



SIRIM QAS INTERNATIONAL SDN. BHD.
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,
Section 2, P.O. Box 7035, 40911 Shah Alam, Selangor,
Malaysia.

File Ref. : EL26030001

**RSPO STAGE 2 PUBLIC SUMMARY REPORT
GROUP CERTIFICATION**

CLIENT : LKM TRADING SDN BHD

RSPO MEMBERSHIP No.: 1-0268-19-000-00

GROUP MANAGER : CHUA SOON LEE @ LIEW SOON LEE

DETAILS OF SMALLHOLDERS :

Certification Unit	Supply Base	GPS Location		Location
		Latitude	Longitude	
LKM Trading	LKM Trading Estate	N 5° 18' 31.89"	E 118° 29' 53.51"	Sungai Segama, Jalan Jeroco, 91109 Lahad Datu, Sabah.

AUDIT DATE : 17-18 September 2019

DURATION : 10 auditor days

STANDARD :

RSPO Management System Requirements and Guidance for Group Certification of FFB Production March 2018

**SCOPE OF REGISTRATION (specify sites, tonnages of FFBs and/or approved processes) :
Production of Sustainable Fresh Fruit Bunches**

NO. OF SMALLHOLDERS (Applicable to the scope of activities audited) : 2

VALIDITY OF CERTIFICATE : 16 March 2020 – 15 March 2025

The following attachments form part of this report:

Non-conformity Report(s)



List of additional site(s)



Report by Audit Team Leader

Name : Mohd Zulfakar Kamaruzaman

Signature :

Date : 22 FEBRUARY 2020

Acknowledgement by Client's Representative

Name :

CHUA SOON LEE

Signature :

Date :

18-March-2020

RSPO P&C PUBLIC SUMMARY REPORT

STAGE 2				
On-site audit date	: 17 – 18 September 2019	No. of auditor days:	10 auditor days	
Audit team	: Mohd Zulfakar Kamaruzaman (LA), Mohd Ab Raouf Asis, Selvasingam a/l Kandiah, Dzulfiqar Azmi, Mahzan Munap			
No. of major NCR	: 2	Indicator: RSPO P&C (2.1.1 & 6.1.2)	Closing date: 13/02/2020	
No. of minor NCR	: -	Indicator: -		
Indicate the stakeholders interviewed during the on-site audit	Employees / Workers organizations	Settlers	Villagers / Local communities	Suppliers
	√	-	√	√
	Contract workers	Local & National NGOs	Govt. agency / Statutory bodies	Independent growers / Smallholders
	-	-	-	-
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled	: LKM Trading Estate (2 smallholders)			
Justification of audit planning	: During stage 2 audit, the audit team visited the estate, linesite, chemical stores, schedule waste store, and other surrounding facilities such as waste collection area. In addition to the above, interviews were held with the management, employees and other relevant internal and external stakeholders.			
Report approved by	: Kamini A/P M.Sooriamoorthy	Approval date: 16/03/2020		

SUMMARY OF INFORMATION

	STAGE 2
Projection Period	September 2019 to August 2020
FFB Production (MT)	920.00
Certified volume CSPO (MT) <i>OER applied @ 20% FFB</i>	184.00
Certified volume CSPK (MT) <i>KER applied @ 5% FFB</i>	46.00
IS – CSPO <i>OER applied @ 20% FFB</i>	184.00
IS – CSPKO <i>PKO applied @ 45% CSPK</i>	20.70
IS – CSPKE <i>OER applied @ 55% CSPK</i>	25.30
Certified Areas (Ha)	60.77
Planted Areas (Ha) <i>(Mature + Immature area)</i>	59.11
Production Areas (Ha) <i>(Mature area only)</i>	59.11
HCV Areas (Ha)	-
REMARKS	

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RSPO P&C PUBLIC SUMMARY REPORT

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 re-accredited by ASI on 3 October 2019 (accredited since 2014).

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd Zulfakar bin Kamaruzaman	Audit Team Leader / Social, HCV	Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation and experience in auditing since 2014. He was successfully attended Quality Management System (ISO 9001:2015), Environment ISO 14001:2015 and OHS 18001:2007 lead assessor course in 2016.
Mohd Ab Raouf Bin Asis	Auditor / Social, employment condition	Holds a B. Sc. in Manufacturing (Production and Operation). He had more than 7 years of working experience in the oil palm operation. He has experience in auditing since 2016. He was successfully attended Quality Management System (ISO 9001:2015) and OHS 18001:2007 lead assessor course in 2016.
Dzulfiqar bin Azmi	Auditor / Environment, GHG	Holds a B. Sc. in Agriculture from University Teknologi Mara (UiTM). He had more than 5 years of working experience in the oil palm operation and experience in auditing since 2017. He was successfully attended Integrated Management System lead assessor course in 2017.
Mahzan bin Munap	Auditor / Safety and Health, TBP	Possessed B.S (Petroleum Engineering) and M.B.A. Had more than 38 years of working experience spanning the Engineering Technical ladder as well as Operation and Management ladder. Experience in plant design, construction and commissioning; factory manufacturing operations and management and through these assignments had indirect responsibility for Safety, Health, Environmental and Quality.
Selvasingam t. Kandiah	Auditor / Good Agricultural Practices	Holds a B.Sc. (Hons) in Agriculture, he had work as a planter with Kumpulan Guthrie Berhad for more than 10 years including one year in Liberia and 2 years in Estate Department in Guthrie Headquarters.

1.3 Audit methodology

The audit cover 100% estate area under LKM Trading Sdn Bhd. The LKM Trading Sdn Bhd is a company owned by private smallholder. The audit included an on-site audit of LKM Trading Estate and its line site to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the RSPO and SIRIM QAS International's websites in 15/08/2019. This was then followed by sending letters to relevant stakeholders requesting for input (if any) regarding the company – LKM Trading Sdn. Bhd. There were no comments received during this process. Among the stakeholders consulted included Department of Environment (Lahad Datu), Department of Occupational and Safety Health, (Lahad Datu), Kota Lahad Datu Police Station, Lahad Datu Fire Department, Department of Labour Lahad Datu, SOCSO Lahad Datu, Sabah Environmental Protection Association, Kota Kinabalu, Environmental Protection Department, Kota Kinabalu. During the on-site audit, the audit team had also consulted the workers' representative and field workers.

Stakeholder consultation was carried out during the on-site audit and the evidence from the stakeholder consultation carried out were as tabulated below: In general, there was no negative comments made against this Group Certification Unit.

In summary, the stakeholders interviewed during the audit and the evidence from the stakeholder consultation carried out were as tabulated below:

RSPO P&C PUBLIC SUMMARY REPORT

Stakeholders interviewed	Evidence from stakeholder consultation
1) Employees / Workers Organizations (including migrant workers)	<p>The following were confirmed during the conduct of audit as there was no evidence to prove otherwise:</p> <ul style="list-style-type: none"> ▪ All workers signed the employment agreements with the estates/mill. They understood the contents of agreement, as these were prepared in Bahasa as the case may be. For those who couldn't read, the contents were explained to them in language they understood, usually by fellow countrymen who has worked in Malaysia longer. ▪ They are aware of their working hours (8 hours) and confirmed they were paid overtime for any work in excess of 8 hours. There was no forced overtime. ▪ They have been getting salaries above RM1,100 since Jan 2019. However, the payment of salary was not follow the Sabah Labour Ordinance which is paid before 8th every month, Thus, NCR was raised. ▪ No abuse at work, and no sexual harassment. They understand what constitutes sexual harassment. ▪ No discrimination. ▪ Comfortable housing with water and electricity provided. ▪ Have access to affordable food from the canteen/sundry shops at nearby Plantation ▪ Entitled to free medical facilities at the Nearby Plantation clinic (Hap Seng). ▪ Have representatives who attend regular meetings with the management where they can put forward any complaints and or raise any issues. They are aware of the complaints form. They have used them to complaint about house defects. ▪ They knew the types of work offered at estate when they were in their own countries. ▪ All migrant workers keep their own passports.
2) Settlers	Not applicable.
3) Villagers / Local communities (including women representatives, displaced communities)	No local communities surrounding the smallholder as the small holder is surrounding by Hap Seng Plantation Sungai Segama Estate.
4) Suppliers	Smallholders by direct from Supplier in Lahad Datu.
5) Contract workers	Not available for this audit.
6) Local & national NGOs	Not available for this audit.
7) Government agencies / Statutory bodies	No land claims/disputes and no social issues.
8) Independent growers / Smallholders	Not applicable.
9) Indigenous people	No indigenous people living nearby to the Smallholder.
10) Contractor	Not Applicable.
11) Previous land owner (if any)	<p>The Land Title are originated from Sabah Land Development (Sabah Government) and Sell to Company Name Orient Tide Sdn Bhd in year 1999 and Orient Tide Sdn Bhd Sell their Land to Chua Soon Lee (1/4), Chua Soon Nyee (1/4), Chua Soon Yee (1/4) and Chua Soon Dee (1/4). Auditor has verified the record of Transfer from Orient Tide Sdn Bhd Sell their Land to Chua Soon Lee (1/4), Chua Soon Nyee (1/4), Chua Soon Yee (1/4) and Chua Soon Dee (1/4). The purpose of the land is cultivation of Oil Palm</p>
12) Others (please specify)	Not applicable.
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 9 months from this audit.	

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

The LKM Trading Sdn Bhd is a company owned by private smallholder. The Estate is located in Sungai Segama, Jalan Jeroco, Lahad Datu, Sabah. The location of the members are very close to Hap Seng Estate and Hap Seng POMs such as Bukit Mas POM, Jeroco 1 POM and Jeroco 2 POM.

There are two (2) smallholders unit under the same land title. The owners are the siblings of four (4) and they inherited their portion of the estate i.e. a quarter each, from their father. List of the independent smallholders i.e. group members of LKM Trading are tabulated below (also provided in Attachment 6). Mr Chua Soon Lee has been appointed as Group Manager for RSPO group certification LKM Trading.

No	Group member	Site location address	GPS Location	Total certified area (ha)	FFB production (MT/yr)	Year of planting
1	CHUA SOON LEE @ LIEW SOON LEE and CHUA SOON NYEE	KAMPUNG LITANG	Latitude: 5° 18'31.891"N Longitude: 118°29'53.514"E	30.77	460	2004
2	CHUA SOON DEE @ LIEW SOON DEE and CHUA SOON YEE @ LIEW SOON YEE	KAMPUNG LITANG	Latitude: 5° 18'31.891"N Longitude: 118°29'53.514"E	30.00	460	2004
Total				60.77	920	

The estate is fully developed with 100% oil palm planting. It began planting oil palm in year 2004. Hence, Principle 7 of the RSPO P&C is therefore not applicable.

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

Table 1 Planted and certified area of LKM Trading

Estate	Planted (ha)	Certified (ha)
LKM Trading	59.11	60.77
Total	59.11	60.77

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Table 2 Planting profile for LKM Trading Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
2004	1st	Mature	59.11	100%
Total			59.11	100%

Table 3 FFB Production for LKM Trading Estate

CU own estates	FFB Contribution	
	Tonnes	Percentage (%)
LKM Trading	920	100%
Total	920	100%

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	CHUA SOON LEE @ LIEW SOON LEE
Position	:	RSPO Group Manager, LKM Trading
Address	:	Off 40 KM, Jalan Jeroco, 91100, Lahad Datu,
Phone no.	:	Sabah, Malaysia
Fax no.	:	016-7114317
Email	:	chuasoonlee@gmail.com

3.0 AUDIT FINDINGS

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

This Stage 2 Audit in 2019 is the initial audit performed at this Certification Unit.

3.2 Progress and changes in time bound plan – Not applicable as LKM Trading is a group smallholders.

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

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

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- iii. Are there associated smallholders (including scheme smallholders) in the CU - NA Yes No
- If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification? NA Yes No
- If no, please state reasons NA
-
- 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.)

None at the time of audit.

3.4 Complaint received from stakeholder (if any)

None.

4.0 DETAILS OF NON-CONFORMITY REPORT

- 4.1 For P&C & Group (Details checklist refer to Attachment 3 & 4) :
- Total no. of minor NCR(s) (details refer to Attachment 5) List : -
- Total no. of major NCR(s) (details refer to Attachment 5) List : 2 - MAR 01 2019 (2.1.1) , MAR 02 2019 (6.1.2)
- 4.2 For SC (NOT APPLICABLE) :
- Total no. of minor NCR(s) List : Not Applicable
- Total no. of major NCR(s) List : Not Applicable

5.0 AUDIT CONCLUSION

Risk level of Group Certification

Low risk Medium risk High risk

In general, concludes that the organization has established and maintained its management system in line with the RSPO P&C and RSPO Management System Requirements and Guidance for Group Certification of FFB Production of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

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6.0 RECOMMENDATION

No NCR recorded. Recommended to continue certification.

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

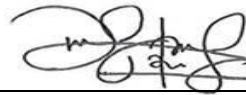
Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs .

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

**7.0 It is confirmed that all corrective actions taken have been satisfactorily verified.
Recommended for certification.**

Audit Team Leader :

Mohd Zulfakar Kamaruzaman



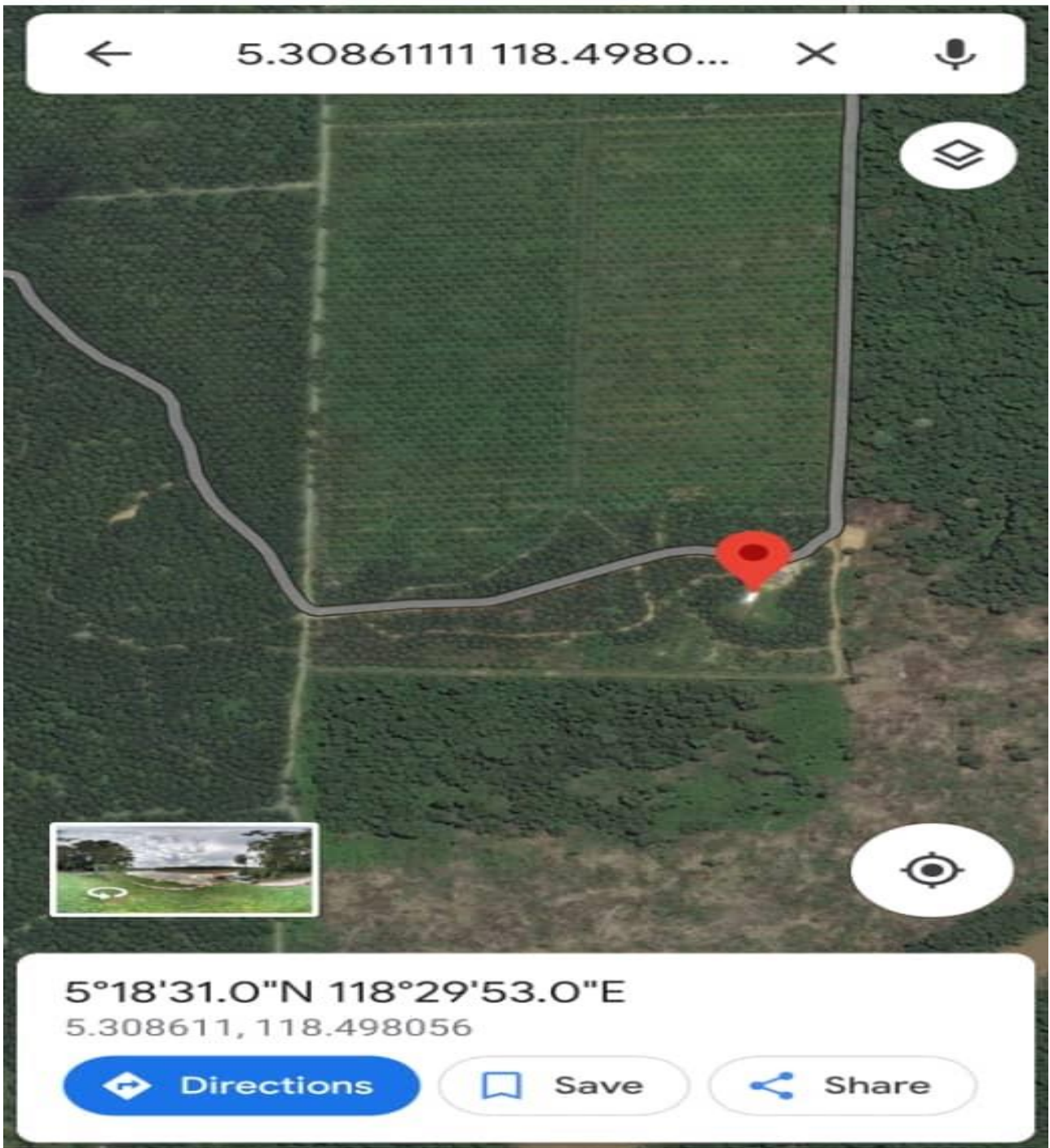
13/2/2020

(Name)

(Signature)

(Date)

Map of LKM Trading



RSPO STAGE 2 AUDIT PLAN

1. Objectives

The objectives of the assessment are as follows:

- (i) To evaluate **LKM Trading Sdn Bhd** continued conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Management System Requirements and Guidance for Group Certification of FFB Production March 2018
- (ii) To verify the effective implementation of issue of concerns arising from the stage 1 assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : 17-18 September 2019

3. Site of assessment : LKM Trading Sdn Bhd

4. Scope of Certification : Production of sustainable Fresh Fruit Bunch

5. Reference Standard :

- a. RSPO P&C MYNI: 2014
- b. RSPO Management System Requirements and Guidance for Group Certification of FFB Production March 2018
- c. Company's audit criteria including Company's Manual/Procedures

6. Assessment Team

Assessor: Mohd Zulfakar Kamaruzaman (RSPO Lead Auditor LKM Trading)

Mahzan Munap

Dzulfiqar Azmi

Mohd Ab Raouf Asis

Selvasingam T Kandiah

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.
- 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. Conflict of interest**
Auditors have not been employed by the organization concerned nor provided consultancy services relating to the development of its system in the past five years and next five years.
- 11. Working Language** : English and Bahasa Malaysia
- 12. Reporting**
- a) Language : English
 - b) Format : Verbal and written
 - c) Distribution list : Client file
- 13. 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 shown below

RSPO PUBLIC SUMMARY REPORT-GROUP CERTIFICATION

Day 1: 17/9/19 (Tuesday)					
Time	Activities / areas to be visited				
9.00 – 9.30 am	<p>Opening meeting at LKM Trading Estate Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes Organization Representative to brief on the following :</p> <ol style="list-style-type: none"> 1) Briefing on LKM Trading organization's background, operations, RSPO implementation & legal non compliances such as land / labour dispute - if any (Please provide maps that have details of surrounding stakeholders, terrain, soil profile and conservation/HCV area). 2) Time bound plan for LKM Trading Sdn. Bhd. (if Any) Significant changes on organization activities, machinery, supply bases capacity etc. 			Top mgmt & Committee Member	
	Mahzan	Raouf	Zulfakar	Dzulfiqar	
9:30 – 1:00 pm	Coverage of assessment: P1, P2, P4, P7, P8 - Laws and regulations - Safety Plan, HIRARC - Occupational safety & health practice – witness activities at site - Interview with workers , safety committee and contractors - Facilities at workplace - Continuous improvement	Coverage of assessment: P1, P2, P6, P7, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Complaints and grievances • Consultation with relevant government agencies • Training and skill development programmes • Continuous improvement	Coverage of assessment: P1, P2, P5, P7, P8 • Laws and regulations • Land titles user rights • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • HCV Assesment, Biodiversity Area, RTE Species	Coverage of assessment: P1, P2, P5, P7, P8 • Laws and regulations • Environmental management (witness activities at site) • EIA, Environmental Plan. • Waste & chemical management • Interview with workers, committee and contractors • Training and skill development programmes • Continuous improvement • Time Bound Plan and Uncertified Management units	Guide(s) for each assessor
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue assessment (Mr Selvasingam will arrive at Lahad Datu using MAS)			Guide(s) for each assessor	

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Day 2: 18/9/19 (Wednesday)						
Activities /areas to be visited	Mahzan	Raouf	Zulfakar	Dzulfiqar	Selvasingam	
8.30 – 1.00 pm	Coverage of assessment: P1, P2, P4, P7, P8 - Laws and regulations - Safety Plan, HIRARC - Occupational safety & health practice – witness activities at site - Interview with workers , safety committee and contractors - Facilities at workplace - Continuous improvement	Coverage of assessment: P1, P2, P6, P7, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Complaints and grievances • Consultation with relevant government agencies • Training and skill development programmes • Continuous improvement	Coverage of assessment: P1, P2, P5, P7, P8 • Laws and regulations • Land titles user rights • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • HCV Assesment, Biodiversity Area, RTE Species	Coverage of assessment: P1, P2, P5, P7, P8 • Laws and regulations • Environmental management (witness activities at site) • EIA, Environmental Plan. • Waste & chemical management • Interview with workers, committee and contractors • Training and skill development programmes • Continuous improvement	Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 - Laws and regulations - Commitment to long-term economic and financial viability - Good Agricultural Practice-witness activities at site (weeding/ spraying, etc) - EFB mulching, POME application - Plantation on hilly/swampy area - IPM implementation, training and safe use of agro-chemicals. - New planting - Facilities at workplace - Continuous improvement	Guide(s) for each assessor
1.00–2.00 pm	Break					
2.00 – 4.00 pm	<ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any) 					
4.00 – 5.00 pm	<input type="checkbox"/> Closing meeting					Top management & Committee member

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Attachment 3

GROUP CERTIFICATION REQUIREMENT CHECKLIST

The following elements outline the requirements for the Group Certification System. There are three elements:

Element 1: Group Entity and Group Management requirements

Element 2: The Internal Control System – Policies and management

Element 3: The Internal Control System – Operations

Element 1 (E1): Group Entity and Group Management Requirements

Clause	Indicators		Comply Yes/No	Findings
E1.1 The Group Entity shall be legally formed	E1.1.1	<p>There shall be documentary evidence of a clearly identified and legal entity. The Group Entity shall:</p> <ul style="list-style-type: none"> • Be a registered organisation as defined by law in the country of registration (e.g. as a company or an organisation). • Be a member of the RSPO • Establish the structure of the organisation • Appoint a Group Manager (see E1.2) 	Yes	<ul style="list-style-type: none"> ▪ LKM Trading is a legal entity which is a registered Malaysian company under trading as per law. It provides support and assistance to independent small oil palm producers which are consists of smallholders. ▪ LKM Trading is a member of the RSPO. RSPO membership- verified the letter titled "Acceptance as a member RSPO". ▪ The organization chart for the LKM Trading is made available during audit. The group manager responsible to ensures that the group meet the requirements of RSPO standard for Group Certification.
	E1.1.2	<p>The Group Entity shall have documented membership requirements for the participation of individual members in the Group which will also cover new membership.</p> <ul style="list-style-type: none"> • There shall be documentary evidence that the Group members have formally joined the Group. • Formal members of the Group shall sign an agreement with the Group Manager committing to achieving compliance with the applicable RSPO standards and requirements. • The Group Manager shall keep copies of the agreements and shall demonstrate that each member has received a copy thereof. • The Group Manager shall retain copies for a minimum of 5 years. 	Yes	<p>Verified the contract between the Group and the Producer: LKM Trading – herein referred to as the Group Chua Soon Yee & Chua Soon Dee, Chua Soon Yee & Chua Soon Dee – herein referred to as the Producer. The members have signed an agreement with the Group Manager and committing to achieving compliance with the RSPO standards and requirements. Original agreements were kept at site office, while members kept the copy of original and the softcopy will keep at the office. The records were kept for 5 years according to the agreements.</p>

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	E1.1.3	The Group Manager shall keep evidence that the nature and structure of the group has been communicated to all members of the Group in an appropriate manner.	Yes	The Group Manager have keep evidence that the nature and structure of the group has been communicated to all members of the Group in an appropriate manner.
E1.2 The Group shall be managed by a Group Manager	E1.2.1	The appointed Group Manager shall be either an identified legal entity or an individual acting on behalf of the legal entity, i.e. the Group Entity (E1.1.1). The Group Manager shall ensure the Group's compliance with this standard and is responsible for the preparation and implementation of the Internal Control System (ICS). If the Group Manager is not an individual but an entity: <ul style="list-style-type: none"> • Then, the entity shall appoint an individual as management representative • And, there shall be a description of the general structure detailing the positions and responsibilities of all personnel involved. 	Yes	The group manager responsible to ensures that the group meet the requirements of RSPO standard for Group Certification. Job Description mention about: 1. Person in charge/responsibilities of GM 2. Requirement for Group Manager LKM Trading is legal entity as verified through Trading license. LKM Trading had appointed a Group Manager as the management representative. Organisation structure detailing the positions and responsibilities of all members was made available.
	E1.2.2	The Group Manager shall be able to demonstrate sufficient resources and capacity for managing Group Certification and performance assessment against this Standard.	Yes	The Group Manager is able to demonstrate sufficient resources and capacity for managing group certification and performance assessment against this standard. Group Manager and mandore were appointed to monitor the performance of the members through field visit, internal audit and risk assessment for members.
	E1.2.3	The Group Manager and / or their personnel shall be able to demonstrate competence and knowledge of: <ul style="list-style-type: none"> • Principles and Criteria for the Production of Sustainable Palm Oil 2013 • RSPO Management System Requirements and Guidance for Group Certification of FFB Production – March 2016. • RSPO Supply Chain Certification Standard – Nov 2014 • Internal group procedures and policies. 	Yes	Based on interview and evidence of implementation collected during site visit, audit team has verified that the Group Manager and the mandore are able to demonstrate competence and knowledge of: <ul style="list-style-type: none"> ▪ Principles and Criteria for the Production of Sustainable Palm Oil 2013 <i>Endorsed by the RSPO & MYNI 2014</i> ▪ RSPO Management System Requirements and Guidance for Group Certification of FFB Production – March 2016 ▪ RSPO Supply Chain Certification Standard ▪ Internal audit procedure and policies.
	E1.2.4	The Group Manager shall provide potential and existing Group members with the following: <ul style="list-style-type: none"> • An explanation of the RSPO certification process. • An explanation of the criteria for group membership. • An explanation as to the Group Manager's needs and the rights of the certification body 	Yes	Compulsory training was conducted covering all the requirement mentioned for all members especially on RSPO certification, criteria for group membership, group members' documentation and plantation, agriculture practise, policies, safety and environment training, other obligation and etc. The requirement to confirm to conditions or corrective actions issued by the certification body describe in the training.

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		<p>to access the group members' documentation and plantations for the purposes of evaluation and monitoring.</p> <ul style="list-style-type: none"> • An explanation of the certification bodies and RSPO requirements with respect to public information. • An explanation of any obligations with respect to group membership, such as: <ul style="list-style-type: none"> ▪ Maintenance of information for monitoring purposes; ▪ Requirement to conform to conditions or corrective actions issued by the certification body. ▪ Explanation of any costs associated with group membership. ▪ Other obligations of group membership. 		
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2.2. Element 2 (E2): Internal Control System – Policies and Management

Clause	Indicators	Comply Yes/No	Findings
E2.1 The Group Internal Control System shall contain documented policies and procedures for operational management.	<p>E2.1.1 The Group Internal Control System shall contain Procedures for decision-making, and responsibilities within the group (including the authority of the Group Manager) shall be defined. The Group Manager shall manage the Group in a systematic and effective manner by:</p> <ul style="list-style-type: none"> • Identifying the geographical area to be covered by the Group. • Preparing, maintaining and documenting the Group management structure • Clearly identifying the responsibilities of all individuals employed by the Group Manager for the running of the Group. • Prepare and maintain the rules of the Group including the criteria for membership. • Organise at least one group meeting annually (see also 8.1.1 on preparation of group management plan). • Procedure for initial gap audit which can be a self-assessment. 	Yes	<p>LKM Trading has a Contract between Chua Soon Lee (Group manager) for the small holdings – 1. Chua Soon Lee & Chua Soon Nyee & Chua Soon Yee and Chua Soon Dee to define SOPs for the Group manager Decision making. Responsibilities within the group is defined Responsibility of Group Manager is defined All the required was evident.</p>

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	E2.1.2	<p>The Group Internal Control System shall contain Procedures for maintaining records for all Group members.</p> <p>The Group Manager shall implement a system to maintain the following central records and reports:</p> <ul style="list-style-type: none"> • List of names and full contact details of group members and applicable method of communication. • Location maps. Area of oil palm in hectares. • Land titles/right of use of the land. • A copy of the signed declaration of the grower becoming a member of the group including the date. • Unique member registration numbers are assigned to individual members. • The date that the member signed the declaration of intent as stated in the Group Membership Requirements. • Date of leaving the Group if applicable and the reasons why. • Projected and actual FFB production in metric tonnes per annum. • Monitoring and training records. • Any corrective actions raised and actions taken to meet the requirements for compliance. 	Yes	Documented in Contract Agreement in section 3.4 and also available in Minutes of Meeting with members dated in Feb 2019. The Group Manager centrally maintained records and reports about Plantation Operations.
	E2.1.3	Relevant group records shall be archived for a minimum of 5 years using an appropriate secure system.	Yes	The records were kept for 5 years according to the LKM Trading SOP. Relevant records retention and safe keeping were practiced.
	E2.1.4	The Group Internal Control System shall include an initial gap audit procedure (i.e. baseline assessment and needs for compliance) for applicants wishing to join the Group.	Yes	Verbal SOP agreed among members, being siblings to join the Group. The Group Member Risk assessment procedure as per E3.1.2 and Guidance pg. 15 RSPO MS Requirements and Guidance for Group Certification of FFB Production dated in Mar 2016 were used and followed.

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1.3 Element 3 (E3): The Internal Control System – Operations

Clause	Indicators	Comply Yes/No	Findings
E3.1 The Group Internal Control System shall develop and implement an internal audit programme of Group members.	E3.1.1 The Group Manager shall develop and implement the internal audit programme, which includes, but not exclusively: timeline, operational plans, monitoring and evaluation records. As a minimum the following shall be included: <ul style="list-style-type: none"> Establish, implement and maintain a procedure(s) for internal audits which must include (but not be limited to) the methodology, competence of internal auditors, audit criteria, frequency of internal audits, and addressing non-conformity. Conduct regular (at least annual) internal audits of Group members in order to confirm continued conformance with all the Group Certification requirements. Maintenance of all internal audit records. 	Yes	Document procedure for Internal Audit is available as Flowchart for Internal Audit System dated Mar 2019. The frequency of internal audit has been determined in Internal Audit Programmed as once a year. Internal Audit Programmed is documented in Flowchart for Internal Audit System. Therein it starts with Determine Audit Schedule, Engage External Auditor if required and Document Audit Plan.
	E3.1.2 The Group Manager shall carry out a risk assessment of Group members to identify an appropriate sampling intensity of Group members for the certification assessment. The risk assessment shall take into account: <ul style="list-style-type: none"> The diversity of the Group members (i.e. range of size, management structure, scattered members with diverse plantation landscape such as terrain, etc.) Any perceived risk relating to the activities being undertaken (e.g. how much replanting or expansion is occurring, how many members are new and, for subsequent assessments, whether there is a history of non-conformities). 	Yes	The Group Manager had conducted risk assessment to all members in order to identify an appropriate sampling intensity of Group members for the certification assessment. Yes, the risk assessment to address this indicator had been conducted. Records are available in Group Member Risk Assessment included in the Contract Agreement. The risk ranking assigned to the only two members (brothers) of the Group is LOW. There is no replanting or expansion planned in the 5-year Business or Management Plan. No recruitment of new members is planned as confirmed by the Group Manager.
	E3.1.3 The Group Manager and the internal auditors shall jointly declare no conflict of interest for the internal audit process.	Yes	Yes, impartiality was evident by appointing external auditor from Hap Seng Sustainability Team.
	E3.1.4 The Group Manager shall conduct initial gap audits with any potential new member, to assess the following pre-requisites for membership:	Yes	The Group Manager had conducted risk assessment but since this is a siblings-owned company, LKM Trading currently not thinking to search for any new member. By the way, they had assessed the pre-requisites for membership such as no plantings replaced primary forest, or affected one or more HCVs, no existing land conflict, and land title or right to use the land can be demonstrated. Sighted at field that there was

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		<ul style="list-style-type: none"> no plantings have replaced primary forest, or affected one or more HCVs (RSPO P&C 2013 criteria 5.2 & 7.3) In the case of scheme smallholders, the company (owning/managing the mill) holds the liability for compensation for any new plantings undertaken since Nov 2005 and before 14th May 2014. Following compliance with the compensation procedure, scheme smallholders may join the group. <ul style="list-style-type: none"> no existing land conflict. land title or right to use the land can be demonstrated. 		no evidence of plantings have replaced primary forest, or affected one or more High Conservation Values. The oil palm trees were planted in 2004.
E3.2 The Group Internal Control System shall include a system in place to enable the trading of RSPO certified FFB produced from the Group.	E3.2.1	The Group Manager shall document and implement a system for the tracking and tracing of FFB produced by the group members, and intended to be sold as RSPO certified FFB.	Yes	The Group Manager had implemented a system for tracking and tracing of FFB produced by the group members.
	E3.2.2	There shall be a collective Group procedure for the sale of all certified FFB to ensure that non-certified FFB are not sold as RSPO certified FFB. If certified FFB is combined with non-certified FFB prior to the sale and delivery to a palm oil mill, a mass balance system shall be in place to ensure the quantity of FFB sold as Mass Balance is equal to the quantity of RSPO certified FFB in the mix.	Yes	There was a collective Group procedure for the sale of all certified FFB to ensure that non-certified FFB are not sold as RSPO certified FFB.
	E3.2.3	All sales of FFB originating from the plantations of Group members shall be documented and recorded. This shall include: <ul style="list-style-type: none"> Invoices and receipts (purchase and sale). Information on transport (i.e. registration number/number plate). The relevant group members' group identification number. Classification of the FFB sold (i.e. RSPO certified or not), FFB volume and destination. Information of FFB price. 	Yes	All sales of FFB originating from the plantations of Group members shall be documented and recorded as verified through: Weighbridge ticket and corresponding payment issued by the Jeroco mill.
	E3.2.4	The Group Manager shall maintain copies of all documentation and records mentioned in E3.2.3 related to Group FFB transactions for a period of a minimum of 5 years.	Yes	The Group Manager has maintained copies of all documentation and records mentioned in E3.2.3 related to Group FFB transactions for a period of a minimum of 5 years.

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	E3.2. 5	<p>Traders of FFB shall be either part of the Group management system following this guidance or be RSPO Supply Chain certified in order to sell certified FFB. Traders of FFB are encouraged to be included within the Group certification control rather than obtain their own supply chain certification.</p> <p>The Group Manager will ensure that the trader has clear procedures to ensure that mass balance calculations are accurate if applicable and that all FFB sold by the trader is traceable back to the Group members.</p>	Yes	There is no traders included in this certification.
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Attachment 4

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	LKM Trading Sdn Bhd has established a Procedure Request for Information. Information made available include matters on environmental, social and/or legal that are relevant to RSPO Criteria. Sighted their Log book Summary of Request for Information. Viewing of the log book showed no information has been requested by any stakeholders since its establishment in Jan 2019.
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	The estate had appointed personnel responsible for handling of complaints. Records of communication were maintained in a log books depending on the stakeholder. No request for information related to RSPO matters from stakeholders.
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	Copies of land titles / user rights were sighted available at the audited sites. Refer to Indicator 2.2.1.
	Occupational health and safety plans	YES	Safety & Health Policy; dated 20/07/2018 is available and displayed at notice boards at main office and at entrance to main gate. OSH Plan for 2019 has also been established
	Plans and impact assessments relating to environmental and social impacts	YES	There was procedure to guide for the organization's management document to be made publicly available. Among the document include about "Social Impact Assessment Management Action Plans and Continuous Improvement Plans LKM Trading". Management documents related to environmental plans and impacts assessments were made available to auditors. Among documents were: <ul style="list-style-type: none"> ▪ Environmental Impact Assessment (EIA) ▪ Management action plans and continuous improvement plans ▪ Waste Management Plan Fossil Fuel Management Plan
	HCV documentation summary	YES	HCV documentation summary was available at LKM Trading. Cross refer to 5.2
	Pollution prevention and reduction plans	YES	LKM Trading have identified all sources of pollution resulted from their activities. Pollution prevention and action taken also made available. Among of activities covered include waste management, conservation of natural resources and field operation.
	Details of complaints and grievances	YES	LKM Trading have maintained their record of requests and responses to the 'Borang Aduan Masalah Pekerja' and 'Borang Aduan Masalah Stakeholder'. Management documents of pertaining complaint / grievance (i.e. "Borang Aduan"), internal and external grievances flowchart are maintained and available at the LKM Trading.
	Negotiation procedures (Criterion 6.4);	YES	The negotiation procedure titled 'SOP – Land Dispute Management' has been established. This procedure is applicable to LKM Trading. The procedure included the negotiation process. If there is

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				any cases related to compensation, the procedure for calculating and distributing fair compensation would be carried out at the company level as stated in their SOP – Land Dispute Management.
		Continual improvement plans (Criterion 8.1);	YES	Being an independent smallholder, LKM Trading Sdn Bhd has demonstrated its commitment to continually comply with all applicable state and national laws. For example, although it has not use any pesticides or chemicals hazardous to health in its field upkeep, LKM Trading undertook to conduct a Chemical Health Risk Assessment (CHRA) to ensure its workers who are exposed to fertilizer during manuring and diesel during refueling its tractors are safe.
		Public summary of certification assessment report;	N/A	Not applicable since this is main assessment.
		Human Rights Policy (Criterion 6.13).	YES	A policy to respect human rights has been established by the LKM Trading. The policy was dated in July 2018. The policy was made available at the estate's office.
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 'Code of Conduct And Business Ethics Policy' has been established and distributed to all staffs and workers. All visited sites has briefed this policy to all workforce as verified through briefing records and interview with staff and workers.

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	LKM Trading had complied with most of the applicable laws and regulations. However, it was found that, there was a non-compliance against Sabah Labour Ordinance [Section 108 (1)] which was late payment of wages for the month of August 2019. Therefore, Major NCR MAR 01 2019 has been raised against this indicator.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	LKM Trading Sdn Bhd has maintained documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements. The Legal Requirement Register listing applicable laws has been established and was last reviewed in Mar 2019.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	LKM Trading had a mechanism for ensuring that all applicable legal requirements were implemented. The mechanism was by the implementation through evaluation of compliance exercise against the legal register by the Estate manager.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	The system for tracking changes is defined in "Mechanism of Tracking Law Changes" flowchart. The PIC was the Group manager.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure,	YES	The legal ownership and the maps to indicate the boundary stone were sighted at LKM Trading Estate. The Land Title for both Estate has been verified.

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people who can demonstrate that they have legal, customary or user rights		recognised NCR land) and the actual legal use of the land shall be available. Major Compliance		
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	Field verification LKM, observed the boundary stones were maintained between the estate and the neighbouring private oil palm estates such as Hap Seng Sungai Segama Estate and also with nearby village. Visible Marker has been seen available at LKM Estate.
	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 FPIC. Minor Compliance	YES	As reported in 2.2.1 of this checklist, it has been verified that the land is now legitimately owned by LKM Trading since 1999. The audit team had confirmed that there were no land issues related to previous owners.
	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 LKM Trading since 1999. 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 (incl. neighbouring communities and relevant authorities where applicable). Minor Compliance	YES	As reported in 2.2.1, it has been verified that there is no conflict or dispute over the land. Auditor has verified this through Workers Representative Meetings and interviewed with villagers and oil palm plantation company that there was no violence action taken by the LKM Trading in maintaining peace.
	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 owned by LKM Trading since 1999. 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,	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights shall be developed through	YES	As reported in 2.2.1 of this checklist, LKM Trading has been developed since 1999, after it was bought from the previous land owner; villagers and Sabah Land Development. All the related documentation regarding the land acquisition was kept in LKM Trading Office, Lahad Datu and was verified by the auditor.

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<p>customary or user rights of other users without their free, prior and informed consent.</p>		<p>participatory mapping involving affected parties (incl. neighbouring communities where applicable, and relevant authorities). Major Compliance</p>		
	<p>2.3.2</p>	<p>Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance</p>	<p>YES</p>	<p>As reported in 2.2.1 of this checklist, LKM Trading has been developed since 1999, after it was bought from the previous land owner; villagers and Sabah Land Development. All the related documentation regarding the land acquisition was kept in LKM Trading Office, Lahad Datu and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed relevant stakeholders such as the Kg Litang Head, Hap Seng Representative. Based on the audit findings, copies of negotiated agreements on FPIC and other evidences required by these indicators a) to c) were not applicable.</p>
	<p>2.3.3</p>	<p>All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance</p>	<p>YES</p>	<p>As mentioned in 2.3.2 a) to c) of this checklist, this requirement in this indicator does not apply to LKM Trading.</p>

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	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 LKM Trading.
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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 (min. 3yrs) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES LKM Trading had a documented business plans with projections until the financial year 2022. The budget provisions covered Revenue and Expenditure on Production Cost, Field Upkeep and General Charges. Attention was given to crop projection, cost of production, cost per ton and per hectare indicators to monitor the performance of each operating unit. The cost of production was reviewed and compared against expenditure each year with projections in place for future years.
	3.1.2	An annual replanting programme projected for a minimum of five years with yearly review, shall be available. Minor Compliance	YES A replanting program was available until 2022. However, there is no replanting for the next 5 years. All palms were planted in 2005. Replanting could take place in 2030.

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 LKM Trading had established documented manuals and documents as their standard operating procedures: <ul style="list-style-type: none"> • Code of Good Agricultural Practice for Oil Palm Estates and Small Holdings • Standard Operating Procedure (SOP) • Safe and Standard Operating Procedure (SSOP)
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES The Manager was accountable to check on consistent implementation of procedures.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES Records of monitoring sighted were program sheets for Manuring, Weeding, Road Maintenance. Noncompliance conducted by workers were given warnings. An entry sighted in the PPE & Safety Record Book.

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	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	N/A	Not Applicable since this is smallholder certification
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	LKM Trading practiced the maintenance of long-term soil fertility by annual application of fertilizer based on periodic foliar analysis, soil analysis and biomass retention (pruned fronds left to decompose in the fields)
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	LKM Trading maintained records of fertilizer inputs. The record sighted was Fertilizer Application monitoring program sheet. Records of programs and applications of fertilizers were made available to auditors.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	LKM Trading carried out annual foliar and soil sampling to monitor changes in nutrient status. The annual foliar sampling and latest soil sampling was carried out in Aug 2019. The results of the foliar and soil analysis formed the basis for the fertilizer recommendations to maintain and to improve soil fertility.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME and palm residues. Minor Compliance	YES	LKM Trading had a nutrient recycling strategy in place which included stacking pruned fronds and manually weeded weeds / grass were left to decompose in the respective fields. There was no application of EFB and POME in LKM Trading.
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	Based on the Soil Map, extracted from "The Soils of Sabah" document, by the Agronomic Depart of Hup Seng Plantations Holdings Berhad there were no fragile soils in LKM Trading. The soils were of Kinabatangan and Kretam series.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 & 25° unless specified otherwise by the company's SOP. Minor Compliance	YES	Field visits confirmed that LKM Trading had complied with the management strategy in place "Soil Conservation and Terracing", for planting on slopes and to minimize and control erosion and degradation of soils.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was noted that the road conditions were well maintained in LKM Trading. Accessibility were made possible by regular maintenance guided by its road maintenance program. Road repairs and maintenance was advocated using its own excavator.
	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	NA as based on the Soil Map extracted, from "The Soils of Sabah" document..
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the	YES	NA as based on the Soil Map extracted, from "The Soils of Sabah" document.

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		necessary drainage for oil palm growing. Minor Compliance		
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	NA as based on the Soil Map extracted from "The Soils of Sabah".
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	LKM Trading Water Management Plan has been reviewed and updated in Jan 2019. This plan is confined to only LKM Trading, covering only the water used for daily operation.
	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	LKM Trading continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways.
	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	Not applicable for LKM Trading since this is Smallholder Certification.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Not applicable for LKM Trading since this is Smallholder Certification.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate IPM techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	YES	LKM Trading had a documented integrated pest management (IPM) system in place.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Records showed that training of those involved in IPM implementation was carried at LKM Trading.
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	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased. This indicator is therefore not applicable to LKM Trading Sdn Bhd.
	4.6.2	Records of pesticides use (incl. 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	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests.

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	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests.
	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	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased. This indicator is therefore not applicable to LKM Trading Sdn Bhd.
	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	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased. This indicator is therefore not applicable to LKM Trading Sdn Bhd.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers	YES	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests.

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	shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regs. Major Compliance		
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased. This indicator is therefore not applicable to LKM Trading Sdn Bhd.
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	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased. This indicator is therefore not applicable to LKM Trading Sdn Bhd.
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	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests.
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests.
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased.

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	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	YES	Pesticides had not been used as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds and also no record to show that pesticides purchased. This indicator is therefore not applicable to LKM Trading Sdn Bhd.
<p>C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>The occupational health and safety plan shall cover the following:</p>	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	OSH Policy signed by Group Manager and being displayed at notice boards at office and at main entrance gate.
	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	HIRARC Register was last reviewed in Jan 2019. Among those activities identified include FFB Checking by Checker, Harvesting, Field Inspection, Selective Manual Slashing, Pruning, Manuring, Triple Rinsing, Road Maintenance, etc.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	YES	Harvesters, FFB Loaders and Checker, Slashers/General Workers and Driver involved in field operation had been trained in Safe Work Practices. Training courses and dates are shown in Indicator 4.8.1
	4.7.4	The responsible person/s shall be identified. There shall be records of regular meetings btw the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these mtg, and any issues raised shall be recorded. Major Compliance	YES	By Occupational Safety & Health Act 1994, OSH Committee is not applicable as the number of workers present at LKM Trading is way below the minimum required number. However, being proactive LKM Trading established the OSH Committee in Jan 2019.

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	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	YES	There exists a fit-for-purpose Accident and Emergency Procedure.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	Available.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	There was zero accident recorded year to date.
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 Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	A 2019 Training Plan has been established by LKM Trading Sdn Bhd for the following courses aimed at creating awareness and improving knowledge and competency. It covers all aspects of the RSPO Principles & Criteria.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	LKM Trading Sdn Bhd conduct ongoing training programs for its workers to ensure they are aware of the RSPO requirements. Records of training were kept in the training file. The records included information on the title of the training, name and signature or thumb print of the attendees, name of the trainer, time and venue.

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,	5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	LKM Trading has established its Environmental Impacts Assessment (EIA) associated with their activities. Last reviewed and updated was in Jan 2019. The EIA covers all activities from harvesting, pest and disease, upkeep programme until delivery to mill has been identified.

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including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/s. Minor Compliance	YES	From the assessment, the LKM Trading seen able to established an “Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plan” to mitigate the negative impacts. Based on the plan, the Group Manager have the full responsibility to execute the management plan to follow up by his assigned mandore.
	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	The LKM Trading has developed and reviewed the “Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plan” to monitor the effectiveness of the mitigation measures taken. Implementation and monitoring of the documented environmental management plans will be reviewed on annual basis, latest by Jan 2019.
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 report of “Potential High Conservation Value Area Assessment Report of LKM Trading” was made available to the auditor.
	5.2.2	Where 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	YES	LKM estate has established HCV action plan as they plan to maintain the riparian reserve.
	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	YES	LKM estate has conducted training on HCV and RTE species for the field workers.

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		any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance		
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> 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	YES	LKM Trading discourage any illegal or inappropriate hunting, fishing or collecting activities.
	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 are no local communities living nearby with LKM trading, only big plantation company such as Hap Seng Plantations. So, this indicator was not applicable to this Smallholder.
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	LKM Trading has documented the identification of all waste product and sources of pollution. The "List of Waste Generated and Management Plan" were established to mitigate applicable identified waste product and source of pollution the plans.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	LKM Trading implemented best practice to control unwanted weeds by manual weeding. There is no chemical spraying application for their field. During site visit, sighted there is no evidence of chemical containers has been used in the field or store.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance	YES	Waste management and disposal plan to avoid or reduce pollution had been documented and implemented. Procedures and guideline from MPOB were used to guide the waste disposal activities and to reduce pollution during routine operation.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	Sighted "Fossil Fuel Management Plan" has developed and reviewed in Jan 2019. The plan only focus on diesel usage by FFB Transport and use of fertilizers. Sighted the environment impact and mitigation measure has been identified and documented accordingly.
C 5.5 Use of fire for preparing land or replanting is avoided,	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the <i>'Guidelines for the Implementation</i>	YES	There had been no land preparation by burning as there had been no replanting on LKM Trading. All palms were planted in the year 2005 and replanting may be due only around year 2030.

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except in specific situations as identified in the ASEAN guidelines or other regional best practice		<i>of the ASEAN Policy on Zero Burning' 2003. Major Compliance</i>		
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance</i>	YES	No fire had been used for preparing land for replanting as there had been no replanting on LKM Trading. All palms were planted in the year 2005 and replanting may be due only around year 2030.
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent.	YES	Polluting activities are assessed through evaluation of Environmental Impact Assessment (EIA) and Greenhouse Gas Calculation. For the estates, greenhouse gas emission was normally identified from emission fossil fuels transport/machineries and use of fertilizers. An action plan was implemented accordingly. LKM Trading generated their electricity via solar system.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	LKM Trading had identified emission of greenhouse gas (GHG) from their operations such as emission mainly from their FFB transport and use of fertilizers. The Group Manager had planned to reduce emission by daily inspection and monitoring for their FFB transport to prevent any leakage and problem that could adverse impact the environment.

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<p>is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>	<p>5.6.3</p>	<p>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</p>	<p>YES</p>	<p>LKM Trading had used RSPO Palm GHG version 4.0.1 Calculator as a tool to calculate the GHG emissions. LKM Trading has used option 2 full version to calculate the data.</p> <table border="1" data-bbox="1061 309 2096 491"> <thead> <tr> <th>Description</th> <th>Unit</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>FFB Supplied to the mill</td> <td>MT</td> <td>880.19</td> </tr> <tr> <td>FFB Produced by this plantation</td> <td>MT</td> <td>880.19</td> </tr> <tr> <td>FFB Production per hectare</td> <td>MT/Ha</td> <td>14.92</td> </tr> </tbody> </table> <p>Plantation / field emission</p> <table border="1" data-bbox="1061 547 1917 711"> <thead> <tr> <th>Description</th> <th>Total Emission (tCO₂e)</th> <th>tCO₂e/ha</th> <th>tCO₂e/FFB</th> </tr> </thead> <tbody> <tr> <td>Emission source</td> <td>533.6</td> <td>0</td> <td>0.5</td> </tr> </tbody> </table>	Description	Unit	Value	FFB Supplied to the mill	MT	880.19	FFB Produced by this plantation	MT	880.19	FFB Production per hectare	MT/Ha	14.92	Description	Total Emission (tCO ₂ e)	tCO ₂ e/ha	tCO ₂ e/FFB	Emission source	533.6	0	0.5
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Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
<p>C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and</p>	<p>6.1.1</p>	<p>A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance</p>	<p>YES</p>	<p>A Social Impact Assessment report, January 2019 was made available during the audit titled 'Social Impact Assessment (SIA), Management Action Plans and Continuous Improvement Plans, LKM Trading.</p>
	<p>6.1.2</p>	<p>There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance</p>	<p>NO</p>	<p>Based on the Social Impact Assessment report done on January 2019, there was no participation from local communities such as Kampung Litang. Therefore, Major NCR MAR 02 2019 has been raised.</p>

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plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	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, incl. responsibilities for implementation. Major Compliance	YES	Plans for mitigation of negative impacts have been established. A timetable with responsibilities for mitigation and monitoring was reviewed and updated accordingly. Specific PIC has been identified and be responsible for taking actions on each of the mitigation measures with specific time intervals.
	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	LKM Trading will review the action plan 'Management on SIA 2019' by annually after Stakeholders Meeting in 2020. The Social Impact Assessment (SIA) dated January 2019 was initial established, hence the evidence of the reviewed SIA will verify during continuous audit.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	This indicator is not applicable due to the plantation not under the smallholder scheme.
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	LKM Trading has established a procedure in order to comply with the requirement and it describe the procedures and mechanism to be taken should any stakeholders (either external or internal) wish to communicate with the company on any issues concerning their interest.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	Management officials responsible for handling of social issues have been identified. Appointment letters have been sighted during the audit.
	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	List of stakeholders that may be relevant to the company's operation including local communities, local authorities and NGOs has been established and updated for year 2019 as verified at LKM Trading. As mentioned earlier, consultation with the stakeholders during the establishment of Social Action Plan was conducted.
C 6.3 There is a mutually agreed and documented system for dealing with	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	YES	LKM Trading maintained affirms that its dispute system is open to any affected parties. Relevant procedure titled 'Prosedur Melapor Aduan dan Permasalahan-Pihak Berkepentingan Luaran dan Dalam' were available. In accordance with the procedure, the anonymity of complainants and whistleblowers will not reveal to third parties.

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complaints and grievances, which is implemented and accepted by all affected parties		whistle-blowers, where requested. Major Compliance		
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Complaints on housing and other services were usually entered into record form. The records include the name of the person who complained, his address, date, and type of service required. Visits to the quarters confirm that actions were taken on the complaints made by the workers.
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	All records of (internal and external) complaints and grievances were kept within the grievance/request record book/ Grievance and Complain Logbook Internal Stakeholders as well as in complaint form. Records of communication for workers and staff complaint at LKM Trading has been reviewed.
	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	As mentioned in 6.4.1, the LKM Trading has established a procedure for calculating the compensation. The process and outcome of any compensation claims is documented and made publicly available.
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There was no issue raised on land dispute with LKM Trading.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Pay and conditions are documented and made available during the audit.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of shall be available in	YES	The employment contract is in Bahasa for foreign workers. Employment contract of foreign worker clearly stated the working hours, annual leave, medical benefits and sick leave, insurance scheme, retirement, and etc.

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and are sufficient to provide decent living wages		the languages understood by the workers or explained carefully to them by a management official. Major Compliance		
	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	YES	LKM Trading has provided adequate housing, water supplies, medical and welfare amenities.
	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	Workers' access to adequate, sufficient and affordable food is via place order with Group Manager and going nearby Tamu in Jeroco or a sundry shop at Hap Seng Estates sundry shop.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	A policy titled as "Polisi Kebebasan Berpersatuan" dated in July 2018 is available in the LKM Trading. The policy is written in Bahasa and languages understood by the workers is displayed at the public places at all estate.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	The LKM Trading continues to retain Workers Committee minutes of meeting, with latest meeting conducted in Sept 2019.
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	"Polisi Buruh Kanak-Kanak" dated in July 2018 is publicly available at the visited estate.

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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	LKM Trading is committed to ensure and promote a harmonious, safe and healthy work environment for all employees. All the policy was approved in July 2018, both in Malay and English language. The policy statements emphasized on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards in the estates/mill office.
	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	There is a publicly available equal opportunities policy dated in July 2018 which states that the group manager is providing equal opportunity to all and does not practice discrimination based on race, caste, national, origin, disability, gender, sexual orientation, union membership, political affiliation, or age.
	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	Records of hiring were reviewed during the audit. It was noted that the hiring are based on the skills, capabilities, qualities and medical fitness. This was confirmed by the employees who were interviewed during the audit.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	NO	A policy on sexual harassment titled 'Polisi Gangguan Seksual' dated in July 2018 was available. The policy was signed by the Group Manager. The policy is also written in Bahasa and displayed at the notice boards within the estate office.
	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 LKM Trading maintained its documented policy to protect The LKM Trading also maintained implemented the policy through continued having meeting for reviewing of violation of reproductive right policy.
	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	The specific grievance mechanism is available in the LKM Trading. The LKM Trading have clear flow chart on how to handle complaints and grievances from internal and external. The mechanism has been communicated to all levels of the workforce as verified by auditor during interview with the workers.
C 6.10 Growers and millers deal fairly and transparently with smallholders and	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	LKM Trading managed to records the current and past prices of FFB sold to the Hap Seng mills based on payment voucher for the month of Jun 2019, July 2019 and August 2019.
	6.10.2	Evidence shall be available that growers/millers have explained	YES	This indicator not applicable due to LKM Trading currently not under the control of the mill or plantation.

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other local businesses.		FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance		
	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 via tele conversation with the group members i.e, there were confirmed that the group member understands the contractual agreements they enter into.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	No contractor involved in the operation of LKM Trading.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	LKM Trading committed to contribute cash donation to the SK Litang dated 25/4/2019 for the sports day activities held at the school. .
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	This indicator not applicable as LKM Trading is currently independent smallholder.
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	There was no trafficked labour are used.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	There was no contract substitution occurred as stated in the 'Polisi Pekerja Buruh Asing' dated in July 2018 in LKM Trading. The actual job undertaken was the same as what they were informed about while they were still in their home country. No contract substitution has therefore occurred.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	A special labour policy for employment of foreign workers has been addressed in the social policy. The policy mentioned that foreign employees will be treated fairly in terms of recruitment, terms and conditions of work, provide decent living and no contract substitution. The procedure has been implemented for any employment related with foreign workers.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and	YES	LKM Trading is committed to ensure and promote a harmonious, safe and healthy work environment for all employees. All the policy was approved in July 2018, both in Malay and English language.

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		communicated to all levels of the workforce and operations. Major Compliance		The policy statements emphasized on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards in the estates/mill office.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	This indicator not applicable. Does not have in the smallholder standard.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

LKM Trading has no plan for any new planting and no new development of area was observed during the visit. Auditors has verified through www.globalforestwatch.com, GOOGLE Maps Data, Estate Maps and also through visits to the sites that there was no new planting and no new development of area was observed, Therefore this Indicator was not applicable

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

Clause	Indicators	Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1		
	a)	YES	Not Applicable as there was no evidence to show that LKM Trading had used pesticides to control weeds or pests. There had been no pest attacks and only Manual Weeding was carried out to control weeds.
	b)	YES	The LKM Trading maintained efforts to improve continuously its environmental impacts. Among the relevant plans and measures were: <ul style="list-style-type: none"> • reduction of diesel usage / GHG emission. • maintain water quality • reduce soil erosion

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				<ul style="list-style-type: none"> • reduce land contamination • improve soil fertility • reduce waste
	c)	Waste reduction (Criterion 5.3);	YES	LKM Trading domestic waste from the housing area is well managed and all domestic wastes are disposed via Majlis Daerah Lahad Datu (MDLD).
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	The Group Manager had planned to reduce emission by daily inspection and monitoring for their FFB Transport to prevent any leakage and problem that could adverse impact the environment.
	e)	Social impacts (Criterion 6.1);	YES	LKM Trading continues to implement the social action plan determined as of results of stakeholders consultation and meetings.
	f)	Encourage optimising the yield of the supply base	YES	In order to optimize yield LKM Trading was committed to implement best agricultural practices, inclusive of <ul style="list-style-type: none"> • timely and proper fertilizer application; • maintain/conserves water by water management, • improve on accessibility to maximise crop evacuation • reduce surface run off water to prevent leaching of fertilisers • Maintaining at least 2 rounds of harvesting per month.

RSPO Certifications Systems for Principles & Criteria June 2017

Clause	Indicators		Comply Yes/No	Findings
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	Not applicable. LKM Trading is a smallholder company.
	(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	Not applicable.
	(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.	YES	Not applicable.

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		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);		
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	Not applicable.
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	Not applicable.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	Not applicable.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	YES	Not applicable.
	(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	Not applicable.
		<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	

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		<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	
		<ul style="list-style-type: none"> Desktop study e.g. web check on relevant complaints 	YES	
		<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	
<p>4.6.4</p> <p>The CB shall review whether oil palm 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>		No additional indicators	YES	<p>The Land Title are originated from Sabah Land Development (Sabah Government) and Sell to Company Name Orient Tide Sdn Bhd in year 1999 and Orient Tide Sdn Bhd Sell their Land to Chua Soon Lee (1/4), Chua Soon Nyee (1/4), Chua Soon Yee (1/4) and Chua Soon Dee (1/4). Auditor has verified the record of Transfer from Orient Tide Sdn Bhd Sell their Land to Chua Soon Lee (1/4), Chua Soon Nyee (1/4), Chua Soon Yee (1/4) and Chua Soon Dee (1/4). The purpose of the land is cultivation of Oil Palm. No issue subjected to customary rights of local communities and indigenous peoples.</p>

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Attachment 5

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

P & C Indicator	Specific ation Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 2.1.1	Major	<p>#NCR No : MAR 01 2019</p> <p>Finding: There was evidence that non-compliance of Sabah Labour Ordinance [Section 108 (1)].</p> <p>Objective evidence:</p> <ul style="list-style-type: none"> - Based on interview with workers and Group Manager, there was non-compliance of Section 108, Sabah Labor Ordinance, payment of wages for the month of August 2019, which the worker still did not get the payment of salary for the last month. tester 	<p>Correction:</p> <ul style="list-style-type: none"> - Immediately paid the workers <p>Corrective Action:</p> <ul style="list-style-type: none"> - Group Manager to monitor the monthly payment be paid to all workers as per Section 108, Sabah Labour Ordinances. Completion Date: 30th September 2019. <p>Auditor Verification:</p> <ul style="list-style-type: none"> - Auditor has received and verify picture of salary for month of September has been paid on 29/9/19. <p>Status: Closed The effectiveness of the corrective action will be verified during next audit.</p>
Indicator 6.1.2	Major	<p>#NCR No : MAR 02 2019</p> <p>Finding: The Social Impact Assessment done without participation from affected parties.</p> <p>Objective evidence: Based on the Social Impact Assessment report done on January 2019, there was no participation from local communities such as Kampung Litang.</p>	<p>Correction: Immediately conduct meeting with MPKK Kampung Litang, En. Kulang and the comment included into the Revised SIA Report dated 30th September 2019</p> <p>Corrective Action: Group Manager to yearly monitor and ensure the participant from Local Communities be assessed and be included in the annual SIA Report..</p> <p>Auditor Verification: A revised SIA dated 30 September 2019 were provided to the auditor which is included local communities (Kampung Litang), auditor also verify minutes of meeting with MPKK Kampung Litang dated 23 September 2019</p> <p>Status: Closed The effectiveness of the corrective action to be verified during next audit.</p>

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Attachment 6

The Smallholder listing:

ISH ID No.	Group member (Name of registered ISH as per land title)	Site location address	GPS Location	Total certified area (ha)	Date joined	FFB production (MT/yr)	Year of planting
1	CHUA SOON LEE @ LIEW SOON LEE and CHUA SOON NYEE	KAMPUNG LITANG	Latitude: 5° 18'31.891"N Longitude: 118°29'53.514"E	30.77	2019	460	2004
2	CHUA SOON DEE @ LIEW SOON DEE and CHUA SOON YEE @ LIEW SOON YEE	KAMPUNG LITANG	Latitude: 5° 18'31.891"N Longitude: 118°29'53.514"E	30.00	2019	460	2004
Total				60.77		920	