| C 4.8 All staff, workers, smallholders and contract workers are appropriately trained. | 4.8.1 | A formal training programme shall be in place that covers all aspects of the RSPO P&C, and that includes regular assessments of training needs and documentation of the program. Major Compliance | YES | Formal training programmes for year 2019 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Lam Soon CU. Year 2019 Training Plan was established in January 2019. A training needs identification matrix has been established with target dates for the training to be conducted. |
| | 4.8.2 | Records of training for each employee shall be maintained. Minor Compliance | YES | Relevant training was conducted and records reviewed. |

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 | 5.1.1 | An environmental impact assessment (EIA) shall be documented. Major Compliance | YES | LSP Estate has established its environmental aspects/impacts register associated with their activities and was updated on 02/05/2018. Environmental aspect and impact (EAI) which covers from upstream activities such as chemicals spraying until FFB evacuation process was sighted during assessment. Among the significant environmental aspects are the chemical (herbicide/fertilizer) which is associated with spillage and leakage due to mishandling of chemical (water pollution and land contamination) which related to the management of chemical. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the palm oil mill effluent (POME) and land contamination related to the management of scheduled wastes and domestic waste. |
| | 5.1.2 | Where the identification of impacts | NO | Significant Environmental Aspects and Mitigation measures, Annual environmental |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|------------|---|---------------|--|
| made, implemented and monitored, to demonstrate continual improvement. | | 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/s. Minor Compliance | | Program, waste management and disposal plan to avoid or reduce pollution has been established with the control measures in the form of Procedures, Equipment / Material, Training / Communication for each operating station. However it was found that, Environmental management plan was available but inadequate to mitigate negative effects due to no specific Target and objectives and Action Plan available is a same Plan since 2017. Thus, Minor NCR MZK 09 2019 was raised. |
| | 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 | At LSP estates, mitigation measures were defined in the environmental impact assessment & pollution prevention plans (2018). The plan is to ensure proper control of the wastes in the estates to prevent pollution. The program covers the activities, sources of pollution, effect to environment, prevention, and mitigation. The program also indicated the proposed start and completion date, budget and person in-charge as well as the status/verification. |
| 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 HCV assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance | YES | The HCV report was available. The study had covered all the High Conservation Value (HCV)/Biodiversity within and adjacent to the 1 estates under Lam Soon CU. The HCV assessment had identified no HCV/Biodiversity found directly within the boundaries of any of the sites of Lam Soon CU, This was because considering the Lam Soon Plantations CU are completely surrounded by other oil palm plantations. However, the management decide to maintain the Buffer Zone as their conservation Area. |
| | 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) was available in Jan 2019. However since the rare, threatened and endangered (RTE) species was available (as per data from HCV Assessment) on the Estate, HCV action plan does not describe appropriate measure to be taken in management of rare, threatened or endangered (RTE) species. Thus, Major NCR MZK 10 2019 has been raised against this indicator. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|------------|--|---------------|---|
| | 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 | YES | Although there was no RTE species found in the CU only Protected Species available, Lam Soon still established their own disciplinary measures if any of their staff or workers found to capture, harm, collect or kill the RTE species. If found any activities to capture, harm, collect or kill RTE species, the estates will make a report to the Wildlife Department immediately. The Estate also make a statement dated on 8/5/17 a disciplinary action is to be taken against those who are found to capture, harm, collect or kill RTE species according to law "Enakmen Pemeliharaan Hidupan Liar 1997". Training conducted. |
| | 5.2.4 | Where an action plan has been created there shall be ongoing monitoring: The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the action plan. Minor Compliance | NO | The HCV Assessment report indicated that there is no threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations. There is only common protected bird and wildlife sighted. However, no record of monitoring RTE/Protected Species found in the estate at Lam Soon Estate, even though it was highlighted in the Report. Thus, Minor NCR MZK 11 2019 has been raised against this indicator. |
| | 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 set-asides with existing right of local communities in Lam Soon Plantations since CU are surrounded by other 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 | LSP CU has documented identification of all waste product and sources of pollution. Environmental impact assessment and Pollution Prevention plans were then established to mitigate applicable identified waste product and source of pollution the plans was update in March 2018. |
| | 5.3.2 | All chemicals and their containers shall be disposed of responsibly. Major Compliance | YES | Lam Soon Plantation "schedule waste procedure" and "Pesticide container triple rinse procedure (up to 20-liter capacity)" – procedure for Labelling, Handling, Storage and Disposal of Scheduled Waste was established. |
| | 5.3.3 | A waste management and disposal plan to avoid or reduce pollution shall be documented and | YES | Waste management and disposal plan to avoid or reduce pollution had been documented and implemented as discussed in Indicator 5.1.3 above. Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|------------|---|---------------|--|
| | | implemented Minor Compliance | | routine operation. Mill wastes had been disposed as follows; EFBs were sent for mulching in the field, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler. On the monitoring of water and effluent discharge, a monthly and quarterly report for final discharge were submitted to DOE in a timely manner, as required by the written approval. |
| 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 | NO | The CU had established a plan for improving efficiency of the use of fossil fuels and to optimise renewable energy. The plan contained in documented "Plan for Improving Fossil Fuel & Palm GHG". Among others, the plan contain source of usage, means to reduce usage, and monitoring. The CU had established a plan for improving efficiency of the use of fossil fuels and to optimise renewable energy. The plan contained in documented "fossil fuel reduction plan 2019". However it was found that, the Plan and Monitoring of fossil fuel was inadequate due to no specific Target and objectives and the Action Plan available was a same Plan since 2017. Thus, Minor NCR MZK 12 2019 was raised. |
| C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice | 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 | There was no land preparation in the CU by burning as Lam Soon Plantation Sdn Bhd practiced the zero burning. A policy on the zero burning has been established since 24 June 2016. It was also observed that signage " <i>Dilarang Membakar</i> " was available at various locations within the estates. |
| | 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 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance | YES | There was no evidence that fire had been used to prepare land for replanting in both estates. No open burning at all the visited replanting areas within the estate. Also, no fire was used for waste disposal. |
| 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 | 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 | An assessment of identified polluting activities is being conducted and monitored, inclusive of gaseous emissions, particulate / soot emissions and effluent. The environmental aspect and impact (EAI) covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. The CU has established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) which covers from upstream activities such as chemicals spraying until FFB evacuation process was sighted during assessment. Among the significant environmental aspects are the chemical (herbicide/fertilizer) which is associated with spillage and leakage due to mishandling of chemical (water pollution and land contamination) which related to the management of chemical. |
| | 5.6.2 | Significant pollutants and | NO | The "Environmental Aspect & Impact Assessment Identification (EAI)" had included |

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| Clause | Indicators | Comply Yes/No | Findings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------|--|-----------------------|-----------------------------|------------|---|-----|------|-----|-------|----|------|-----|------|------------|------|---------------|-----------|--------------|----------|----------|----|-----------------|------|--------------------|---|-------------------------|---|-----------------------------|-----|-------|
| <p>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.</p> <p>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.</p> <p>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p> | greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance | | <p>significant environmental aspect of greenhouse gas (GHG). Plans to reduce the GHG had been documented in "Waste Management & reduction plan for diesoline skid". The plan observed being implemented. Among other, the plan contain source of usage, means to reduce usage, and monitoring. Among actions observed were, installation of 9 unit of solar panel for lighting of guard houses, and executive house and periodical maintenance of tractor and power generator, application of organic material (biomass) as fertiliser. The environmental aspect and impact (EAI) was used to identify the GHG emissions Some of the Greenhouse Gas emissions are through Land Conversation, Crop Sequestration, Fertiliser, N₂O from fertiliser, Fuel Consumption, Peat Oxidation. Plans to reduce or minimise them are in place. LSP CU also has plan for Significant pollutants and greenhouse gas (GHG) emissions namely Environmental Impact Assessment & Pollution Prevention Plans (2019), However it was found that The plans to reduce or minimise pollutants and greenhouse gas (GHG) emissions was inadequate due to no specific Target and objectives and the Action Plan available was a same Plan since 2017. Therefore Major NCR MZK 13 2019 has been raised against this indicator.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 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>Data input for LSP Estate and LSP POM was available and accurate as per reporting to RSPO. Thus, previous NCR was satisfactory closed. Below the details of GHG 2018 reported using Palm GHG Calculator version 3.0.1 to calculate the GHG emission for the estate and mill.</p> <p>PalmGHG calculation option used: Option 1</p> <p><u>Summary of Net GHG Emissions</u></p> <table border="1"> <thead> <tr> <th>Emissions per Product</th> <th>tCO₂e/tProduct</th> <th>Extraction</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>CPO</td> <td>0.98</td> <td>OER</td> <td>22.12</td> </tr> <tr> <td>PK</td> <td>0.98</td> <td>KER</td> <td>4.58</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Production</th> <th>t/yr</th> </tr> </thead> <tbody> <tr> <td>FFB Processed</td> <td>105649.21</td> </tr> <tr> <td>CPO Produced</td> <td>23366.65</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Land Use</th> <th>ha</th> </tr> </thead> <tbody> <tr> <td>OP planted area</td> <td>5562</td> </tr> <tr> <td>OP planted on peat</td> <td>0</td> </tr> <tr> <td>Conservation (forested)</td> <td>0</td> </tr> <tr> <td>Conservation (non-forested)</td> <td>122</td> </tr> <tr> <td>Total</td> <td>5684</td> </tr> </tbody> </table> | Emissions per Product | tCO ₂ e/tProduct | Extraction | % | CPO | 0.98 | OER | 22.12 | PK | 0.98 | KER | 4.58 | Production | t/yr | FFB Processed | 105649.21 | CPO Produced | 23366.65 | Land Use | ha | OP planted area | 5562 | OP planted on peat | 0 | Conservation (forested) | 0 | Conservation (non-forested) | 122 | Total |
| Emissions per Product | tCO ₂ e/tProduct | Extraction | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CPO | 0.98 | OER | 22.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PK | 0.98 | KER | 4.58 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Production | t/yr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FFB Processed | 105649.21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CPO Produced | 23366.65 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land Use | ha | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OP planted area | 5562 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OP planted on peat | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conservation (forested) | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conservation (non-forested) | 122 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 5684 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Clause | Indicators | Comply Yes/No | Findings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|-----------------|---------------|--|--|----------|--|--|--|-------|----------|-----------|------------------|--|--|--|-----------------|----------|------|------|--------------------------------|---------|------|------|-----------------|---------|------|------|------------------|---------|------|------|----------------|---|---|---|--------------|--|--|--|--------------------|---|---|---|----------------------------|----------|------|--|--------------|-----------------|-------------|-------------|--|-------|------------|------------------|--|--|------|---------|------|------------------|---------|------|------------------------------|---|---|----------------|--|--|----------------------------|---------|-------|--------------|----------|-------|--------------|---|---|--------------|-----------------|-------------|
| | | | <p><u>Summary of Field Emissions and Sinks</u></p> <table border="1"> <thead> <tr> <th></th> <th colspan="3">Own Crop</th> </tr> <tr> <th></th> <th>tCO2e</th> <th>tCO2e/ha</th> <th>tCO2e/FFB</th> </tr> </thead> <tbody> <tr> <td>Emissions</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Land Conversion</td> <td>49058.21</td> <td>8.82</td> <td>0.46</td> </tr> <tr> <td>*CO2 Emissions from Fertiliser</td> <td>2902.24</td> <td>0.52</td> <td>0.03</td> </tr> <tr> <td>**N2O Emissions</td> <td>5597.07</td> <td>1.01</td> <td>0.05</td> </tr> <tr> <td>Fuel Consumption</td> <td>1525.14</td> <td>0.27</td> <td>0.01</td> </tr> <tr> <td>Peat Oxidation</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Sinks</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Crop Sequestration</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Conservation Sequestration</td> <td>9,595.09</td> <td>1.16</td> <td></td> </tr> <tr> <td>Total</td> <td>11646.76</td> <td>2.09</td> <td>0.11</td> </tr> </tbody> </table> <p><u>Summary of Mill Emissions and Credits</u></p> <table border="1"> <thead> <tr> <th></th> <th>tCO2e</th> <th>tCo2e/tFFB</th> </tr> </thead> <tbody> <tr> <td>Emissions</td> <td></td> <td></td> </tr> <tr> <td>POME</td> <td>16928.5</td> <td>0.16</td> </tr> <tr> <td>Fuel Consumption</td> <td>1542.06</td> <td>0.01</td> </tr> <tr> <td>Grid Electricity Utilisation</td> <td>0</td> <td>0</td> </tr> <tr> <td>Credits</td> <td></td> <td></td> </tr> <tr> <td>Export of Grid Electricity</td> <td>-954.49</td> <td>-0.01</td> </tr> <tr> <td>Sales of PKS</td> <td>-1582.22</td> <td>-0.01</td> </tr> <tr> <td>Sales of EFB</td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>15935.82</td> <td>0.15</td> </tr> </tbody> </table> | | Own Crop | | | | tCO2e | tCO2e/ha | tCO2e/FFB | Emissions | | | | Land Conversion | 49058.21 | 8.82 | 0.46 | *CO2 Emissions from Fertiliser | 2902.24 | 0.52 | 0.03 | **N2O Emissions | 5597.07 | 1.01 | 0.05 | Fuel Consumption | 1525.14 | 0.27 | 0.01 | Peat Oxidation | 0 | 0 | 0 | Sinks | | | | Crop Sequestration | 0 | 0 | 0 | Conservation Sequestration | 9,595.09 | 1.16 | | Total | 11646.76 | 2.09 | 0.11 | | tCO2e | tCo2e/tFFB | Emissions | | | POME | 16928.5 | 0.16 | Fuel Consumption | 1542.06 | 0.01 | Grid Electricity Utilisation | 0 | 0 | Credits | | | Export of Grid Electricity | -954.49 | -0.01 | Sales of PKS | -1582.22 | -0.01 | Sales of EFB | 0 | 0 | Total | 15935.82 | 0.15 |
| | Own Crop | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | tCO2e | tCO2e/ha | tCO2e/FFB | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Emissions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land Conversion | 49058.21 | 8.82 | 0.46 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| *CO2 Emissions from Fertiliser | 2902.24 | 0.52 | 0.03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **N2O Emissions | 5597.07 | 1.01 | 0.05 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fuel Consumption | 1525.14 | 0.27 | 0.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Peat Oxidation | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sinks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Crop Sequestration | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conservation Sequestration | 9,595.09 | 1.16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 11646.76 | 2.09 | 0.11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | tCO2e | tCo2e/tFFB | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Emissions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| POME | 16928.5 | 0.16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fuel Consumption | 1542.06 | 0.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Grid Electricity Utilisation | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Credits | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Export of Grid Electricity | -954.49 | -0.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales of PKS | -1582.22 | -0.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales of EFB | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 15935.82 | 0.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Clause | Indicators | | Comply Yes/No | Findings | | | | | | | | | | |
|--|------------|--|---------------|---|-------------------|---|-------------------------------|------|--------------------------|------|-------------------------------------|----|--|----|
| | | | | Palm Oil Mill Effluent (POME) Treatment <table border="1"> <tr> <td>Divert to compost</td> <td align="right">%</td> </tr> <tr> <td>Divert to anaerobic digestion</td> <td align="right">100%</td> </tr> </table> POME Diverted to Anaerobic Digestion: <table border="1"> <tr> <td>Divert to anaerobic pond</td> <td align="right">100%</td> </tr> <tr> <td>Divert to methane capture (flaring)</td> <td align="right">0%</td> </tr> <tr> <td>Divert to methane capture (electricity generation)</td> <td align="right">0%</td> </tr> </table> | Divert to compost | % | Divert to anaerobic digestion | 100% | Divert to anaerobic pond | 100% | Divert to methane capture (flaring) | 0% | Divert to methane capture (electricity generation) | 0% |
| Divert to compost | % | | | | | | | | | | | | | |
| Divert to anaerobic digestion | 100% | | | | | | | | | | | | | |
| Divert to anaerobic pond | 100% | | | | | | | | | | | | | |
| Divert to methane capture (flaring) | 0% | | | | | | | | | | | | | |
| Divert to methane capture (electricity generation) | 0% | | | | | | | | | | | | | |

Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|--|---------------|---|
| 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 promote the positive ones are made, implemented and monitored, to demonstrate continual improvement. | 6.1.1 | A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance | YES | Lam Soon had conducted Social Impact Assessment (SIA) as verified on the SIA report titled 'Social Impact Assessment & Management Action Plans and Continuous Improvement Plans' Lam Soon Plantations dated in 31 Dec 2016. Each individual report contains maps of the estate, manpower statement, focus group discussions 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. 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 | Based on the SIA report, attendance records and pictures, there are evidence that the assessment was done with the participation of relevant stakeholders who are affected parties. |
| | 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, | YES | The Social Impact Assessment and Management Action Plan Lam Soon Plantations Sdn Bhd is a combined document between the Estate and Mill. The Plan is updated yearly and the last update was done in May 2019. Among the activities to promote positive impacts and mitigate negative impacts include those which have been identified from stakeholder feedbacks including during meetings with stakeholders in April 2019, and feedback from Women Association Meeting in the same month. The Action Plan was tabulated and contains action timetable, person responsible for implementation and expected date of |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|---|---------------|--|
| | | including responsibilities for implementation. Major Compliance | | completion. |
| | 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 | YES | The Action Plan were being reviewed annually, or as and when there are issued to be addressed. The existing Action Plan was last updated in May 2019. The previous Action Plan was reviewed in 2017 and 2018. |
| | 6.1.5 | Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance | N/A | There are no smallholder schemes as so this Indicator is not applicable. |
| C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties | 6.2.1 | Consultation and communication procedures shall be documented. Major Compliance | YES | Lam Soon CU has a Communication Policy. In addition, the CU also has developed a Standard Operating Procedure (SOP) on Stakeholder Consultation dated in Feb 2018. It contains procedures for consultation and discussions, solving issues/grievances, records and improvements, which is the responsibility of the Manager and Assistant Manager. It also stipulates that issues and grievances can be raised via comments, complaints, or request for information, and that all issues are to be resolved fairly and within the stipulated timeframe. The SOP also states that Master List of Documents must be available for stakeholders' reference. This SOP are being exhibited at the office notice boards at muster grounds. |
| | 6.2.2 | A management official responsible for these issues shall be nominated. Minor Compliance | YES | The Lam Soon Palm Oil Mill has appointed as a social liaison officer in March 2017 as the management official responsible for social issues. The Estate has appointed the Assistant Manager in Feb 2018 for this purpose. |
| | 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 | The updated stakeholder lists for both the Estate and the Mill are available and sighted. The stakeholder list for the Estate was updated on April 2019, whereas the Mill updated its list in March 2019. Among the stakeholders on the list include neighbouring oil palm estates, government, local authorities, contractors, suppliers, vendors, NGOs, etc. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|-------------------|---|----------------------|---|
| 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 whistleblowers, where requested. Major Compliance | YES | A documented system for dealing with complaints and grievances is available at the Lam Soon CU. This system is open to all employees and stakeholders. The documented system comes in the form of complaints form/book where complainant can fill up and submit to the office. This system is also open to whistle blowers where they would be ensured anonymity, and their identity would not be revealed. |
| | 6.3.2 | Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance | YES | Documentation of the process and outcome are available in the complaints form itself. For example, a complaint on non-availability of phone signal at the workers' housing area. A worker complaint that this would cause a lot of inconvenience especially during emergency situations. |
| C 6.4 Any negotiations concerning 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. | 6.4.1 | A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance | YES | The Lam Soon CU has a standard procedure for identifying social related issues known as "Land Dispute Compensation and Calculation Procedure" and "Procedure For Calculating & Distribution Fair Compensation". The procedures state out the detailed process of compensation for issues/disputes related to land, ownership and access to land. It also states how compensation are to be dealt with. However, as of the date of the audit, no evidence is available at either the Estate or Mill of any dispute related to 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 | YES | Since there is no evidence of any negotiated agreements or compensation paid by Lam Soon CU to any third party, this Indicator is not applicable. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|--|---------------|---|
| | | documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance | | . |
| C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages | 6.5.1 | Documentation of pay and conditions shall be available. Major Compliance | YES | For the Lam Soon CU documentation of pay is in the form of monthly pay slips. Conditions of pay are contained in the workers' respective employment contracts. Samples of the monthly pay slips and employment contracts were made available and reviewed during the audit. Each pay slip documents the name of employee, month of pay, income (basic, overtime, reimbursement, allowances), deductions (statutory such as EPF, SOCSO and non-statutory such as donation to mosque funds), net salary, annual leave and medical leave taken, etc. Interview with workers reveal that they understand the contents of the pay slips and seeks explanation from the office whenever they needed any clarifications. Samples of payslips were also sighted and verified that workers are being paid in accordance with the requirements stipulated under the Minimum Wages (Amendment) Order 2018 and Sabah Labour Ordinance. |
| | 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 | NO | Lam Soon CU issues out contracts of employment to all its foreign employees, and letters of offer of employment to its Malaysian employees. Both documents were drafted based on the provisions of the Sabah Labour Ordinance. Each contract of employment contains name of employee, duration of employment, job description, place of work, salary, working hours, medical benefits, insurance coverage, provision of transportation to and from place of work, repatriation, mutual termination clause for both employer and employee, provision for contract renewal, etc. The employment contracts were prepared in Bahasa Malaysia, and explained and briefing to the workers prior to signing. This was further confirmed by the workers during interviews. However, it was found during the audit that a. The Guideline on Medical Leave and Guideline on Medical Check-Ups and Treatment contained in Standard Working Procedure Clinic Doc No.LSPSB/LDU/SWP-22, effective date 01 February 2019 have not been carefully explained to the workers by management official. b. The procedures related to entitlement, calculation and implementation of vacation leave pay are not available in languages understood by the workers, nor explained carefully to workers by management official. Therefore, a Major NCR No: RZ01 of 2019 was raised. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--|------------|---|---------------|---|
| | 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. Minor Compliance | NO | <p>Almost all staff and workers are staying at the same living quarters within Lam Soon Estate. There are also 3 older quarters which are still being used. However plans are afoot to transfer the occupants in stages to newly built quarters. Workers receive round the clock supply of water and electricity for free. Sundry shops, canteen, a mosque, a chapel, a community hall, clinic and recreational facilities such as football field, volleyball and badminton court are also available. Based on visits conducted, the houses provided were adequate, and in reasonably good conditions and comfortable. Some of roof gutter is in need of repair. However, interviews conducted with the workers reveal that they were generally satisfied with the response to requests for any repair works. 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). However, visits to the housing estates also reveal the following:</p> <ol style="list-style-type: none"> a. The Visiting Medical Officer (VMO) visits Klinik Lam Soon once a month, which does not comply with the requirements of Section 19(3) Minimum Standards of Housing and Amenities Act 1990. b. Milk was not provided at the creche as required under Section 10(3) Minimum Standards of Housing and Amenities Act 1990. c. Perimeter drains behind the Mill housing was found to have rubbish and clogged, which is contrary to Section 23(1) Minimum Standards of Housing and Amenities Act 1990. d. General maintenance was not carried out as evidenced by dirty toilet at the mill, broken rain gutter, broken window and door frames at the housing, which is contrary to Section 23(1) Minimum Standards of Housing and Amenities Act 1990. <p>Therefore, a Minor Non-Compliance No. RZ 02 of 2019 was raised.</p> |
| | 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 | There is evidence that Lam Soon CU make demonstrable efforts to monitor workers' access to adequate, sufficient and affordable food. During the audit, it was observed that there are at least 2 sundry shops near the workers' housing quarters. |
| 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 | 6.6.1 | A published statement in local languages recognising freedom of association shall be available. Major Compliance | YES | Recognition of freedom of association is available in the Lam Soon Policy entitled "The Right of Freedom of Association of Employee". The Policy states that the company respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. This policy "The Right of Freedom of Association of Employee" is applicable throughout all operating units and is printed and translated in Bahasa Malaysia. The policy was seen displayed on notice boards in the estates and mill. |
| | 6.6.2 | Minutes of meetings with main trade unions or workers representatives shall be | YES | Although there is no trade union operating within the estate premises, workers are not prohibited from appointing their own group leaders to represent them in the Joint Consultative (JCC) meetings with the management team. The JCC comprise |

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| Clause | Indicators | | Comply Yes/No | Findings |
|---|------------|---|---------------|---|
| 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. | | documented. Minor Compliance | | management representatives and worker representatives, and is chaired by the Sustainability Officer. |
| 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 | Lam Soon CU has established records that provide an accurate account of all employees. The records name is 'Employee/Workers List'. The records contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. Based on the review of this document at the Mill and Estate, interviews conducted and observations made during the audit, there is evidence that only those above the age of 18 years are employed. |
| C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited. | 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 | The CU has developed an Equal Opportunity Policy. Based on interviews conducted, workers confirmed that there is no element of discrimination within Lam Soon CU. 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. |
| | 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 | Based on interviews conducted, workers confirmed that there is no element of discrimination within Lam Soon CU. 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. |
| | 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 | Copies of job advertisements and records of hiring and promotion were reviewed, Recruitment file belonging to workers were reviewed and it showed that their respective appointments were based on skills, capabilities, qualities and medical fitness. |
| C 6.9 There is no | 6.9.1 | A policy to prevent sexual and all other forms of harassment and | YES | Lam Soon CU subscribes to the Sexual Harassment Policy which defines what constitutes sexual harassment. The Policy also states that the Company would comply |

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| Clause | Indicators | Comply Yes/No | Findings | |
|--|-------------------|--|---|---|
| harassment or abuse in the work place, and reproductive rights are protected. | | | 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. | |
| | 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 | The statement and commitment to protect women's reproductive rights are available in Lam Soon's Workplace Harassment Policy signed by the Plantation Director in 25 January 2017. This policy is also being displayed at the estates and mill notice boards. |
| | 6.9.3 | A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance | YES | A grievance mechanism available at the Mill and Estate which is related to complaints against sexual harassment is available known as 'Sexual Harassment Procedure'. It also contains a 'Sexual Harassment Reporting Flowchart' which explains the process of grievance handling for both external and internal parties. At Lam Soon Palm Oil Mill and Lam Soon Estate, the flowchart is exhibited prominently near the entrance to the main estate/mill office. According to the procedures, complainants can submit their complaint either in writing or verbally. Workers interviewed know that they can either complaint to their immediate supervisor, Gender Committee or if they wish, to the estate management. |
| 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 Lam Soon Palm Oil Mill only receives fresh fruit bunches 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. Major Compliance | YES | Interview conducted with FFB transporter, confirmed that the Mill has explained the FFB pricing mechanism and this was also clearly stated in the contract with the transporter. |
| | 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 | Based on the interview conducted with FFB transporter, William Hao Wei of Chong Shu Min Trading, there is evidence that the contractor company understand the contractual agreements entered into. These include the payment terms and mechanism for the calculation of price, including their rights and obligations. The supplier also informed that dealings with the mill had been fair, legal and transparent. |
| | 6.10.4 | Agreed payments shall be made in a timely manner. Minor Compliance | YES | It was further confirmed by the contractor that payments are received promptly i.e. within 15 to 20 days of issuance of invoice. |
| 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 local communities shall be | YES | The Lam Soon estate and the mill do provide contributions to the local communities. Lam Soon POM and Lam Soon Estate have employed local communities from Sabah. The contributions to local development were based on consideration of the main social issues. |

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| Clause | Indicators | Comply Yes/No | Findings |
|---|-------------------|---|--|
| development where appropriate. | | 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 | N/A Lam Soon CU was not involved in any scheme smallholder schemes, and therefore this Indicator is not applicable. |
| 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. There is also no evidence of any form of forced or trafficked labour. All employees are allowed to terminate their employment as per their terms of employment, without any penalty. All employees work 8 hours a day and are paid overtime should this number of hours exceeded. As verified through interviews and documentation review, workers who work on rest days are also compensated in accordance with the Sabah Labour Ordinance. Foreign workers are given the option of either keeping their own passport, or keeping the passports in the office safe box. |
| | 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 Lam Soon CU has a special labour policy in Feb 2017. Among the provisions on the Policy include ensuring voluntary recruitment, that workers are entitled to terminate their employment without any penalty, equal treatment and payment of equal wages, benefits including accommodation and no discrimination. The Policy also commits to no contract substitution, and that newly-recruited foreign workers are given training to help familiarise with local culture, safety, labour laws, etc. |
| 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. Major Compliance | YES The policy to respect human rights are documented in the Lam Soon Human Right Policy. This Policy states among others, that it will develop its businesses with a sense of humanity, ensuring that they are socially beneficial and do not infringe on basic human rights. This Policy is exhibited on notice boards (muster ground, AP post, nursery) of the Lam Soon Estate. |
| | 6.13.2 | As long as children of FW in Sabah & Sarawak are ineligible to attend gov. school, the plantation co. should engage in a process to secure these children access to education as a moral obligation. Minor Compliance | YES Children of Indonesian Lam Soon CU workers who cannot enrol into Malaysian schools are given the opportunity to be educated at the Community Learning Centre (CLC) which is located at Lam Soon CU premises. This CLC caters for pupils aged between 6 to 12 years and are being taught mainly Indonesian and Malaysian curriculum. The costs of building the CLC, maintenance, water and electricity, provision of teachers' quarters and furniture are being borne by Lam Soon CU. This includes the costs of transportation to ferry the pupils to attend the CLC and electricity. |

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Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Auditors has verified through checking the www.globalforestwatch.com, GOOGLE Maps, Estate Maps and also through site visit to the estates area; Lam Soon Estate. Based on the audit findings, it is confirmed that there were no new planting or new development of areas at Lam Soon CU.

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: | | |
| | a) Reduction in use of pesticides (Criterion 4.6); | YES | Both estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates have established nurseries 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 beneficial plants. The estates were committed to reduce the use of chemicals. The estates have 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. |
| | b) Environmental impacts (Criteria 4.3, 5.1 and 5.2); | YES | The CU maintained established and implemented environmental improvement plans and measures. Among the relevant plans and measures were: <ul style="list-style-type: none"> • Environmental Improvement Plan - Environmental Impact Evaluation (EIE). • Waste Management Action Plan • Environmental Management Programme (EMP). • Pollution Prevention Plan. • Identification and Management of Wastewater. • “Prosedur Untuk Pelupusan Sampah Domestik / Bahan Buangan Setempat”. • “Prosedur 3 Kali Pembilasan Bekas Simpanan”. |

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| Clause | Indicators | | Comply Yes/No | Findings |
|--------|------------|--|---------------|---|
| | | | | <p>Among content of plans were:</p> <ul style="list-style-type: none"> • reduction of diesel usage / GHG emission. • reduction of POME generation. • maintain water quality. • reduce soil erosion. • reduce usage of chemical. • reduce land contamination • improve soil fertility • reduce waste |
| | c) | Waste reduction (Criterion 5.3); | YES | <p>The CU continued established and implemented waste reduction plans. Among the plans were:</p> <ul style="list-style-type: none"> • Environmental Improvement Plan - Environmental Impact Evaluation (EIE). • Waste Management Action Plan • Environmental Management Programme (EMP). • Pollution Prevention Plan. • Identification and Management of Wastewater. <p>Among the type of wastes are agricultural organic wastes, rubbish, used oils, used batteries, empty pesticide containers, clinical waste, scrap iron, wastewater, etc. Non-reusable empty chemical containers were disposed as per relevant requirements of scheduled wastes. Reusable agrochemical containers were used for collecting of triple-rinsing wastewater. Scheduled wastes were labelled with relevant information and hazard sign, and disposed to DOE's licensed contractor.</p> |
| | d) | Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); | YES | <p>The CU continued to establish and implement GHG emission reduction plan. Among the plan implemented were, installationperiodical maintenance of tractor and power generator, application of organic material (biomass) as fertiliser.</p> |
| | e) | Social impacts (Criterion 6.1); | YES | <p>The Company is in the progress of building new housing for workers to replace the old wooden houses (kongsi). It involves 168 doors. Houses for staff commenced in Jan 2018 and completed in August 2018.</p> |
| | f) | Encourage optimising the yield of the supply base | YES | <p>In order to optimise yields, both Estates were 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.</p> |

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| Clause | Indicators | | Comply Yes/No | Findings |
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| 4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised; | (a) | As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat. | Yes | For the time-bound plan, Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | (b) | Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness; | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | (c) | Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent); | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| 4.5.4 Requirements for uncertified management units: | (a) | No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 st January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB; | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | (b) | Land conflicts, if any, are being resolved through a mutually agreed process, such as the | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at |

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| | RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6; | | Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| (c) | Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3; | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| (d) | Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1; | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| (e) | The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach: | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | <ul style="list-style-type: none"> A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement; | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | <ul style="list-style-type: none"> Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | <ul style="list-style-type: none"> Desktop study e.g. web check on relevant complaints | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| | <ul style="list-style-type: none"> If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. | YES | Lam Soon Cannery Private Limited has already certified all their units Such as Lam Soon CU at Lahad Datu and Dara Lam Soon at Muadzam Pahang. |
| 4.6.4 The CB shall review whether oil palm | No additional indicators | | After the review of the document provided, it has been verified that the land titles were previously |

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| <p>operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.</p> | | | <p>owned by Pacific Cocoa Plantations Sdn Bhd. The Pacific Cocoa bought land from the government of Sabah on 24 April 1986. The Company has changed her named into Lam Soon Plantations Sdn Bhd in 8 July 2000. The Land title is Country Lease and also specified that the purpose of the planting is either for oil palm or agricultural crops for economic value. It can be confirmed that Lam Soon Plantations maintained and complied with the terms of the land title. The following land titles were available at the Mill and estate office;</p> <ul style="list-style-type: none"> • Company: Lam Soon CU • Land title: 095314837 • Area (Ha): 5,885 • Status: CL • Leasing: from 1 Jan 1980 until 31 Dec 2080 |
| <p>Note: 1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed; 2. Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.</p> | | | |

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Attachment 4

Details of Non-conformities and Corrective Actions Taken

| P & C Indicator | Specification Major/Minor | Detail Non-conformances | Corrective Action | Verification by Assessor |
|----------------------------|----------------------------------|---|--|--|
| 2.1.1 MAR 01 2019 | Major | Finding: Factory and Machinery Act 1967 - Noise Exposure Regulations 1989 was not complied by Lam Soon POM. Objective evidence : Recommendation from a registered Occupational Health Doctor, to be test on 2/3/2019 for the following worker i.e. passport no AT 961939 was not followed. | Audiometric test carry out on 08/05/2019, unfortunately has left one particular person Darfiah Bin Roslan due to displacement of working area to low noise area (no red zone mapping area) on 30/10/2017. Immediate action has been carried out to send the relevant person to Klinik Mansor for audiometric test on 20/05/2019. | Auditor has verified the evidence attached audiometric test report by Klinik Mansor Sdn Bhd on 23/05/2019. Results from the assessment were indicate better results from previous assessment after the CU change him to other work unit (capstan line). Status: Closed The implementation of corrective action will be verified by next audit. |
| 4.6.6 MAR 02 2019 | Major | Finding: Storage of pesticides at KK & KL Estate not according to recognized best practices. Objective evidence : During site visit at KK & KL Estate chemical store, it was found that hazard signage for the following chemical i.e. Garlon, Triclopyr Butotyl and Glycium not followed Safety Data Sheet accordingly such as corrosive. | Action taken was done immediately to installed hazard signage as per SDS recommendation. | Auditor has verified the evidence attached (picture) which is hazard signage such as corrosive, danger, burning, inhalation, etc. Status: Closed The implementation of corrective action will be verified by next audit. |
| 4.7.5 MAR 03 2019 | Minor | Finding: 1. First aid equipment i.e. emergency shower available at worksite but it was found not effective at Lam Soon POM, KK and KL Estate. 2. No evidence of training conducted for first aid equipment i.e. first aid box at Lam Soon POM. Objective evidence : 1. It was found that the emergency shower and eye wash at Lam Soon POM, KK and KL Estate doesn't have a spray pattern, the eye wash was not intersect each other and the water flown directly to the monsoon drain without chemical trap (Lam Soon POM). 2. During site visit at Lam Soon POM, none of the operator know function of ammonia solution in the first aid box and also no evidence of training conducted for first aid box. | 1. The existing emergency shower and eye wash (homemade) will be replaced with new units which was following the specification required by DOSH. 2. First aid training has been conducted by Jabatan Kecemasan and Trauma Hospital Lahad Datu on 21/12/2018 focus on basic life support and not too details on first aid kit equipment. Management immediately conduct first aid training performed by LSP clinics on 14/05/2019. | Corrective action plan accepted Status: Open The implementation of corrective action plan will be verified by next audit. |

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| 5.1.2 MZK 09 2019 | Minor | Finding: The action Plan for Environment in order to mitigate negative effects was inadequate. Objective evidence : Environmental management plan was available but inadequate to mitigate negative effects due to no specific Target and objectives and Action Plan available was as same as Plan since 2017. | Management will update the environmental improvement plan / pollution prevention plan for year 2019/2020 and to included specific target to achieve and objective for every 2 years as per recommend in RSPO guidelines. | Corrective action plan accepted. Status: Open The implementation of corrective action plan will be verified by next audit. |
| 5.2.2 MZK 10 2019 | Minor | Finding: HCV action plan was inadequate. Objective evidence : - HCV action plan does not describe appropriate measure to be taken in management of RTE sp. - Action Plan available was as same as Plan since 2017. | Management will updated and create new HCV action Plan to describe appropriate measure for monitored RTE species. | Corrective action plan accepted. Status: Open The implementation of corrective action plan will be verified by next audit |
| 5.2.4 MZK 11 2019 | Minor | Finding: Records of monitoring RTE was not available. Objective evidence : No record of monitoring RTE/Protected Species found in the Lam Soon Estate, even though it was highlighted in the Report. | Management will updated and established the form Monitoring RTE/ protected species found in lam Soon Estate with pictorial and will monitored and reported it by monthly basis. | Corrective action plan accepted. Status: Open The implementation of corrective action plan will be verified by next audit |
| 5.4.1 MZK 12 2019 | Minor | Finding: A plan for improving efficiency of the use of fossil fuels and to optimize renewable energy was inadequate. Objective evidence : KK&KL Estate - The Plan and Monitoring of fossil fuel was inadequate due to no specific Target and objectives and Action Plan available was as same as Plan since 2017. | Management will update the plan for monitoring fossil fuel with target to achieve and objective and data of fossil fuel plan will be used for comparison from previous year. | Corrective action Plan accepted. The implementation of corrective action plan will be verified by next audit. Status: Open |
| 5.6.2 MZK 13 2019 | Major | Finding: A plans to reduce or minimise pollutants and greenhouse gas (GHG) emissions was inadequate. Objective evidence : KL & KK Estate - The plans to reduce or minimise pollutants and greenhouse gas (GHG) emissions was inadequate due to no specific Target and objectives and Action Plan available was as same as Plan since 2017. | Management has established the plans to reduce or minimize pollutant and greenhouse gas immediately | Auditor has verified the evidence attached plan to reduce pollutants and GHG emission such as Diesel usage monitoring and efficient usage of electricity and office papers. Management also has identified the positive and negative impact and also established the action plans, monitoring and continuous improvement programme. Management also has identified person in charge for monitored the plan and also the status of the plan. Status: Closed The implementation of corrective action will be verified by next audit. |

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| <p>6.5.2 RZ 01 2019</p> | <p>Major</p> | <p>Finding : a. Conditions of employment related to medical check-ups and treatment are not explained carefully to workers by management official. b. Procedures on vacation leave pay is not available in languages understood by workers not explained carefully to workers Objective evidence: During interviews with estate and mill workers, as well as mill and estate officials, it was found that: a. The Guideline on Medical Leave and Guideline on Medical Check-Ups and Treatment contained in Standard Working Procedure Clinic Doc., effective date: 01/02/2019 have not been carefully explained to the workers by management official. b. The procedures related to entitlement, calculation and implementation of vacation leave pay are not available in languages understood by the workers, nor explained carefully to workers by management official.</p> | <p>a- Management has reviewed standard working procedure and to conducted a briefing to all work levels regarding the medical leave, medical checkup and treatment for clear and understood. b- Management has established the procedure related to entitlement, calculation and implementation of vacation leave pay has been established in Bahasa Malaysia and has been brief to employees.</p> | <p>Auditor has sighted an evidence (picture) training or briefing related to MC and vacation leave pay during muster call on 29/05/2019 and has been conducted by sustainability manager. Also was sighted an evidence standard working procedure vacation leave pay in Bahasa Malaysia. Status: Closed The implementation of corrective action will be verified by next audit.</p> |
| <p>6.5.3 RZ 02 2019</p> | <p>Minor</p> | <p>Finding : 1. The Visiting Medical Officer (VMO) visits Klinik Lam Soon once a month, which does not comply with the requirements of Section 19(3) Minimum Standards of Housing and Amenities Act 1990. 2. Milk was not provided at the creche as required under Section 10(3) Minimum Standards of Housing and Amenities Act 1990. 3. Drainage system behind mill housing was clogged. 4. General maintenance of the mill houses and mill premises were not carried out. Objective evidence: 1. VMO visits to the Klinik Lam Soon were carried out on a monthly basis i.e. on 26 January 2019, 16 February 2019, 16 March 2019, 24 April 2019. 2. No evidence that milk was provided at KK Creche. 3. Perimeter drains behind the Mill housing</p> | <p>1. Management has appointed VMO from Mabello Group of Clinics and will start in June 2019. 2. The management will immediately provide milk at creche and recording properly. 3. Upkeep and maintenance of parameter drains will be conducted on monthly basis 4. Management has immediately conducted a maintenance to replaced the broken window and door frame and also immediately to conduct a cleaning progress at toilet.</p> | <p>Corrective action plan accepted Status: Open The implementation of corrective action plan will be verified by next audit</p> |

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| | | <p>was found to have rubbish and clogged, which is contrary to Section 23(1) Minimum Standards of Housing and Amenities Act 1990.</p> <p>4. General maintenance was not carried out as evidenced by dirty toilet at the mill, broken rain gutter, broken window and door frames at the housing, which is contrary to Section 23(1) Minimum Standards of Housing and Amenities Act 1990.</p> | | |
| Supply Chain 5.3.2 MZK 01 2019 | Major | <p>Finding: Internal audit conducted was not conforming to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.</p> <p>Objective evidence : Internal audit carried out on 18/4/19 – 25/4/19 was not sufficient in addressing the requirements of RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. No evidence of auditor competency, evidence show in the Internal Audit report was not sufficient to maintain the standard requirements, internal audit checklist was not carried out for each indicator and the Audit Plan was not available.</p> | <p>- We will send the internal auditor to attend RSPO SCCS course to better understand the requirement.</p> <p>- To create SOP as for RSPO Supply Chain Certification Standard requirement checklist and audit plan on 23 May 2019</p> | <p>Auditor has review the evidence of SOP for Supply Chain at para e) dated 22/5/19 and internal audit plan on 18-25 April 2019 and records of RSPO Supply chain: Audit checklist (including multiside/group certification operation).</p> <p>Status: Closed The implementation of corrective action will be verified by next audit.</p> |
| Supply Chain 5.4.2 MZK 02 2019 | Major | <p>Finding: There is no mechanism in place for handling non-conforming material and/or documents.</p> <p>Objective evidence : Sighted during the audit at Lam Soon POM there is no Mechanism in place for handling non-conforming material and/or documents available or established.</p> | <p>Lam Soon Palm Oil Mill had been revised SOP included the procedure for handling non-conforming oil palm products and / or documents. We included the SOP SCCS when had been revised as evidence on 22nd May 2019</p> | <p>Auditor has verified the procedure “Lam Soon Palm Oil Mill SOP on Supply Chain” date 22 May 2019 and non-conforming product has been addressed in para b).</p> <p>Status: Closed The implementation of corrective action will be verified by next audit.</p> |
| Supply chain 5.8.2 MZK 03 2019 | Major | <p>Finding: Training was not provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system.</p> <p>Objective evidence : Sighted That training was not provided by the organization for personnel carrying out the tasks critical such as Outsourced contractor (Transporter Driver).</p> | <p>Training has been carried out to all related drivers (Transporter) which transport sustainable products on 15/05/2019. Training recorded was provided as evidence.</p> | <p>Sighted an evidence training has been carried out to transport contractor (driver) on 14 /05/2019.</p> <p>Status: Closed The implementation of corrective action will be verified by next audit.</p> |
| Supply chain | Major | <p>Finding: Non-compliance against requirement</p> | <p>SOP SCCS has been revised included the</p> | <p>Auditor has verified the procedure “Lam</p> |

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| 5.11.1 MZK 04 2019 | | above. Objective evidence : The management was not understand and know regarding requirement of RSPO rules on communications and claims and also it was not highlighted in the SOP for example, trade of CPO and PK, ACOP. | "Product Claims" as are requirement RSPO rules on communication and claims on 22nd May 2019. | Soon Palm Oil Mill SOP on Supply Chain" date 22 May 2019 and non-conforming product has been addressed in para d). Status: Closed The implementation of corrective action will be verified by next audit. |
| Supply chain 5.12.1 MZK 05 2019 | Major | Finding: The documented procedures for collecting and resolving stakeholder complaints was not specific for Supply Chain requirement Objective evidence : The management has Grievances Process procedure & Stakeholder Requests & Responses. However, it was not meant for was not specific for collecting and resolving stakeholder complaints for Supply Chain requirement. | SOP on SCCS had been revised as are requirement (SCCS complaints and Grievances Process) on 22nd May 2019. | Auditor has verified the procedure "Lam Soon Palm Oil Mill SOP on Supply Chain" date 22 May 2019 and Complaints and Grievance has been addressed in para f). And supply chain standard "complaints and grievances procedure which is any complaint receive will be handled by Mill Manager. Status: Closed The implementation of corrective action will be verified by next audit. |
| Supply chain 5.13.2 MZK 06 2019 | Major | Finding: The management review was not comprehensive. Objective evidence : Sighted the management review has been conducted in dated 8/5/19, However, it was found that the input to management review was not include Following: customer feedback, status of preventive actions and corrective actions. Changes that could affect the management system was not clear. | The management review of SCCS for RSPO being revised input following RSPO SCCS Standard an requirement include customer feedback, preventive, corrective action and changes on 8 May 2019. | Auditor has verified the procedure "Lam Soon Palm Oil Mill SOP on Supply Chain" date 22 May 2019 and management review has been addressed in para g). And auditor also review the new management review dated 8 may 2019 and found that customer feedback, status of preventive actions and corrective actions. Changes that could affect the management system has been addressed in new management review. Status: Closed The implementation of corrective action will be verified by next audit. |
| Supply Chain 5.13.3 MZK 07 2019 | Major | Finding: The management review was not comprehensive Objective evidence : Sighted the management review has been conducted in dated 8/5/19, However, it was found that the output management review was not include Following: Improvement of the effectiveness of the | Management review has been revised included input and output of the management system process and resources following RSPO SCCS Standard on 8 May 2019 | Auditor has verified the procedure "Lam Soon Palm Oil Mill SOP on Supply Chain" date 22 May 2019 and management review has been addressed in para g). And auditor also review the new management review dated 8 May 2019 and found that Improvement of the |

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| | | management system and its processes and Resource needs. | | effectiveness of the management system and its processes and Resource needs. has been addressed in new management review. Status: Closed The implementation of corrective action will be verified by next audit. |
| Supply Chain D.4.2 MZK 08 2019 | Major | Finding: There is projected overproduction of certified tonnage. Objective evidence : Sighted that overproduction CPO IP for period June 2018 – May 2019 and Lam Soon POM yet to inform the CB and apply extension to the RSPO. | Oil Mill has informed the RSPO through CB about CPO production projected is high then CPO production claimed and applied for increase the volume of CPO production on 16th May 2019. | Sighted an evidence of the application for extension to increase the volume of CPO to RSPO. It has been approved on 30/05/2019. Status: Closed The implementation of corrective action will be verified by next audit. |

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RSPO SUPPLY CHAIN : AUDIT CHECKLIST

SECTION A : GENERAL INFORMATION

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| 1. File Reference No. | : EL04190001 |
| 2. Name of facility/ site(s) /entity(ies) | : Lam Soon Plantation Sdn Bhd – Lam Soon Palm Oil Mill CU |
| 3. Site Location (single site/multisite/Group) | : Locked Bag 8, 28 km off Lahad Datu - Sandakan Highway, 91109 Lahad Datu, Sabah |
| 4. SC model | : Identity Preserved |
| 5. Type of entity | : Mill / Crusher / Refinery / Biodiesel plant / Primary Oleochemical / Secondary Oleochemical / End product manufacturer <i>For oleochemicals and its derivatives, please check the conversion factor against the "RSPO Rules for Oleochemicals and its Derivatives" dated 1st December 2016</i> |
| 6. RSPO Member Number | : 2-0909-18-000-00 |
| 7. Annual summary records of certified oil palm products purchased and claimed | : Total FFB purchased – 110,487.83 mt Total CPO produced – 24,989.56 mt Total PK produced – 4,975.57 mt Total CPO sell as IP – 1,173.22 mt Conventional – 23,816.34 mt Total PK sell as IP – 4,724.96 mt Conventional – 250.61 mt |

SECTION B (i): RSPO SUPPLY CHAIN CERTIFICATION SYSTEM (REVISED JUNE 2017)

| | Requirements | Remarks |
|-------|--|----------------|
| | Audit Process Requirements – FOR STAGE 2 / RECERTIFICATION AUDIT | |
| 5.3.8 | The certification audit shall review whether the organizational systems, the management systems and the operational systems, including any documented policies and procedures of the organization seeking or holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard. | Not Applicable |
| | Audit Process Requirements – SURVEILLANCE AUDIT | |

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| 5.3.26 | <p>The surveillance audit shall review whether the organizational systems, the management systems and the operational systems, including any documented policies and procedures of the organization holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.</p> <p>In cases where an organization seeking certification outsources activities to independent third parties, a risk assessment shall be done by the CB to determine whether an audit of the sub-contractor is required. If the outsourced contractor holds RSPO Supply Chain certification, then it does not require an additional audit.</p> | <p>Lam Soon POM had revised their documented procedure title ' <i>SOP on Supply Chain</i>', dated 8 April 2019 The procedure described the following:</p> <ul style="list-style-type: none"> • Introduction • FFB Suppliers • Documentation for Sustainable CPO (IP) RSPO/ SG (MSPO) • Documentation for Sustainable PK (IP) RSPO/ SG (MSPO) • Management Responsibility • Training • Reception – FFB at Security Guard House & Weighbridge Station (Critical Control Point) • Production & Storage – Plant & Storage Tanks (Critical Control Point) • Sales & Despatch of products to the buyer (Critical control Point) <p>The procedure was kept in file RSPO Supply Chain. Appropriate changes were also made in the change to include the MSPO Supply Chain, Internal Audit, Management Review.</p> |
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SECTION B (ii): GENERAL CHAIN OF CUSTODY REQUIREMENTS FOR THE SUPPLY CHAIN

| | Requirements | Remarks |
|----------|---|--|
| 1 | Applicability of the general chain of custody requirements for the supply chain | |
| 1.1 | Organization takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors. | LSPOM takes legal ownership and physically handles RSPO certified oil palm products at following location - Locked Bag 8, 28 km off Lahad Datu - Sandakan Highway, 91109 Lahad Datu, Sabah |
| 1.2 | Traders and distributors require a licence obtained from RSPO to sell RSPO certified product but do not themselves require certification. When selling RSPO certified product a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model. | Not applicable due to Lam Soon POM is processing facility. |
| 1.3 | Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform | RSPO Palm Trace details are as followed; Member name: Lam Soon Plantations Sdn. Bhd. |
| 1.4 | Processing aids do not need to be included within an organization's scope of certification. | No processing aid involved in Lam Soon POM scope of certification |
| 2 | Supply chain model | |

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| 2.1 | The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance. | LSPOM had demonstrated the correct use of supply chain model; They continue to apply the IP model and their suppliers are of own supply base namely Lam Soon Estate. |
| 2.2 | The site can use one (1) or a combination of supply chain models as audited and certified by the CB. | They decided to maintain the IP model for their supply chain system. Therefore, they are being audited against the general chain of custody requirement for the supply chain as well as Module D of the RSPO Supply Chain Standard. |
| 3 | Documented procedures | |
| 3.1 | The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following: | <p>Lam Soon POM had revised their documented procedure title ' <i>SOP on Supply Chain</i>', dated 8 April 2019 The procedure described the following:</p> <ul style="list-style-type: none"> • Introduction • FFB Suppliers • Documentation for Sustainable CPO (IP) RSPO/ SG (MSPO) • Documentation for Sustainable PK (IP) RSPO/ SG (MSPO) • Management Responsibility • Training • Reception – FFB at Security Guard House & Weighbridge Station (Critical Control Point) • Production & Storage – Plant & Storage Tanks (Critical Control Point) • Sales & Dispatch of products to the buyer (Critical control Point) <p>The procedure was kept in file RSPO Supply Chain. Appropriate changes were also made in the change to include the MSPO Supply Chain, Internal Audit, Management Review.</p> |
| a) | Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. | |
| b) | Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). | |
| c) | Identification of 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 organization's procedures for the implementation of this standard | |
| 3.2 | The site shall have a written procedure to conduct annual internal audit to determine whether the organization; i. Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. | It was noted during the audit that Lam Soon POM had revised their documented procedure title ' <i>SOP on Supply Chain</i> ', dated 8 April 2019. The procedure already include the Internal Audit Procedure in the Clause: Management Responsibility. Therefore, Past non- conformity report no. SKA.01 had been successfully closed. Audit Attendance sheet, audit plan, audit notes, was sighted by auditor. However, it was found that, Internal audit carried out on 18/4/19 – 25/4/19 was not |

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| | <p>ii. Effectively implements and maintains the standard requirements within its organization.</p> <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization shall be able to maintain the internal audit records and reports.</p> | <p>sufficient to follow the requirements of RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. No evidence of auditor competency, evidence show in the Internal Audit report was not sufficient to maintains the standard requirements, internal audit checklist was not carried out indicator by indicator, Audit Plan was not available. Thus, Major NCR MZK 01 2019 has been raised.</p> |
| 4 | Purchasing and goods in | |
| 4.1 | <p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number. <p>Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).</p> | <p>Records verified accordingly.</p> |
| a) | <p>The site shall have documentation that demonstrate that purchases are made to the material category agreed with their supplier (IP, SG or MB).</p> | <p>Lam Soon POM had continued received source of RSPO certified FFB from own group estate. Lam Soon POM has continued to implement and comply with the procedure in handling of purchasing and receiving as per RSPO standard requirements.</p> |
| b) | <p>The site ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcement and Shipping Confirmation on the RSPO IT platform on the level of each shipment.</p> | <p>Records reviewed.</p> |

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| c) | A check of the validity of the Supply Chain Certification of suppliers for all sites that are SC certified. This shall be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcement | Sighted summary of weighbridge report and confirmed Lam Soon POM had continued received source of RSPO certified FFB from own group estate. |
| 4.2 | The site shall have a mechanism in place for handling non-conforming material and/or documents. | LSPOM has not recorded non-conforming material and/or documents since last audit. Mechanism of handling the conformity (if any) was clearly indicated in their SOP on RSPO Supply Chain. However Sighted during the audit at Lam Soon POM there is no Mechanism in place for handling non-conforming material and/or documents available or established. Thus, Major NCR MZK 02 2019 has been raised. |
| 5 | Outsourcing activities | |
| 5.1 | <p>In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.</p> <p><i>This requirement should not apply to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the organization (not the tank farm manager).</i></p> | LSPOM has defined transportation as their outsourced activity. They have assigned 2 transporters to carry their CPO & PK to designated destination. Sighted contract agreement of transporter. The contract was valid. |
| 5.2 | <p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ul style="list-style-type: none"> a) The site has legal ownership of all input material to be included in outsourced processes; b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The responsibility is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary. c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all | Nak mill has outsource the transportation of certified CPO and certified PK. An agreement covering the outsources activity were sighted. |

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| | information, when this is announced in advance. | |
| 5.3 | The site shall record the names and contact details of all contractors used for the processing or production of RSPO certified materials. | No contractor involved in the processing of CPO and PK. |
| 5.4 | The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or production of RSPO certified materials. | As of todate, no contractors used for processing or production of the RSPO certified materials. |
| 6 | Sales and goods out | |
| 6.1 | <p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number; • A unique identification number. | <p>The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by Lam Soon Marketing Department (HQ) on behalf of Lam Soon POM.</p> <p>From March June 2018 – May 2019, Lam Soon POM had delivered 23, 426.32 MT of CPO IP to 2 buyer only (Lahad Datu Edible Oils Sdn Bhd, KLK Premier Oils Sdn Bhd.)</p> <p>Sample of deliveries document were sighted during the audit and it was found all related information were adequate. Lam Soon mill's RSPO certificate number and product name together with model used were stated in the delivery documents.</p> |
| 7 | Registration of transactions | |
| 7.1 | <p>Supply chain actors who:</p> <ul style="list-style-type: none"> • are supply chain actors between the mill and final refinery; • take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and • are part of the supply chain of RSPO Certified Sustainable oil palm products <p>must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO.</p> | The registration of transaction being carried out by Group Plantation Sustainability Officer. |
| 8 | Training | |

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| 8.1 | The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff. | A defined training plan was established & had been reviewed accordingly by the mill management. It involves various departmental function such as weighbridge, laboratory, production. 'Supply Chain SOP Training Programmed 2019' |
| 8.2 | Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system. Training shall be specific and relevant to the task(s) performed. | Training had been conducted in Apr 2019 for office clerk, staff and PIC who handle the weighbridge & relevant paperwork related to SCCS. Training had been conducted by the RSPO MR. Based on interview with weighbridge clerk, it was noted that the training had been well conveyed & that the clerk was aware on her function/ responsibility with regards to RSPO Supply Chain implementation in the organization. However, it was found that, training was not provided by the organization for personnel carrying out the tasks critical such as Outsourced contractor (Transporter Driver). Thus, Major NCR MZK 03 2019 has been raised. |
| 9 | Record keeping | |
| 9.1 | The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements. | LSPOM maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of the RSPO Supply Chain standard requirements. Among the record sighted incoming FFB weighbridge ticket, delivery note, mill production report, outgoing CPO and PK, dispatch note, contract order and training record. |
| 9.2 | Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock. | LSPOM maintain retention period of more than 2 years (10 years) and this is to also comply to relevant legal and regulatory requirements. LSPOM also had established various reporting template to ensure that they will be able to track movement of their certified FFB as well as finished products (CPO & PK). |
| 9.3 | The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months. | The estimate volume of FFB, CPO and PK were verified, and record were maintained for 12 months period |
| 10 | Conversion factors | |
| 5.10.1 | Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document for oleochemicals is available on the RSPO website (www.rspo.org). | Not Applicable |
| 10.2 | Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate. | Not Applicable |

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| 11 | Claims | |
| 11.1 | The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO rules on communications and claims. | Relevant information on product claim (including applicable SC model and certificate no.) being correctly indicated in the relevant outgoing paperwork. LSPOM has not use any RSPO trademark. However, it was found, The management was not understand and know regarding requirement of RSPO rules on communications and claims and also it was not highlighted in the SOP for example, trade of CPO and PK, ACOP. Thus, Major NCR MZK 04 2019 was raised. |
| 12 | Complaints | |
| 12.1 | The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints. | LSPOM has not receive any complaint from stakeholder. Should there be any, they refer to Grievances Process procedure & Stakeholder Requests & Responses. However, it was not meant for was not specific for collecting and resolving stakeholder complaints for Supply Chain requirement. Thus, Major NCR MZK 05 2019 has been raised. |
| 13 | Management review | |
| 13.1 | The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken. | Documented procedure has defined management review will be conducted once a year. Sighted the management review conducted in May 2019. |
| 13.2 | The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO SCCS • Customer feedback • Status of preventive and corrective actions • Follow-up actions from management reviews • Changes that could affect the management system • Recommendations for improvement | Management review meeting dated in May 2019 (combine RSPO SC and MSPO traceability and MSPO SCCS) <ul style="list-style-type: none"> • Internal audit – (0 NCR) • Customer feedback – data analysis show result from customer survey (i.e. RSPO-CSP0 related to meeting the contract volume, timely delivery, dispatch documentation) result meet 81% above the set target of 75%. Survey was send six monthly . • Previous meeting – was highlighted • Changes • Recommendation for improvement – improve the established system, |
| 13.3 | The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes • Resource needs | However, it was found that the input to management review was not include Following: customer feedback, status of preventive actions and corrective actions. and Changes that could affect the management system was not clear. And the output management review was not include Following: Improvement of the effectiveness of the management system and its processes and Resource needs. Thus, a Major NCR MZK 06 2019 and NCR MZK 07 2019 has been raised against this indicator. |

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Lam Soon palm oil mill – Identity Preserved Model –Module D

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| <p>D 3 D 3.1</p> | <p>Documented procedures 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> | <p>Lam Soon POM had revised their documented procedure title ‘ <i>SOP on Supply Chain</i>’, as above.</p> |
| <p>D 3.2</p> | <p>The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p> | <p>Available.</p> |
| <p>D.4 D.4.1</p> | <p>Purchasing and goods in The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.</p> | <p>Approved Sustainable Supplier List (ASSL) for LSPOM - Lam Soon Plantation Sdn Bhd (MPOB License No. 501830002000) (own certified plantation) Through the Lam Soon Plantations Sdn Bhd – FFB Receipt Summary & Mill Report, LSPOM verify that the incoming FFB are of certified source with the correct tonnage for their traceability purpose.</p> |
| <p>D 4.2</p> | <p>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p> | <p>Sighted that the overproduction of CPO IP for period from June 2018 – May 2019 and Lam Soon POM yet to inform the CB and apply extension to the RSPO. Thus, a Major NCR MZK 08 2019 was raised against this indicator.</p> |
| <p>D.5 D.5.1</p> | <p>Record keeping The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis.</p> | <p>Lam Soon POM has maintained the three-monthly accounting system to record RSPO certified FFB and deliveries of RSPO certified CPO and PK. The 3-monthly data was the summary from their daily template as mentioned above.</p> |
| <p>D 6 D.6.1</p> | <p>The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified oil palm product including during transport and storage.</p> | <p>LSPOM has not receive & process any non- certified crop, received all from own IP certified plantation – Lam Soon Plantation/ Estate</p> |
| <p>D.6.2</p> | <p>The objective is for 100 % segregated material to be reached.</p> | <p>With LSPOM only process FFB of their own supply base, they have total storage facility of CPO 7300mt & PK 1000mt. These facilities were well enough to cater for their daily production.</p> |

Annex 1 – Supply Chain Yield Schemes – Not applicable.

Annex 3 – RSPO Rules on Communications and Claims – Not applicable.

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Attachment 6

VERIFICATION OF NON-CONFORMITIES DURING ANNUAL SURVEILLANCE 1

| P & C Indicator | Specification Major/Minor | Detail Non-conformances | Verification by Assessor |
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| 4.1.1 NCR STK-01.2018 | Major | Finding: Standard Operating Procedure (SOP) for Integrated Pest Management (IPM) in estates was not available. Objective evidence: At time of visit, there was no SOP/policy available for the planting/maintenance of beneficial plants under the Integrated Pest Management. | As for the ASA2, the auditor has sighted that SOP is available for the planting / maintenance of beneficial plants through document [Lam Soon Plantation Sdn Bhd, integrated Pest Management, 3.0 "Pengawalan Makhluk Perosak Secara Semulajadi (Biological Control)]. Previous NCR STK 01 2018 was satisfactorily closed. Status: Closed |
| 4.1.2 NCR STK-02 2018 | Minor | Finding: A. The Standard operating procedure (SOP) Doc No.: LSPSB/LUD/SAFETY/SOP -08 – Pemandu Tractor was not complied with. B. Sections 4.2 i) and 4.2. iii) of the Oil Palm Agricultural Policy of Lam Soon Management Services Sdn Bhd was not complied with. Objective evidence: A. KL Estate: A wheel nut form each left and right wheels of trailer KL 42 A – 2001 towed by tractor ST652 T were missing. B. Palm circles and harvesting paths in Blocks 1994H (KL Estate) and Block 2015 F (KK Estate) were scruffy hindering accessibility and loose fruit collection. | Site visit had been conducted, therefore previous NCR on wheel nut from each left and right wheels from trailer and tractor found that all was in compliance with the SOP and palm circles and harvesting paths were in good order to facilitate accessibility and loose fruit collection. Status: Closed |
| 4.3.3 NCR STK-03 2018 | Minor | Finding: Road maintenance programme was not adequately carried out. Objective evidence: KL Estate: The road conditions in Blocks 94G. Were badly eroded making it difficult for vehicles to maneuver. KK Estate: A bridge in Block 2015F and another in Block 2010C had large holes and were not passable at time of visit. | The estates had a motor grader, a compactor and a backhoe for road maintenance. For resurfacing, the estates had their own laterite pits and stone quarry. Heaps of laterite and stones was sighted at strategic points in estates. During the field visit, it was noted that some roads in both KK and KL Estates were adequately maintained as per its road maintenance programmes. Though the program was well supported by adequate provisions in the budgets, some roads needed attention. The Minor NCR STK -03 2018 was satisfactorily closed. Status: Closed |
| 4.4.2 NCR STK-04 2018 | Major | Finding: Protection of water courses including maintaining and restoring appropriate riparian and other buffer zones was not maintained and demonstrated. Objective evidence: KK Estate – "Effluent Solid" was sighted in water ways in Block 2010 C thus not complying to the requirement as per letter dated 23.04.2014 from Department of Environment Cawangan Sandakan KL Estate – Riparian/buffer zones at Block 94 E and 94 F were not marked. | During site visit at both Estate division especially at KK Estate Block 2010 C effluent solids (final discharged area) was collected in the top of hill (designated area for effluent solids area) and far from water ways. Thus previous NCR was satisfactory closed. Meanwhile in KL estate unnamed rivers at Block 94 E and 94 F was clearly demarked to identified buffer zones area and the buffer zones was maintained with natural grasses and as per guidelines, thus Previous NCR was satisfactory closed. Status: Closed |

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| <p>4.7.3 NCR STK-05 2018</p> | <p>Major</p> | <p>Finding: Adequate and appropriate protective equipment were not available to all workers at the place of work. Objective evidence: 1. KK & KL Estate: A set of oxygen and acetylene cylinders in the welding store and another set in the workshop did not have “flash back arrestors”. 2. Workers filling polybags in the oil palm nursesey (KK Estate) were not wearing the appropriate PPE and workers carrying out harvesting (KL Estate), manuring and spraying (KK Estate) were not wearing the appropriate shoes. 3. The belting of the Air Compressor, SB PMT 489, was not fully protectively covered.</p> | <p>During ASA2 visit, KK & KL Estate’s workshop set of oxygen and acetylene did have flash back arrestors. All the workers visited completely wearing appropriate PPE. Also, belting Air Compressor was fully protective covered. Previous NCR STK 05 2018 was satisfactorily closed. Status: Closed</p> |
| <p>4.7.2 NCR RAR 02 2018</p> | <p>Major</p> | <p>Finding: 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. This requirement was not complied with. Objective evidence: At LSP POM activity of security or patrolling has not been risk assessed.</p> | <p>The auditor has sighted HIRARC updated on 8/6/2018 including the security and patrolling has been assessed. Previous NCR, RAR 02 2018 was satisfactorily closed. Status: Closed</p> |
| <p>5.6.3 NCR RAR 01 2018</p> | <p>Minor</p> | <p>Finding: LSP CU is using the RSPO Palm GHG Calculator version 3.0.1 to calculate the GHG emission for the estate and mill. However certain data input used in the calculation was found not available in the reported data. Objective evidence: Wrong data input for 2017 GHG calculation such as total planted area and conservation area was not included.</p> | <p>Data input for LSP Estate and LSP POM was available and accurate as per reporting to RSPO. Thus, previous NCR was satisfactory closed. Status: CLOSED</p> |
| <p>6.12.3 NCR MZK 01 2018</p> | <p>Major</p> | <p>Finding : Special labour policy and procedures for temporary or foreign workers was not implemented Objective evidence : It was found that, several unpermitted workers still working in the estate without permission from immigration department or has no ‘Pass Lawatan Kerja Sementara’ (PLKS) from Kelulusan Kuota One Stop Centre” (OSC) Immigration Department as per SOP even though the quota has been guaranteed by the Immigration Department</p> | <p>In the previous audit, it was found that the special labour policy was not implemented when 20 foreign workers were found to be working at the Estate without any permission from Immigration Department or has no ‘Pass Lawatan Kerja Sementara’ (PLKS) from Kelulusan Kuota One Stop Centre” (OSC) Immigration Department as per SOP even though the quota has been guaranteed by the Immigration Department. It was verified during this Audit that all the 20 workers discovered in the previous audit have been issued with written permit from the Immigration Department. Therefore, the previous Major NCR MZK 01 2018 has been closed. Status: Closed</p> |

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Attachment 7

Lam Soon Cannery Private Limited Time Bound Plan on RSPO Certification.

| Certification Unit | 2017 | 2018 |
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| Lam Soon POM Lahad Datu | Certified on August 2018 | |
| Dara Lam Soon Muadzam Shah | | Certified on May 2018 |