	<b>SIRIM QAS INTERNATIONAL SDN. BHD.</b> Building 4, SIRIM Complex, No. 1 ,Persiaran Dato' Menteri, Section 2, P.O. Box 7035, 40911 Shah Alam, Selangor, Malaysia.	<b>File Ref. : EL26030001</b>
	<b>RSPO PUBLIC SUMMARY INDEPENDENT SMALLHOLDER</b>	

**CLIENT : LKM Trading**

**RSPO MEMBERSHIP NO. : 1-0268-19-000-00**

**GROUP MANAGER : CHUA SOON LEE @ LIEW SOON LEE**

**DETAILS OF SMALLHOLDERS (LOCATION, GPS AND/OR HECTARAGE):**

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

**AUDIT DATE : 5-7 January 2022**

**DURATION : 9 auditor days**

**STANDARD:**

**RSPO INDEPENDENT SMALLHOLDER STANDARD FOR THE PRODUCTION OF SUSTAINABLE PALM OIL (NOVEMBER 2019)**

**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**

**TYPE OF AUDIT : ELIGIBILITY / MS A / INITIAL CERTIFICATION / ASA 2 / RECERTIFICATION**

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

**Non-conformity Report (s)**



**List of additional site (s)**



**Report by Audit Team Leader**

Name : Khairul Najwan bin Ahmad Jahari

Signature :

Date :

11/04/2022



**Acknowledgement by Client's Representative**

Name : CHUA SOON LEE

Signature :

Date :

18 APRIL 2022



**RSPO PUBLIC SUMMARY - INDEPENDENT SMALLHOLDER**

<b>INITIAL COMPLIANCE</b>				
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/ 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 (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.			
Name of peer reviewer	: Dr Dzolkhifli Omar			
Report approved by	: Kamini A/P M.Sooriamoorthy	Approval date: 16/03/2020		

<b>ASA 1</b>				
On-site audit date	: 26-28 April 2021	No. of auditor days:	9	
Audit team	: Mohd Razman Salim, Dzulfiqar Azmi, Mohd Zulfakar Kamaruzaman & Rohazimi Mat Nawi (Trainee Auditor)			
No. of major NCR only	: 11	Indicator: 1.1E, 1.1MS A, 1.3MS A, A2.3MS B, 3.1MS A, 3.4MS A, 3.5MS A, 3.6MS A, 4.1MS A, 4.7MS A & 4.9MS A 1	Closing date: 1/07/2021	
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)			
Changes since last audit	: No changes since last audit.			
Justification of audit planning	: During the 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 stakeholders.			
Name of peer reviewer	: NA			
Report approved by	: Kamini Sooriamoorthy	Approval date: 5/07/2021		

**RSPO PUBLIC SUMMARY - INDEPENDENT SMALLHOLDER**

<b>ASA 2</b>				
On-site audit date	:	5-7 January 2022	No. of auditor days:	9
Audit team	:	Khairul Najwan (LA), Mohd Raouf, Amir Bahari		
No. of major NCR	:	1	Indicator: 4.2	Closing date: 5/04/2022
Indicate the stakeholders interviewed during the on-site audit	:	Employees / Workers organizations	Settlers	Villagers / Local communities
		✓	-	-
		Contract workers	Local & National NGOs	Govt. agency / Statutory bodies
		-	-	-
		Indigenous people	Contractor	Others (Please specify)
		-	-	✓
Supply base sampled	:	LKM Trading Smallholding (2 smallholders)		
Changes since last audit	:	No changes since last audit.		
Justification of audit planning	:	Audit has been planned and conducted as per audit plan. Smallholding farm operation, workers housing, general stores, and lubricant store were visited during the audit. Interviews and consultations were held with the management, employees, and other relevant stakeholders.		
Name of peer reviewer	:	NA		
Report approved by	:	Kamini Sooriamorthy	Approval date:	8/4/2022

**TABLE 1 - SUMMARY OF INFORMATION**

	<b>STAGE 2 (Last license year)</b>	<b>ASA 1 (Last license year)</b>	<b>ASA 2 (New license)</b>
<b>Projection Period</b>	September 2019 to August 2020	*April 2021 – Mar 2022	Jan – Dec 2022
<b>FFB Production (MT)</b>	920.00	1,100.00	1,100.00
<b>Certified volume CSPO (MT) <i>OER applied @ 20% FFB</i></b>	184.00	<b>APPLICABLE FOR PHASE: ELIGIBILITY &amp; MS A ONLY</b>	<b>APPLICABLE FOR PHASE: ELIGIBILITY &amp; MS A ONLY</b>
<b>Certified volume CSPK (MT) <i>KER applied @ 5% FFB</i></b>	46.00		
<b>IS – CSPO <i>OER applied @ 20% FFB</i></b>	184.00		
<b>IS – CSPKO <i>PKO applied @ 45% CSPK</i></b>	20.70		
<b>IS – CSPKE <i>OER applied @ 55% CSPK</i></b>	25.30		
<b>Certified Areas (Ha)</b>	60.77	60.77	60.77
<b>Planted Areas (Ha) <i>(Mature + Immature area)</i></b>	59.11	59.11	59.11
<b>Production Areas (Ha) <i>(Mature area only)</i></b>	59.11	59.11	59.11
<b>HCV Areas (Ha)</b>	-	-	
<b>Conservation Areas (Ha)</b>	-	-	
<b>REMARKS</b>	*Actual period : Apr 2021 to Dec 2021 only		

**TABLE 2 – ISH GROUP INFORMATION**

	<b>VOLUME</b>
<b>New licence year's certified FFB (MT) – MS B</b> *Period of reporting (Projection): Jan - Dec 2022	1,100.00
<b>Last licence year's certified FFB (MT) – MS B</b> *Period of reporting (Actual): April 2021 - Dec 2021 *Certified: 16 March 2020	529.12
<b>Last licence year's actual sold volume of certified FFB (MT, if applicable)</b>	529.12
<b>Last licence year's actual sold volume of certified FFB under other schemes (MT)</b> *MSPO	0
<b>Last licence year's actual sold volume of certified FFB as conventional (MT)</b>	0
<b>Last licence year's volume of IS-CSPO (CREDIT) – ELIGIBILITY AND MS A</b>	-
<b>Last licence year's volume of IS-CSPKO (CREDIT) – ELIGIBILITY AND MS A</b>	-
<b>Last licence year's volume of IS-CSPKE (CREDIT) – ELIGIBILITY AND MS A</b>	-
<b>Last licence year's actual sold volume of IS-CSPO (CREDIT)</b>	0
<b>Last licence year's actual sold volume of IS-CSPKO (CREDIT)</b>	0
<b>Last licence year's actual sold volume of IS-CSPKE (CREDIT)</b>	0

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**1.0 AUDIT PROCESS**

**1.1 Certification Body**

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

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and re-accredited by ASI on 3 October 2019 (accredited since 2014).

**1.2 Qualification of audit team**

<b>Member of the Audit Team</b>	<b>Role/area of RSPO requirements</b>	<b>Qualifications</b>
Khairul Najwan bin Ahmad Jahari	Lead Auditor / Social & HCV	Possessed B.Sc. of Forestry from Universiti Putra Malaysia with total more than 20 years of working experience in the Forest Management, forest inventories, forest harvesting, remote sensing & GIS. He had 10 years of auditing experience in the oil palm operation including auditing in HCVF and social issues. He is a qualified Lead Auditor for RSPO P&C, MSPO, Forest Management (FMC), MyTLAS, STLVS and ISO.
Mohd Ab Raouf Asis	Auditor / Safety and Environment	Obtained qualification in B.Sc. (Hons) Management Technology Majoring Production and Operation from UTHM in 2007. He has been in the plantation industry for 7 years assisting Estate Manager managing palm oil estates. He has been trained as RSPO as well as MSPO auditor.
Amir bin Bahari	Auditor GAP, Safety & Environment	Possessed B Sc (Hons) USM 1985 and Diploma Palm Oil Milling Technology/Management 1996 MPOB. Working experience of 34 years in the oil palm industry including in the mill and estates. A qualified RSPO P & C Auditor with experience in ISO, EMS and RSPO/MSPO auditing

**1.3 Audit methodology**

The minimum sample size should be four (4) members. For groups with fewer than four (4) members, 100% of the members shall be assessed. The following information shows sample size formula that shall be applied at every phase.

- 1) Eligibility =  $(\sqrt{y}) \times (0.5)$  where y is the number of group members;
- 2) Milestone A =  $(\sqrt{y}) \times (0.8)$  where y is the number of group members;
- 3) Milestone B =  $(\sqrt{y}) \times (z)$ , where y is the number of group members and z is the multiplier defined by the risk assessment.

The certification unit under assessment goes for Independent Smallholder Phased Approach for Certification, Claims and Benefits as:

- Eligibility                     
  Milestone A                     
  Milestone B

And, in accordance with the RSPO Certification System for P&C and RSPO ISH Standard, the risk level of the size for the group has been determined as (applicable to MS B only):

- Low risk (Level 1, z=1.0)                     
  Medium risk (Level 2, z=1.2)                     
  High risk (Level 3, z=2.0)

However, for LKM Trading, as the current members are two (2) only, 100% smallholding farm area under this group was covered during the assessment. The LKM Trading is a company owned by private smallholders. The audit included an on-site audit of LKM Trading and its workers housing 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

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 independent smallholder.

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

Stakeholders interviewed	Evidence from stakeholder consultation
1) Employees / Workers Organizations (including migrant workers)	The following were confirmed during the conduct of audit as there was no evidence to prove otherwise: <ul style="list-style-type: none"> <li>▪ All 9 workers have signed the employment agreements with the LKM Trading. They understood the contents of agreement, as these were prepared in Bahasa as the case may be. The contents were explained to them in language they understood.</li> <li>▪ 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.</li> <li>▪ They have been getting salaries above RM1,100 since Jan 2019. The payment of salary was following the Sabah Labour Ordinance which is paid before 8<sup>th</sup> every month</li> <li>▪ No abuse at work, and no sexual harassment. They understand what constitutes sexual harassment.</li> <li>▪ No discrimination.</li> <li>▪ Comfortable housing with water and electricity provided.</li> <li>▪ Have access to affordable food from the canteen/sundry shops at nearby Plantation i.e., Hap Seng Plantation.</li> <li>▪ Entitled to free medical facilities at the nearby Plantation Clinic (Hap Seng).</li> <li>▪ 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.</li> <li>▪ They knew the types of work offered at smallholding farm when they were in their own countries.</li> <li>▪ All migrant workers keep their own passports.</li> </ul>
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 such as fertiliser supplier - Sabah Softwoods Hybrid.
5) Contract workers	No contract workers
6) Local & national NGOs	Not available for this audit.
7) Government agencies / Statutory bodies	No land claims/disputes and no social issues. Harmonious co-existence.
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)	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
12) Others (please specify)	None



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.																												
<b>2.0</b>	<b>SCOPE OF CERTIFICATION AUDIT</b>																												
<b>2.1</b>	<p><b>Description of the certification unit</b></p> <p>The LKM Trading is a company owned by private smallholder. The farm 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.</p> <p>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 smallholding farm 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 this RSPO Independent Smallholders group, the LKM Trading.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Group member</th> <th>Site location address</th> <th>GPS Location</th> <th>Total certified area (ha)</th> <th>FFB production (MT/yr)</th> <th>Year of planting</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>CHUA SOON LEE @ LIEW SOON LEE and CHUA SOON NYEE</td> <td>Kampung Litang</td> <td>Latitude: 5° 18'31.891"N Longitude: 118°29'53.514"E</td> <td>30.39</td> <td>550</td> <td>2004</td> </tr> <tr> <td>2</td> <td>CHUA SOON DEE @ LIEW SOON DEE and CHUA SOON YEE @ LIEW SOON YEE</td> <td>Kampung Litang</td> <td>Latitude: 5° 18'31.891"N Longitude: 118°29'53.514"E</td> <td>30.39</td> <td>550</td> <td>2004</td> </tr> <tr> <td colspan="4">Total</td> <td>60.77</td> <td>1,100.00</td> <td></td> </tr> </tbody> </table> <p>The smallholding farm is fully developed with 100% oil palm planting. It began planting oil palm in year 2004. All produced crops are sent to Hap Seng Plantation's mills.</p>	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	30.39	550	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	30.39	550	2004	Total				60.77	1,100.00	
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	30.39	550	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	30.39	550	2004																							
Total				60.77	1,100.00																								
<b>2.2</b>	<b>Description of the Supply Base (including the planting profile)</b>																												
<p>Table 1 Planted and certified area of LKM Trading</p> <table border="1"> <thead> <tr> <th>Smallholder</th> <th>Planted (ha)</th> <th>Certified (ha)</th> </tr> </thead> <tbody> <tr> <td>LKM Trading</td> <td>59.11</td> <td>60.77</td> </tr> <tr> <td><b>Total</b></td> <td><b>59.11</b></td> <td><b>60.77</b></td> </tr> </tbody> </table>		Smallholder	Planted (ha)	Certified (ha)	LKM Trading	59.11	60.77	<b>Total</b>	<b>59.11</b>	<b>60.77</b>																			
Smallholder	Planted (ha)	Certified (ha)																											
LKM Trading	59.11	60.77																											
<b>Total</b>	<b>59.11</b>	<b>60.77</b>																											

Table 2 Planting profile for LKM Trading

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%
<b>Total</b>			<b>59.11</b>	<b>100%</b>

Table 3 FFB Production for LKM Trading

Smallholder	FFB Contribution	
	Tonnes	Percentage (%)
LKM Trading	1,100	100%
<b>Total</b>	<b>1,100</b>	<b>100%</b>

**2.3 Organizational Information/Contact Person(s)**

The details of the contact person are 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:

Has increase the FFB production from 920MT from Stage 2 audit (estimated) to 1,100MT for this Surveillance 1 and Surveillance 2 Audit, which has been based on the actual production record from the previous year, respectively.

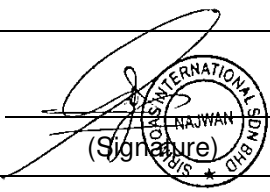
**3.2** Any new acquisition which has replaced primary forests or HCV areas  Yes  No

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

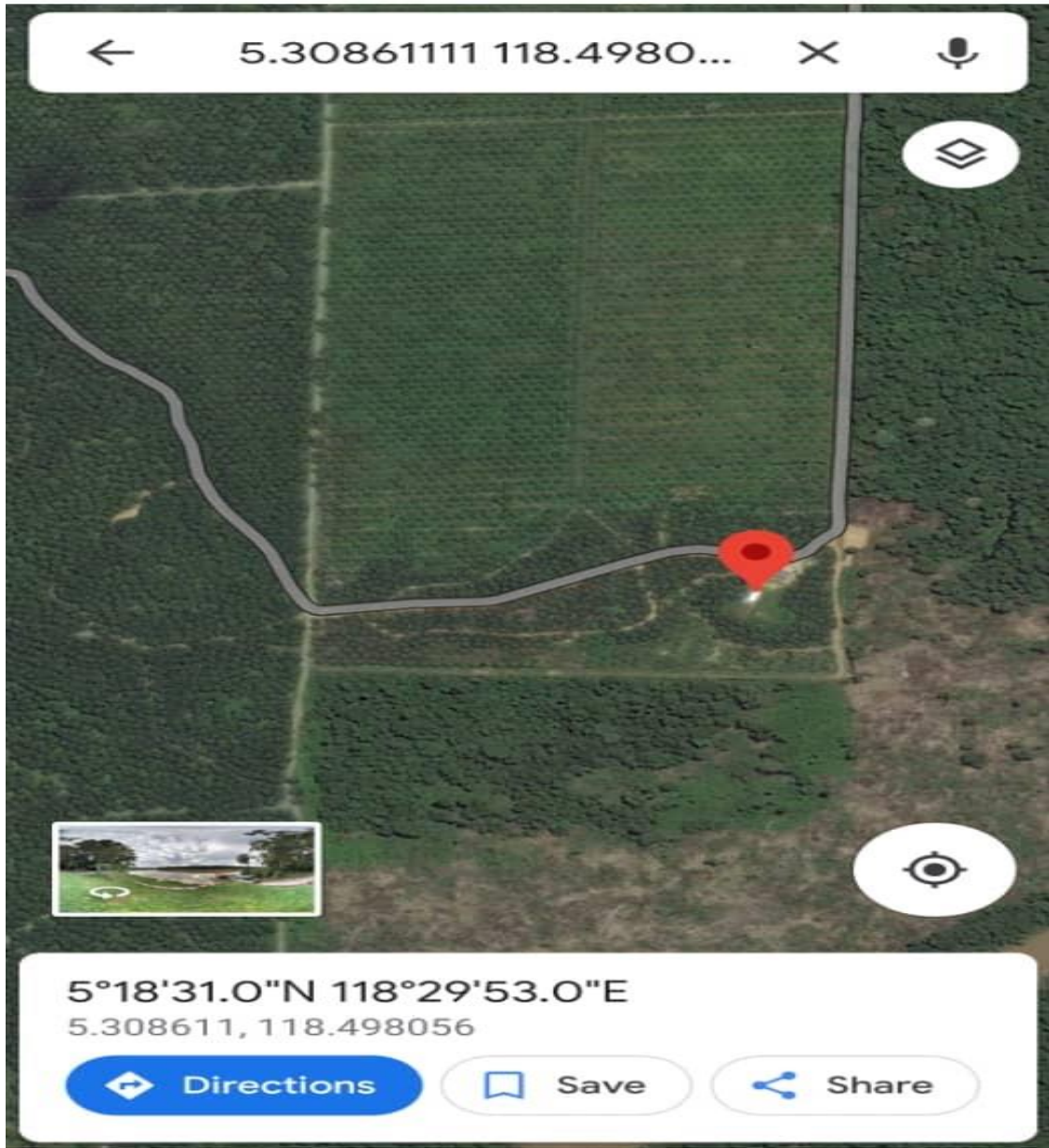
None at the time of audit.

**3.4** Complaint received from stakeholder (if any)

None.

<b>4.0</b>	<b>DETAILS OF NON-CONFORMITY REPORT - INDEPENDENT SMALLHOLDERS</b>		
<p>For details checklist, refer to Attachment 3 :</p> <p>Total no. of major NCR(s) : 1                      List : MAR 01-2021</p>			
<b>5.0</b>	<b>AUDIT CONCLUSION</b>		
<p>Independent Smallholder Phased Approach for Certification, Claims and Benefits:</p> <p style="text-align: center;"> <input type="checkbox"/> Eligibility                      <input type="checkbox"/> Milestone A                      <input checked="" type="checkbox"/> Milestone B </p> <p>In general, it can be concluded that the organization has established and maintained its management system in line with the RSPO Independent Smallholder Standard for the Production of Sustainable Palm Oil standard and demonstrated the ability of the system to systematically achieve agreed criterion &amp; requirements specified for the phase above.</p>			
<b>6.0</b>	<b>RECOMMENDATION</b>		
<p><input type="checkbox"/> No NCR recorded. Recommended to continue certification.</p> <p><input type="checkbox"/> Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out. Recommended to continue certification.</p> <p><input checked="" type="checkbox"/> Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s) which have not been satisfactorily closed out within 90 days of the audit. Recommended for suspension of the certificate.  <i>Note: Major NCRs which are not addressed within a further 90 days shall result in the certificate being withdrawn.</i></p>			
<b>7.0</b>	<p>IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON-CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON-CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P &amp; C CERTIFICATION UNDER INDEPENDENT SMALLHOLDER STANDARD.</p>		
<b>Audit Team Leader :</b>		<u>Khairul Najwan bin Ahmad Jahari</u> (Name)	 (Signature)
			<u>5/04/2022</u> (Date)

Map of LKM Trading



**RSPO INDEPENDENT SMALLHOLDER AUDIT PLAN**

**ANNUAL SURVEILLANCE 2 AUDIT PLAN**

**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine Certification Unit conformance against the RSPO Independent Smallholder Standard 2019.
- (ii) To verify the effective implementation of corrective actions arising from the findings of last audit.
- (iii) To make appropriate recommendations based on the audit findings.

**2. Date of assessment** : 5-7 January 2022

**3. Site of assessment** : LKM Trading

**4. Reference Standard :**

- a. RSPO Independent Smallholder (ISH) Standard 2019
- b. RSPO Certification Systems, Nov 2020
- c. Company's audit criteria including Company's Manual/Procedures

**5. Assessment Team**

- (i) Audit Team Leader: Khairul Najwan Ahmad Jahari - Social, HCV
- (ii) Auditor Mohd Ab Raouf Asis – Safety, Environment  
Amir Bahari – GAP

*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. Major non-conformities shall be addressed within 90 days or else the certificate shall be suspended. If the major non-conformities are still not addressed within another 90 days, the certificate shall be terminated.

If there are five or more major non-compliances within one Principle found during the audit, immediate suspension of RSPO certification shall be recommended. Repeated major non-compliance in consecutive audits will also result in recommendation for suspension.

**9. Confidentiality Requirements**

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

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

**10. Working Language** : English and Bahasa Malaysia

**11. Reporting**

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 2 weeks after the closure of the Major NCR

**12. Facilities Required**

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

**13. Assessment Programme Details** : As below

**RSPO PUBLIC SUMMARY - INDEPENDENT SMALLHOLDER**

**Day 1: 5 Jan 2022 (Wednesday)**

<b>Time</b>	<b>Activities / Areas to be visited</b>	<b>Auditee</b>		
8.00am	Opening meeting - Audit team introduction and briefing on assessment objectives, scope, methodology, criteria and programmes by SIRIM QAS Audit Team Leader	Management representative		
8:30am	Organization Representative - Briefing on RSPO implementation, significant change on organization activity, structure, certified areas, machinery, FFB, supply bases, time bound plan, actions taken to address previous audit findings. Logistic discussion to the sites to be visited.			
9.00am	To assign each audit team members – site and the P&C requirements			
	<b>Najwan</b>	<b>Raouf</b>	<b>Amir</b>	
	Documentation review • Social aspects, child labour • Complaints and grievances • Land titles, user rights • Stakeholder consultation with affected communities surrounding the CU • High conservation value	Documentation review • Laws and regulations • Environmental management – witness activities at site • Fertilizer store • Waste management • Facilities at workplace • Training and skill development programmes • Monitoring buffer zones areas	Documentation review • Good Agriculture Practices • IPM implementation, training and safe use of agro-chemicals. • Occupational safety & health practice – witness activities at site	Guide(s) for each auditor
1.00pm	Lunch Break / Zuhur Prayer		All	
2.00pm	Continue assessment at Smallholding farm			
4.30 – 5.00 pm	Audit team discussion / Debrief meeting with client on issues (if any) / End of Day 1 audit		All	
9.00 – 10.00 pm	Discussion on potential NCRs		Audit team only	

**Day 2: 6 Jan 2022 (Thursday)**

<b>Time</b>	<b>Activities / Areas to be visited</b>	<b>Auditee</b>		
8.00am	Overview of current activities at Supply base sites. To assign each audit team members – site and the P&C requirements	Management representative		
8:30am	To assign each audit team members – site and the P&C requirements			
	<b>Najwan</b>	<b>Raouf</b>	<b>Amir</b>	
	Site visit • Social aspects, child labour • Interview with worker representative • Worker's housing inspection • Complaints and grievances • Land titles, user rights	Site visit • Environmental management – witness activities at Block 1 & 2 • Fertilizer store • Facilities at workplace	Site visit • Good Agriculture practices at Block 1 & 2 • IPM implementation, training and safe use of agro-chemicals.	Guide(s) for each auditor

**RSPO PUBLIC SUMMARY - INDEPENDENT SMALLHOLDER**

	<ul style="list-style-type: none"> <li>Stakeholder consultation with affected communities surrounding the CU</li> <li>High conservation value</li> </ul>	<ul style="list-style-type: none"> <li>Interview with workers, environmental issues</li> <li>buffer zones areas at block 2</li> </ul>	<ul style="list-style-type: none"> <li>Occupational safety &amp; health practice – witness activities at site</li> <li>Interview with workers</li> </ul>	
1.00pm	Lunch Break / Zuhur Prayer			All
2.00pm	Continue assessment at Smallholding farm			
4.30 – 5.00 pm	Audit team discussion / Debrief meeting with client on issues (if any) / End of Day 2 audit			All
9.00 – 10.00 pm	Discussion on potential NCRs			Audit team only

**Day 3: 7 January 2022 (Friday)**

Time	Activities / Areas to be visited			Auditee
8.00am	Continue unfinished assessments			Management representative
8:30am	To assign each audit team members – site and the P&C requirements			
	<b>Najwan</b>	<b>Raouf</b>	<b>Amir</b>	
	<ul style="list-style-type: none"> <li>Social aspects, child labour</li> <li>Interview with worker representative</li> <li>Linesite inspection</li> <li>Complaints and grievances</li> <li>Land titles, user rights</li> <li>Stakeholder consultation with affected communities surrounding the CU</li> <li>High conservation value</li> </ul>	<ul style="list-style-type: none"> <li>Laws and regulations</li> <li>Environmental management – witness activities at site</li> <li>Chemical store/fertilizer</li> <li>Waste &amp; chemical management</li> <li>Facilities at workplace</li> <li>Training and skill development programmes</li> </ul>	<ul style="list-style-type: none"> <li>Good Agriculture practices</li> <li>IPM implementation</li> <li>Occupational safety &amp; health practice – witness activities at site</li> <li>Interview with workers</li> </ul>	Guide(s) for each auditor
1.00pm	Lunch Break / Zuhur Prayer			All
2.00pm	Continue assessment at Smallholding farm			
3.30 – 4.00 pm	<ul style="list-style-type: none"> <li>Verification on outstanding issues for CU</li> <li>Auditor to inform auditee on the required document / records</li> <li>Continue Audit Team discussion and preparation of assessment findings.</li> </ul>			All
4.00 – 5.00 pm	<ul style="list-style-type: none"> <li>Discussion and acceptance on assessment findings with Management Representative.</li> <li>Closing meeting at CU</li> </ul>			Audit team only



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**Attachment 3**

**RSPO INDEPENDENT SMALLHOLDER STANDARD AUDIT CHECKLIST AND FINDINGS  
(RSPO ISH STANDARD NOV 2019)**

**Independent Smallholder Phased Approach for Certification, Claims and Benefits:**

Eligibility (E)

Milestone A (MS A)

Milestone B (MS B)

**(I) Internal Control System Requirements for Smallholder Groups (page 49 of ISH Standard)**

**A – ICS: Group entity and group management requirements**

Clause	Indicators	Comply Yes/No	Findings
A1 The group demonstrates that they are legally formed.	<b>A1.1 E / MS A / MS B</b> The group has appointed a group manager.	Yes	Mr. Chua Soon Lee has been appointed as LKM Trading Group Manager by the members (Chua Soon Nyee, Chua Soon Yee and Chua Soon Dee) based on letter dated in March 2019. LKM Trading had appointed a Group Manager as the management representative. Organisation structure detailing the positions and responsibilities of all members was made available.
	<b>A1.2 E / MS A / MS B</b> The group manager has evidence of legal identity.	Yes	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 legal entity as verified through Trading license (Lesen Berniaga).
	<b>A1.3 E / MS A / MS B</b> The group has membership requirements.	Yes	The membership requirement is based on contract 'Undertake to Enter into This Contract Agreement' as listed below: I. Obligations of the Group II. Obligations of the Producer III. Saction IV. Warning V. Suspension VI. Cancellation VII. Term and Termination
	<b>A1.4 E</b> All members have signed and acknowledged membership requirements.	Yes	Verified the contract between the Group and the Producer. LKM Trading – herein referred to as the Group. Chua Soon Lee & Chua Soon Nye, Chua Soon Yee & Chua Soon Dee – herein referred to as the Producer. The members have signed an agreement with the Group Manager in Sept 2019 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.

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Clause	Indicators	Comply Yes/No	Findings
	<p><b>A1.4 MS A</b> All members can demonstrate understanding of membership requirements.</p>	Yes	The Group Manager have kept evidence that the nature and structure of the group has been communicated to all members of the Group in an appropriate manner in Sept 2019. Compulsory training was conducted in May 2019 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 were described in the training.
A2 The group manager is responsible for managing the group for certification.	<p><b>A2.1 E</b> The group manager has planned for the implementation of the ICS.</p>	Yes	LKM Trading had established a SOP and Flow chart for Internal Audit System dated March 2019.
	<p><b>A2.1 MS A</b> The group manager can demonstrate compliance of the ICS by individual members.</p>	Yes	LKM Trading had established a SOP and Flow chart for Internal Audit System dated in March 2019. The internal audit was conducted between Oct and Dec 2021. A management review was conducted in Dec 2021.
	<p><b>A2.2 E</b> The group manager demonstrates understanding of the RSPO ISH Standard, group certification and related topics and has sufficient resources to manage the group.</p>	Yes	Based on interview and evidence of implementation collected during site visit, audit team has verified that the Group Manager are able to demonstrate competence and knowledge of: <ul style="list-style-type: none"> <li>▪ RSPO Independent Smallholder Standard, 2019</li> <li>▪ RSPO Supply Chain Certification Standard</li> <li>▪ Internal audit procedure and policies</li> </ul>
	<p><b>A2.2 MS A</b> The group manager can demonstrate capacity to manage and operate group certification and certification requirements.</p>	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.
	<p><b>A2.3 E</b> A group annual training plan is available covering the RSPO ISH Standard, group management (which includes group objectives, structure, relevant procedures and the certification process) and other topics as outlined in the ISH Standard.</p>	Yes	A 2022 Training Plan titled " <i>Jadual Latihan bagi Tahun 2022</i> " has been established by LKM Trading for the following courses aimed at creating awareness and improving knowledge and competency. It covers all aspects of the RSPO ISH Standard.
	<p><b>A2.3 MS A</b> The group manager implements a phased approach to ensure members have progressively attended training on the ISH Standard, group management and other topics as outlined in the ISH Standard according to the group annual training plan.</p>	Yes	The training was conducted as the Training Plan.

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Clause	Indicators	Comply Yes/No	Findings
	<p><b>A2.3 MS B</b> All members attended training and can demonstrate understanding of the ISH Standard, group management and Certification requirements including awareness on BMPs, HCV, Environmental protection, social welfare of workers and business operations.</p>	Yes	It was noted the training and briefing on RSPO (ISH 2019) was conducted in May 2021 to all members of independent smallholders, which is Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.

**B – ICS: Policies and management**

Clause	Indicators	Comply Yes/No	Findings
B1 The group ICS contains documented policies and procedures for operational management.	<p><b>B1.1 E</b> A group ICS is available for operational management including procedures of expulsion and sanctions for members who fail to comply, and a procedure to conduct internal audits.</p>	Yes	Flowchart for Internal Audit System for LKM Trading was established to monitor the performance of the management and controlling the compliance with the RSPO standard. Expulsion and sanctions for members who fail to comply had been stated inside contract in Item 3. (3.1 - Sanction, 3.2 - Warning, 3.3 - Suspension and 3.4 - Cancellation).
	<p><b>B1.1 MS A</b> The ICS is implemented and an internal audit is conducted for at least half of the group members and all audit findings are closed.</p>	Yes	The ICS was implemented and an internal audit was conducted in December 2021. All audit findings were closed.
	<p><b>B1.1 MS B</b> The ICS is implemented and an annual internal audit of the group is conducted for all group members and all audit findings are resolved.</p>	Yes	The internal audit for LKM Trading had been conducted with frequency once a year with latest conducted in Dec 2021 by the auditor from Hap Seng Plantations Holdings Berhad in accordance to RSPO Management System Requirements and Guidance for Group Certification of FFB Production (March 2018). Sighted that the internal findings were recorded and all the findings had adequately closed. The organization has plan to conduct next internal audit with new RSPO ISH Standard in October 2022.
	<p><b>B1.2 E</b> Basic information, farm information, production data, legal documentation of group members and signed Smallholder Declarations are available to the group manager.</p>	Yes	Basic information consists of information as required were sighted c/w signed by the smallholder available.

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**C – ICS: Group business planning**

<b>Clause</b>	<b>Indicators</b>	<b>Comply Yes/No</b>	<b>Findings</b>
C1 The group has a business plan prepared with the participation and contributions of all group members.	<b>C1.1 E</b> An annual group business plan is available, which includes: • production and income forecasting based on historical records • plans for expansion.	Yes	The Business Plan 2022 was available with attention focusing on the following among others to monitor the performance of the farm. a) Yield potential, trend and projection b) cost of production, cost per FFB mt and per hectare  The cost of production was reviewed and compared against expenditure each year with projections in place for the for the forthcoming years. LKM Trading had maintained a documented business plans historical records since 2012. The data maintained was sighted and verified.
	<b>C1.1 MS A</b> The group business plan is implemented and reviewed at least annually.	Yes	LKM Trading had a documented Business Plan with projections until the financial year 2026. The budget provisions covered Revenue and Expenditure on Production Cost, Field upkeep and General Charges. The production costs covered among others the following; a) Harvesting, b) Internal Transport, c) External Transport, d) Collection and Loading. The management plan was effectively implemented, and the achievement of the goals and objectives were regularly monitored, verbally discussed and reviewed on monthly basis. The Group Manager overall had a full accountability on achieving the targets.
	<b>C1.1 MS B</b> The group demonstrates financial stability and growth and is able to support itself financially.	Yes	The Group Manager had conducted risk assessment prior to entering the RSPO certification. However, as this property is a family members owned company, LKM Trading had demonstrated a sound financial stability and growth with ability to self support financially.
C2 The ICS of the group is integrated with the group's management plan.	<b>C.2.1 E</b> A group management plan is available, which includes: • training/capacity building plans to Improve productivity of group members • an approach to strengthen links within the supply chain • plan for continuous improvement projects (i.e. on waste, soil, etc.), if any.	Yes	LKM Trading Management Plan 2021 was established and described in the Continuous Improvement Plan dated in Jan 2019. Thereafter being reviewed and updated in Nov 2020. The document was compiled by HSP Sustainability Executive, Group Manager and LKM clerk. LKM Trading was committed to implement best agricultural practices to improve productivity and performance of the farm, strengthen links within the supply chain. In addition, LKM Trading also maintained efforts to improve continuously on the environmental impacts. The relevant plans and measures among others were: a) reduction of diesel usage / GHG emission. b) maintain water quality c) reduce soil erosion d) reduce land contamination e) improve soil fertility f) reduce waste

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Clause	Indicators	Comply Yes/No	Findings
	<b>C2.1 MS A</b> The group management plan is implemented and reviewed at least annually.	Yes	The Group Management Plan has been developed and established in document titled "Continuous Improvement Plan" dated in Jan 2019. Thereafter being reviewed and updated in Nov 2020.
	<b>C2.1 MS B</b> The group manager demonstrates the group's compliance with this ISH Standard.	Yes	The Group Manager of LKM Mr Chua Soon Lee has demonstrated understanding of knowledge of ISH Standard. LKM Trading are continuously in progress to be in compliance with the new ISH Standard 2019. Guidance is assisted by the Sustainability Unit of HSP.

**D – ICS: Group trading system for certified volumes**

Clause	Indicators	Comply Yes/No	Findings
D1 The group has a procedure and system in place for the tracking of FFB.	<b>D1.1 E</b> Record sheets to track the annual production and sales of certified volumes, covering traceability of producers and/or traders are available.	Yes	LKM Trading has maintained the yearly accounting system to Record sheets to track the annual production and sales of certified volumes, covering traceability of producers and/or traders RSPO certified and deliveries FFB.
	<b>D1.1 MS A</b> Group manager maintains annual production records and sales of certified volumes.	Yes	LKM Trading has maintained the yearly accounting system to Record sheets to track the annual production and sales of certified volumes, covering traceability of producers and/or traders RSPO certified and deliveries FFB.
	<b>D1.1 MS B</b> Group manager maintains annual production records and sales of certified volumes of all FFB sources.	Yes	LKM Trading has maintained the yearly accounting system to Record sheets to track the annual production and sales of certified volumes, covering traceability of producers and/or traders RSPO certified and deliveries FFB. LKM also has maintained all their receipts of FFB sales in the file name LKM Trading Weighbridge ticket.
D2 The group documents and implements a system for the tracking of FFB.	<b>D2.1 E</b> NA.	NA	-
	<b>D2.1 MS A</b> The group manager maintains annual production data and sales of certified volumes through Book and Claim for the group based on actual receipts for and sales by all members.	Yes	LKM Trading maintains annual production data and sales of certified volumes in the file Weighbridge Ticket and documents 'Records of Delivery and Sales of FFB at Jeroco/Bukit Mas'. The procedure in handling of sale and delivery was sighted namely SOP for Supply Chain and Traceability dated December 2020 and found adequate.

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<b>Clause</b>	<b>Indicators</b>	<b>Comply Yes/No</b>	<b>Findings</b>
	<b>D2.1 MS B</b> The group manager maintains annual production data and sales of certified volumes through physical or Book and Claim for the group based on actual receipts and sales for all members and 100% of all certified volumes.	Yes	LKM Trading has maintained the yearly accounting system to Record sheets to track the annual production and sales of certified volumes, covering traceability of producers and/or traders RSPO certified and deliveries FFB. LKM also has maintained all their receipts of FFB sales in the file name LKM Trading Weighbridge ticket and it can be confirmed is all 100% certified volume
D3 The group has a procedure and system for premium distribution.	<b>D3.1 E</b> The group and group manager have agreed on how the premiums should be used and the agreement is recorded and communicated to the group members. Prices, premiums, and timing of premium payment are clearly communicated and transparent to all group members. Premiums disbursed to members at all stages are recorded and the premiums are paid in a timely and convenient manner.	Yes	The group (Chua Soon Yee, Chua Soon Dee, Chua Soon Nyee) and group manager Mr. Chua Soon Lee have agreed on how the premiums should be used which is to cover the cost of RSPO Certification and the agreement is recorded in the contract between all of the members and communicated to the group members during the signage of contract dated in March 2019. Prices, premiums, and timing of premium payment are clearly communicated and transparent to all Group Member as evidence during interview through phone call due to all siblings of Group Manager currently in Singapore. Premium is disbursed to members at all stages are recorded and the premiums are paid in a timely and convenient manner, However, all of Groups Member are decided to use back Premium for RSPO Certification.
	<b>D3.1 MS A</b> The disbursement of premiums, including price and timing of the disbursement to group members is clearly recorded.	Yes	The disbursement received by the LKM Trading from Hap Seng Bukit Mas POM are already recorded in the Letter FFB Statement of Account. For Group Member Premium is disbursed to members at all stages are recorded and the premiums are paid in a timely and convenient manner. However, all of Group Member are decided to use back Premium for RSPO Certification as per evidence in letter dated January 2021.
	<b>D3.1 MS B</b> N/A	NA	-

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**(II) RSPO ISH STANDARD 2019**

**Principle 1: Optimise productivity, efficiency, positive impacts and resilience**

Implement professional and transparent operations to secure sustainable livelihood improvements.

Clause	Indicators	Comply Yes/No	Findings
1.1 Smallholders establish a legal entity that has the organisational capacity to comply with the RSPO ISH Standard.	<b>1.1 E</b> Legally registered entities have documented evidence to include: 1. Legal formation (as per country requirements) 2. Fair and transparent decision making and governance. 3. Additional documents per requirements for Group Formation and Management. 4. Signed or thumb printed Smallholder Declaration from all smallholder members (Reference Annex 2).	Yes	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. 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 in Sept 2019 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.
	<b>1.1 MS A</b> Group manager and group members have an Internal Control System (ICS) that meets all the ICS Eligibility and MS A requirements (section 3.2 below) and complete training on oil palm pricing mechanisms, financial management, and best practices for smallholder organisations.	Yes	LKM Trading had prepared and maintained the rules of the group. A contract agreement between members (Group and Producer) detailing rules dated in March 2019 was made available. LKM Trading had established a SOP and Flow chart for Internal Audit System dated 01 March 2019. The Audit Scope No 4 was for RSPO GAP activities. GAP assessment was done in Aug 2020. The assessment report titled 'Agronomic Report for FY2020 and Fertiliser Recommendations for FY2020'. On GAP activities free consultancy was provided by Hap Seng Sustainability Team.
	<b>1.1 MS B</b> Smallholder groups are operating in accordance to best management practices for groups, including: • Fair and transparent decision-making and governance • Sustainable financial management.	Yes	LKM Trading are operating accordance to best management practices for groups all decision making is based on fair and transparent. LKM Trading also had sustainable financial management since this Group is siblings' group all decisions making are through siblings meeting and no issue regarding the fair and transparent. The Group Manager (Chua Soon Lee) is responsible to ensures that the group meet the requirements of RSPO standard for Group Certification.

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1.2 Smallholders have the capacity to effectively manage their farm.	<b>1.2 E</b> NA.	NA	-
	<b>1.2 MS A</b> Smallholders complete training on farm business operations, monitoring and planning. The training includes capacity building on record keeping for production, including inputs and yields, transactions, and variety.	Yes	Based on interview and evidences 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"> <li>▪ Internal audit procedure and policies</li> <li>▪ ISH Standard 2019</li> <li>▪ RSPO P&amp;C MYNI 2019</li> </ul> Compulsory training was conducted covering all the requirement mentioned for all members especially on RSPO certification, business operations, monitoring and planning criteria for group membership, group members' documentation and plantation, agriculture practise, policies, safety and environment training, other obligation and others. The training was conducted in December 2020.
	<b>1.2 MS B</b> Smallholders are managing their farms effectively and maintain records of production and transaction data of all FFB sales.	Yes	LKM Trading had demonstrated sufficient resources and capacity for managing group certification and performance assessment against the standard. Group Manager and mandore were appointed to monitor the performance of the members through field visit, internal audit and risk assessment for members. LKM also maintain records of Production and Transaction Data of all FFB Sales to Jeroco 2 and Bukit Mas POM. Sighted Records of FFB Sales for the year.
1.3 Smallholders implement good agricultural practices (GAP) on their farms.	<b>1.3 E</b> Smallholders commit to implementing good agricultural practices on their farms. (reference Smallholder Declaration, 1.1 E, Annex 2).	Yes	LKM Trading had adopted the following documented manuals and documents as their standard operating procedures as guidance for the daily operations and activities. <ol style="list-style-type: none"> <li>a) Code of Good Agricultural Practice for Oil Palm Estates and Small Holdings</li> <li>b) Standard Operating Procedure (SOP)</li> <li>c) Safe and Standard Operating Procedure (SSOP)</li> </ol> Field visit and interviews in Jan 2022 to harvesting areas, chemical stores and the facilities confirmed that practices/operations are in according to code of Good Agricultural Practice for Oil Palm Estates and Small Holdings, SOP and SSOP. The estate also maintained records of harvesting details, yield, fertilizer used and productivity coverage. The farm uses NIL chemical for their weeding operations. All upkeep were manually eradicated.
	<b>1.3 MS A</b> Smallholders complete training on GAP.	Yes	LKM Trading training program for year 2022 covered all aspects of the RSPO ISH 2019. Regular assessments of training needs were presented to auditors by the LKM Trading Training Plan was established in January 2022. A training needs identification matrix has been established with target dates for the training to be conducted. The training program includes: <ol style="list-style-type: none"> <li>a) ESH Legal &amp; Other requirements</li> <li>b) Safe handling of Electrical Equipment</li> <li>c) Use &amp; Standard Exposure of Chemical Hazardous to Health (USECHH) 2000</li> <li>d) Accident Investigation Techniques</li> <li>e) Emergency Respond Plan Training (e.g., oil spill, poisoning, fire)</li> <li>f) First Aid Training</li> <li>g) Scheduled waste management</li> <li>h) Safe Work Procedure for All Stations.</li> </ol>



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			<ul style="list-style-type: none"> <li>i) Confined Space Training</li> <li>j) Policy Training</li> <li>k) Upkeep /maintenance / general work</li> </ul>
	<p><b>1.3 MS B</b> Smallholders have adopted GAP on their farms and are tracking productivity through, but not limited to, records of FFB sales.</p>	Yes	<p>LKM Trading have adopted GAP for the estate operations;</p> <ul style="list-style-type: none"> <li>a) Evidence verified that pesticides had not been used to control weeds or pests.</li> <li>b) There was no pest attacks and only manual weeding was carried out to control weeds. There was no record to show purchased of pesticides.</li> <li>c) The LKM adopted planting of beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> and continue to monitor pest through Early Warning System.</li> <li>d) <i>Neprolephis biserata</i> was maintained and propagated to be planted to suppress growth of noxious weeds and thus reduce the use of pesticides for selective weeding.</li> </ul> <p>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). Fertilizer application are made following the recommendations made from the Agronomist visit Hap Seng Plantations Holdings Berhad. The fertilizer recommendations were made based on annual foliar sampling and soil sampling made annually. Latest being in Sept 2021.</p> <p>The Group Manager, Mr. Chua Soon Lee is accountable to check on consistent implementation of GAP by:</p> <ul style="list-style-type: none"> <li>a) Periodic reporting to the Group/Management.</li> <li>b) On site visits, inspections and discussions with Mandore/workers.</li> <li>c) Assessments and audits like Internal Audits dated in Dec 2021</li> <li>d) Consultation with Management of Hap Seng Plantation Holdings Berhad.</li> </ul>

**Principle 2: Ensure legality, respect for land rights and community wellbeing.**

Comply with the law and respect communities' rights.

Clause	Indicators	Comply Yes/No	Findings
2.1 Smallholders have legal or customary rights to use the land in accordance with national and local laws, and customary practices.	<b>2.1 E</b> Smallholders provide the coordinates or maps of their plots and evidence of ownership, or rights to use the land. (reference Indicator 1.1 E, Annex 2).	Yes	Smallholders has provided the coordinates (Latitude at 5.30885 & Longitude at 118.49819) and maps of their plots (attached in the report – Attachment 1). The legal ownership and the maps to indicate the boundary stone were sighted at LKM Trading. The Land Title for both smallholders' plot has been verified, The Land Title are originated from Sabah Land Development (Sabah Government) and Sell to Company Name Orient Tide Sdn. Bhd. on 26 August 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.

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<b>Clause</b>	<b>Indicators</b>	<b>Comply Yes/No</b>	<b>Findings</b>
	<p><b>2.1 MS A</b> Smallholders can demonstrate legal ownership or native and/or customary rights to use the land or demonstrate that they are in the process of legalisation of that right.</p>	Yes	Smallholders have demonstrated legal ownership or native and/or customary rights to use the land or demonstrate that they are in the process of legalisation of that right. As reported in 2.1 E 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. The audit team has also interviewed relevant stakeholders such as the Kg Litang Head, Hap Seng Representative during stage 2 audit. From the interviews, it can be concluded that there was no evidence of any land dispute at LKM Trading.
	<p><b>2.1 MS B</b> Smallholders plots are clearly and visibly demarcated and maintained, and the smallholders are operating only within these boundaries.</p>	Yes	Field verification of LKM Trading, observed the boundary stones with number 951/845 were maintained between the other smallholding farm and the neighboring private oil palm estates of Hap Seng Sungai Segama Estate and neighboring smallholders. Red-white painted pole with number has been seen available along LKM Trading boundaries.
2.2 Smallholders have not acquired lands from indigenous peoples, local communities or other users without their free, prior and informed consent (FPIC), based on a simplified FPIC approach.	<p><b>2.2 E / MS A / MS B</b> For existing plots, smallholders can demonstrate that they have not acquired land without FPIC of indigenous peoples, local communities or other users (reference Indicator 1.1 E, Annex 2).</p>	Yes	There was no land dispute recorded at LKM Trading. This was verified through stakeholders' consultation. Furthermore, as reported in 2.1 E of this checklist, LKM Trading has been developed since 1999, after it was bought from the previous landowner, 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 Ketua Kampung of Kg. Litang and Hap Seng Representative. Based on the audit findings, copies of negotiated agreements on FPIC and other evidence required by these indicators were not applicable.
2.3 The right to use the land is not disputed by indigenous peoples, local communities, or other users.	<p><b>2.3 E</b> Smallholders declare any existing disputes on the land, commit to resolving said disputes and provide information on the current status of those disputes (if any). (Reference Indicators 1.1 E, Annex 2).</p>	Yes	There was no land dispute recorded at LKM Trading. This was verified through stakeholders' consultation. Furthermore, as reported in 2.1 E of this checklist, LKM Trading has been developed since 1999, after it was bought from the previous landowner, 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 Ketua Kampung of Kg. Litang and Hap Seng Representative. Based on the audit findings, copies of negotiated agreements on FPIC and other evidence required by these indicators were not applicable.
	<p><b>2.3 MS A / MS B</b> There is an absence of disputes among indigenous peoples, local communities or other users, regarding land, resource-use and access rights; or where there is a dispute, dispute resolution processes are</p>	Yes	There was no land dispute recorded at LKM Trading. This was verified through stakeholders' consultation. Furthermore, as reported in 2.1 E of this checklist, LKM Trading has been developed since 1999, after it was bought from the previous landowner, 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 Ketua

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Clause	Indicators	Comply Yes/No	Findings
	implemented and the process is accepted by all parties involved.		Kampung of Kg. Litang and Hap Seng Representative. Based on the audit findings, copies of negotiated agreements on FPIC and other evidence required by these indicators were not applicable. It has been confirmed during this audit that there was no land dispute case recorded in LKM Trading.
2.4 Smallholder plots are located outside of areas classified as national parks or protected areas, as defined by national, regional or local law, or as specified in National Interpretations.	<b>2.4 E / MS A / MS B</b> Smallholder plots are located outside of areas classified as national parks or protected areas as defined by national, regional or local law, or as specified in National Interpretations (Reference 1.1 E, Annex 2).	Yes	Site visit and document review of HCV area and Biodiversity assessment report with revision date 24 Dec 2021, observed smallholder plots are located outside of areas classified as national parks or protected areas as defined by national, regional, or local law, or as specified in National Interpretations.
2.5 For new planting, smallholders do not clear or acquire any land without obtaining FPIC of indigenous peoples and/or local communities and/or other users, based on a simplified FPIC approach.  *Do any smallholders within the group have plans for new planting of oil palm? If none, SKIP.	<b>2.5 E</b> For new oil palm planting, smallholders commit not to clear or acquire land from indigenous peoples, local communities, or other users without their FPIC, based on a simplified FPIC approach (reference 1.1 E, Annex 2).	NA	There was no plan for new planting of oil palm smallholders within the group. Therefore, this indicator does not applicable.
	<b>2.5 MS A</b> Smallholders complete training on how to conduct a simplified FPIC approach.  *Do any smallholders within the group have plans for new planting of oil palm? If none, SKIP.	NA	There was no plan for new planting of oil palm smallholders within the group. Therefore, this indicator does not applicable.
	<b>2.5 MS B</b> Based on a simplified FPIC approach, smallholders jointly agree on a plan with the affected indigenous peoples and/or local communities and/or other rights holders, including vulnerable groups, for new oil palm developments, if these involve land-use change.	NA	There was no plan for new planting of oil palm smallholders within the group. Therefore, this indicator does not applicable.

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Clause	Indicators	Comply Yes/No	Findings
	*Do any smallholders within the group have plans for new planting of oil palm? If none, skip.		

**Principle 3: Respects human rights, including workers’ rights and conditions.**

Safeguard human rights and protect workers’ rights, ensuring safe and decent working conditions.

Clause	Indicators	Comply Yes/No	Findings
3.1 There is no use of forced labour.	<b>3.1 E</b> Smallholders commit to no use of forced labour and ensure that any use of forced labour on the farm is terminated at Eligibility. They provide information on the source of labour, including family members, working on the farm and hired labour including contract workers (reference 1.1 E, Annex 2).	Yes	A special labour policy for employment of foreign workers has been addressed in the social policy dated in July 2018. 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. There was no trafficked labour are used. This was verified through all migrant workers passport, contract agreements and work permit including interview with workers at visited premise. These migrant workers are directly hired. No third party for the recruitment for all workers as verified with Group Manager and during interview session with workers. Both workers have been worked under the Group Manager since year 1999. Audit team has interviewed 2 Philippines workers at LKM Trading (CSY1 & CSL1). The interviewed workers mentioned that they were employed voluntarily, without the threat of a penalty. Workers has the freedom/right to terminate the employment contract without penalty given by company by providing notice of 30 days. A policy “ <i>Polisi Pekerja Buruh Asing</i> ” dated in July 2018 was also established.
	<b>3.1 MS A</b> Smallholders complete training on free and fair labour and implement measures to ensure that all work is voluntary, and the following practices are prohibited: <ul style="list-style-type: none"> <li>• Retention of identity documents including but not limited to passports;</li> <li>• Payment of recruitment fees by workers;</li> <li>• Contract substitution;</li> <li>• Involuntary overtime;</li> <li>• Lack of freedom of workers to resign;</li> <li>• Penalty for termination of employment;</li> <li>• Debt bondage;</li> <li>• Withholding of wages.</li> </ul>	Yes	It has been verified that the briefing records on RSPO (ISH 2019) standard requirement to all independent smallholders in May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.

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Clause	Indicators	Comply Yes/No	Findings
	<p><b>3.1 MS B</b> Workers on the farm, including their families, have unrestricted access to their identity documents, have freedom of movement and can declare that their employment is freely chosen.</p>	Yes	There are no families of workers staying in the farm. The workers kept their own identity documents (passport and work permit). The workers also have freedom of movement and declared that their employment is freely chosen.
<p>3.2 Children are not employed or exploited. Work by Children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.</p>	<p><b>3.2 E</b> Smallholders are aware of what defines child labour and ensure that any child labour in farm operations is terminated at Eligibility.</p> <p>Awareness of child labour and commitment to no child labour includes:</p> <ol style="list-style-type: none"> <li>1. Compliance with the minimum age of workers and as defined by local, state, or national law, or international law in the absence of local, state or national laws.</li> <li>2. Not exposing children to hazardous work.</li> <li>3. Providing adult supervision of children and/or young people working on the farm.</li> <li>4. Ensuring the practice of children's right to education is unrestricted and respected (reference 1.1 E, Annex 2).</li> </ol>	Yes	<p>"<i>Polisi Buruh Kanak-Kanak</i>" dated in July 2018 was publicly available at the visited smallholding farm. The policy statements emphasized on child under 18 years must not be employed to work in hazardous areas. This policy was posted on notice boards in the smallholding farm office. Smallholders are aware of what defines child labour and ensure that any child labour in farm operations is terminated at Eligibility. Based on the record list of workers and passport, all workers are above 18 years old.</p>

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Clause	Indicators	Comply Yes/No	Findings
	<p><b>3.2 MS A / MS B</b>                      Group managers and smallholders implement measures to protect children as follows:                      1. There are no workers on smallholder farms under the age of 15 or under the minimum age defined by local, state or national law, whichever is higher.                      2. Children are only permitted to help on family farms and are not permitted to perform dangerous, hazardous or heavy work.                      3. If young workers are employed, their work is not mentally or physically harmful and does not interfere with their schooling, if applicable.</p>	Yes	Audit team has verified Employment Agreement, copies of passports of Philippines workers, and List of Workers, and observation during site visit found all nine (9) workers are above eighteen years old
<p>3.3                      Workers' pay complies with minimum legal requirements, mandatory industry standards as defined by national law or collective bargaining, whichever takes priority in local regulations.</p> <p>*Are there workers on the farm? If no, skip.</p>	<p><b>3.3 E</b>                      Smallholders commit to pay workers according to minimum legal requirements or mandatory industry standards (reference 1.1 E, Annex 2).</p>	Yes	All workers had been paid according to minimum legal requirements Sabah Labour Ordinance [Section 108 (1)] and Minimum Wage Order 2020 as verified pay slip for Jan-March 2021. There was no late payment of wages for the year 2021.
	<p><b>3.3 MS A</b>                      Workers receive payments as expected and agreed in accordance with at least the legal minimum wage rate (excluding overtime premiums) and without discrimination against vulnerable groups, including women.</p>	Yes	<p>Pay and conditions are documented and made available during the audit. These are contained in the workers' pay slips and employment contracts. The employment contracts specify the latest minimum wages of RM1,100 per month payable to all workers with effect from 1 Jan 2019. Pay slips were sighted and are provided to workers on a monthly basis as confirmed during worker interviews. Pay slips for smallholding farm field workers show breakdown for all work done such as allowances received, deductions, no. of days worked. It was also verified that workers are being paid in accordance with the requirements stipulated under the Minimum Wages (Amendment) Order 2020 and the Sabah Labour Ordinance. Pay slip for all general workers in LKM Trading were verified by auditor. The wages have followed the Minimum Wages Order 2020.</p>
<p>3.4                      Workers understand their rights and freedom to file a</p>	<p><b>3.4 E</b>                      Smallholders commit to respect the rights of workers to file a complaint/grievance (reference 1.1 E, Annex 2).</p>	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:

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Clause	Indicators	Comply Yes/No	Findings
complaint/grievance to group manager or relevant third parties, including RSPO.  *Are there workers on the farm? If no, SKIP			i) Consultation Procedure ii) <i>Carta Aliran Membuat Aduan Kepada Pihak Pengurusan</i> iii) <i>Carta Aliran Membuat Aduan Masalah</i> iv) <i>Carta Aliran Aduan ke Pihak Atasan</i> v) <i>Carta Aliran Aduan</i> (Grievance Procedure) vi) External Communications Procedure
	<b>3.4 MS A</b> Smallholders complete training on workers' rights to file a complaint/ grievance and communicate to workers the means to file a complaint/grievance.	Yes	The specific grievance mechanism titled 'Grievances Procedure/Prosedur Aduan' dated 4 Jan 2021 was 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. Training record on grievances mechanism for mandore and workers dated in April 2021 were made available.
	<b>3.4 MS B</b> Workers are aware of and have access to an effective means for filing a complaint/ grievance.	Yes	Records of communication for workers and staff complaint at LKM Trading has been reviewed and found out that the process of dispute was resolved in accordance with the established procedure titled " <i>Prosedur Melapor Aduan dan Permasalahan-Pihak Berkepentingan Luaran dan Dalam</i> ". However, there was no complaint recorded for the year 2021. It was confirmed during consultation with two workers of the LKM Trading.
<b>3.5</b> Working conditions and facilities are safe and meet minimum legal requirements.	<b>3.5 E</b> Smallholders commit to providing safe working conditions and facilities (reference 1.1 E, Annex 2).	Yes	LKM Trading committed to provided safe working conditions and facilities by developed OSH Policy signed by the Group Manager dated in July 2018. The policy has been displayed at notice boards at office and at main entrance gate. Besides that, the OSH Policy has been communicated to all workers via morning muster. During the interview with workers at harvesting area, they are aware and understood the safe working condition and safety commitment as per established policy. Furthermore, LKM Trading has established OSH Plan that captures significant farm activities to ensure work practices for all workers are safe. Included in the plan are implementation of the following items and their periodic reviews to ensure its relevancy and effectiveness: <ul style="list-style-type: none"> <li>• Hazard Identification, Risk Assessment and Risk Control Register</li> <li>• Chemical Health Risk Assessment Action Plan as recommended by the Assessor</li> <li>• Updating Chemical Register</li> <li>• Apprising Legal Requirement Register to ensure compliance</li> <li>• Safe Standard Operating Procedure</li> <li>• OSH Training Program</li> </ul>
	<b>3.5 MS A</b> Smallholders, workers, and family members complete training and aware of health and safety risks associated with farm work, (including that of pesticide use) and how to mitigate them.	Yes	Workers have completed the training and aware of health and safety risks associated with farm work and how to mitigate them. Interview with workers revealed the training have been implemented and the necessary record has been maintained. Overall performance and understanding of smallholders, workers, and family members was satisfactory condition.

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Clause	Indicators	Comply Yes/No	Findings
	<p><b>3.5 MS B</b> Workers, including smallholder family members, have access to safe working conditions and amenities that include:</p> <ul style="list-style-type: none"> <li>• Safe and adequate housing, where applicable;</li> <li>• Access to basic first aid supplies;</li> <li>• Health and safety equipment, including minimum personal protective equipment (PPE) if appropriate for the type of work;</li> <li>• Adequate drinking water;</li> <li>• Access to toilets.</li> </ul>	Yes	<p>Workers have access to safe working conditions and amenities. LKM Trading continues to provide free housing, water supply, free medical services and free electricity. The conditions of the all four (4) units of workers houses at LKM Trading were safe and good condition with one bedroom, toilet, living hall and wet kitchen. The compounds were well kept and clean. LKM Trading workers using water from water rain harvesting for bath and washing clothes. Meanwhile, for drinking consumption, the management provided free drinking water to all workers. The Log Book for free drinking water distribution has been sighted. Workers interviewed confirmed that the houses and amenities provided are adequate, comfortable and requests for repairs were attended to in a timely manner.</p> <p>Site inspection at harvesting operation and fertilizers store, noted on evidence that first aid kit was available at all workplaces with complete contents and no medication with expired date. The stock of first aid box is regularly check and refill, when necessary, via outsider pharmacy. All workers such as harvesters and upkeep workers were continuously trained in safe working practices including SOP for PPE related to their job function and random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner. Appropriate PPEs were given free of charge to employees of smallholding farm visited. Sighted PPE issuance to all workers have been recorded in the "PPE Personal Record". Site inspection at harvesting operation, it was observed that all harvesters wearing the appropriate PPE according to HIRARC and SSOP.</p>
<p><b>3.6</b> There is no discrimination, harassment, or abuse on the farm.</p> <p>*Are there workers on the farm? If no, SKIP</p>	<p><b>3.6 E</b> Smallholders commit to no discrimination, harassment or abuse on the farm (reference 1.1 E, Annex 2).</p>	Yes	<p>The equal opportunities policy "<i>Polisi Kesamarataan Hak</i>" 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 were made available</p> <p>There was no evidence of discrimination when a cross section of employees was interviewed. A functioning grievance mechanism is in place. Based on the employee databases shown to the auditor, there was only one (1) female employee in LKM Trading.</p>
	<p><b>3.6 MS A</b> Smallholders complete training on workplace discrimination, harassment and abuse and are aware of the need for a safe workspace.</p>	Yes	<p>During this surveillance 2 audit, it was found that briefing on RSPO (ISH 2019) standard requirement has been conducted to all independent smallholders in May 2021 to Chua Soon Dee, Chua Soon Nye, Chua Soon Yee, Chua Soon Lee.</p>
	<p><b>3.6 MS B</b> Workers freely express that they are working in a place that is free from discrimination, harassment, or abuse.</p>	Yes	<p>Audit team has interviewed 2 Philippines workers at LKM Trading. These interviewed workers confirmed that they are working in a place that is free from discrimination, harassment, or abuse.</p>



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**Principle 4: Protect, conserve and enhance ecosystems and the environment**

Protect the environment, conserve biodiversity, enhance ecosystems and ensure sustainable management natural resources.

Clause	Indicators	Comply Yes/No	Findings
4.1 High Conservation Values (HCVs) on the smallholder plot or within the managed area and High Carbon Stock (HCS) forests identified after November 2019 using the simplified combined HCV-HCS approach, are managed to ensure that they are maintained and/or enhanced.	<b>4.1 E</b> Smallholders commit to protect HCVs and HCS forests through the precautionary practices approach (reference 1.1 E, Annex 2).	Yes	LKM Trading has committed to protect HCVs and HCS forests through the precautionary practices approach as stated in the "Smallholder Declaration" contract agreement dated in May 2021 which have been signed by all independent smallholders
	<b>4.1 MS A</b> Smallholders complete training on and are aware of: • the importance of maintaining and conserving HCVs and HCS forests • human-wildlife conflict and mitigation efforts • RTE species and important ecosystems.	Yes	Training on ' <i>Keselamatan dan Kesedaran Alam Sekitar</i> , HCV (Riparian/Buffer Zone), HCS dan RTE" was held in Oct 2021.
	<b>4.1 MS B</b> Smallholders implement Precautionary practices and manage and maintain RTE species, HCVs and HCS forests, where applicable.	Yes	LKM Trading continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways. During site visits, it was observed that the boundaries of these riparian belt along through in or flowing nearby Sg. Litang Kecil where most of the small rivers were linked to Sg. Segama was clearly demarcated with red paint around the palm trunk. Natural vegetation has colonized these riparian buffer belts as no weeding or fertilizer application was allowed. This buffer belt was also shown in the maps of the estates and being conserved. The LKM Trading had adopted water management plan to reserving 1 or 2 palms near the river as 5m by restricting agrochemicals application and is left undeveloped during replanting.
4.2 Where the existing smallholder plot has been planted and cleared after November 2005 or is on an area identified as HCS forest after November 2019 up to the eligibility period, a RaCP process appropriate for smallholders based on Land Use Change	<b>4.2 E</b> Smallholders provide information on all smallholder plots converted and planted with oil palm after 2005, through use of the simplified combined HCV-HCS approach for Smallholders (reference 1.1 E, Annex 2).	No	Audit found LKM Trading has cleared the land on 2004, and planting activities in March 2005 as stated in area statement. However, the Weighbridge Ticket sampled (10 sampled) dated from 4/12/2021 until 23/12/2021 showed it was location in 2007. It was confirmed during interview with weighbridge clerk. It has been data discrepancies between area statement and data from weighbridge ticket. Therefore, Major NCR MAR 01 2022 was raised.
	<b>4.2 MS A</b> Group members develop a plan to identify the maximum area for on-site remediation of HCVs lost since 2005 and HCS forests lost since November 2019, through a participatory process and the plan is submitted to RSPO.	Yes	

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<b>Clause</b>	<b>Indicators</b>	<b>Comply Yes/No</b>	<b>Findings</b>
Analysis (LUCA) will be applicable (reference preamble).	<b>4.2 MS B</b> An RSPO approved plan to remediate HCVs lost since 2005 and HCS forests lost since November 2019 is implemented.	Yes	
4.3 New planting of Independent smallholders, since November 2019: • Do not replace any HCVs • Do not replace any HCS forests as defined by the simplified combined HCV-HCS approach • Are not on steep slopes (more than 25 degrees or as in the National Interpretation) • Are not on peat areas of any depth.  *Do any smallholders within the group have plans for new planting of oil palm? If none, SKIP.	<b>4.3 E</b> Smallholders provide information on all planned new planting and commit to no new planting are on HCVs or HCS forests, on steep slopes (more than 25 degrees or as in the National Interpretation) or on peat (reference 1.1 E, Annex 2).  <b>4.3 MS A</b> Before any land preparation commences, group members develop an integrated management plan through a participatory approach to maintain or enhance HCVs as well as HCS forests identified after November 2019, as identified by the simplified combined HCV-HCS approach, before any land preparation commences. *Do any smallholders within the group have plans for new planting of oil palm?  <b>4.3 MS B</b> Smallholders have an RSPO approved Integrated management plan for their planned new planting and share a notice of this plan with those involved in the participatory mapping before any land preparation commences. *Do any smallholders within the group have plans for new planting of oil palm?	Yes  Yes	Auditors has verified through checking the <a href="http://www.globalforestwatch.com">www.globalforestwatch.com</a> , Google Maps and also through site visit to the LKM Trading. Based on the audit findings, it was confirmed that there were no new planting or new development of areas at LKM Trading. Hence, there was no need for planned new planting and commit to no new planting are on HCVs or HCS forests, on steep slopes (more than 25 degrees or as in the National Interpretation) or on peat (reference 1.1 E, Annex 2).  Auditors has verified through checking the <a href="http://www.globalforestwatch.com">www.globalforestwatch.com</a> , Google Maps and also through site visit to the LKM Trading. Based on the audit findings, it was confirmed that there were no new planting or new development of areas at LKM Trading. Hence, there was no need for develop an integrated management plan through a participatory approach to maintain or enhance HCVs as well as HCS forests identified after November 2019, as identified by the simplified combined HCV-HCS approach before any land preparation commences.
4.4 Where smallholder plots exist on peat, subsidence and degradation of peat soils are minimised by use of best	<b>4.4 E</b> Group manager confirms presence of peat on existing plots within the group and smallholders on peat commit to using best management practices (BMPs), and minimising subsidence and degradation of peat soils (reference 1.1 E, Annex 2).	Yes	Review on the soil map extracted from “The Soils of Sabah” kept by the Agronomy Department of Hap Seng Plantations Berhad confirmed that there are no peat soils in LKM Trading. This was also confirmed during the field visit. The property is made up of Kinabatangan and Kretam soil series.

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<b>Clause</b>	<b>Indicators</b>	<b>Comply Yes/No</b>	<b>Findings</b>
management practices.  *Do any smallholders within the group have existing plots on peat? If no, SKIP	<b>4.4 MS A</b> Smallholders complete training on best management practices (BMPs) for peat. The group has an action plan to minimise risk of fire, to apply BMPs for planting on peat and manage water systems in the certification unit.	Yes	Review on the soil map extracted from “The Soils of Sabah” kept by the Agronomy Department of Hap Seng Plantations Berhad confirmed that there are no peat soils in LKM Trading. This was also confirmed during the field visit. The property is made up of Kinabatangan and Kretam soil series.
	<b>4.4 MS B</b> Smallholders implement the group’s action plan based on BMPs, including fire and water management, and monitoring of subsidence rate for existing planting on peat.	Yes	Review on the soil map extracted from “The Soils of Sabah” kept by the Agronomy Department of Hap Seng Plantations Berhad confirmed that there are no peat soils in LKM Trading. This was also confirmed during the field visit. The property is made up of Kinabatangan and Kretam soil series.
4.5 Plots on peat are replanted only on areas with low risk of flooding or saline intrusion as demonstrated by a risk assessment.  *Do any smallholders within the group have plans for replanting plots that are located on peat? If no, SKIP.	<b>4.5 E</b> Smallholders commit to provide information on all plans for replanting and commit that replanting will only be in areas with low risk of flooding or saline intrusion (reference 1.1 E, Annex 2).	Yes	Review on the soil map extracted from “The Soils of Sabah” kept by the Agronomy Department of Hap Seng Plantations Berhad confirmed that there are no peat soils in LKM Trading. This was also confirmed during the field visit. The property is made up of Kinabatangan and Kretam soil series.
	<b>4.5 MS A</b> Smallholders with plots on peat complete training on identification of future risks of flooding or saline intrusion, and alternate land development strategies.	Yes	Review on the soil map extracted from “The Soils of Sabah” kept by the Agronomy Department of Hap Seng Plantations Berhad confirmed that there are no peat soils in LKM Trading. This was also confirmed during the field visit. The property is made up of Kinabatangan and Kretam soil series.
	<b>4.5 MS B</b> Prior to replanting on peat, smallholders complete a risk assessment related to flooding or saline intrusion and, where there is high risk, present a plan that includes alternate land development strategies, preferencing alternative livelihood planning.	Yes	Review on the soil map extracted from “The Soils of Sabah” kept by the Agronomy Department of Hap Seng Plantations Berhad confirmed that there are no peat soils in LKM Trading. This was also confirmed during the field visit. The property is made up of Kinabatangan and Kretam soil series.
4.6 Fire is not used on the oil palm plot for preparing land or for pest control, nor open fire for waste management on the	<b>4.6 E</b> Smallholders commit to no burning for preparing land or for pest control, nor open fire for waste management. Group manager records evidence of prior burning of members joining the group (reference 1.1 E, Annex 2).	Yes	All palms were 2005 planting and the next replanting at the earliest in only 2030. In addition, LKM Trading had established and documented a Zero Burning Policy in its Sustainable Agriculture Policy. The policy dated July 2018 and signed by the Group Manager stated “A strict Zero Burning Policy is practiced in relation to all new plantings, replanting or other developments”. This includes no open fire for waste management and pest control.

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Clause	Indicators	Comply Yes/No	Findings
farm.	<p><b>4.6 MS A</b> There is no physical evidence of new burning (after eligibility) for land preparation for oil palm by smallholders. Smallholders complete training on and are aware of:</p> <ul style="list-style-type: none"> <li>• alternatives to fire for land preparation and farm waste management (where appropriate and possible)</li> <li>• alternatives to fire for pest control</li> <li>• fire prevention and how to respond to and manage fires in their community and village.</li> </ul>	Yes	All palms were 2005 planting and the next replanting at the earliest in only 2030. In addition, LKM Trading had established and documented a Zero Burning Policy in its Sustainable Agriculture Policy. The policy dated July 2018 and signed by the Group Manager stated “A strict Zero Burning Policy is practiced in relation to all new plantings, replanting or other developments”. This includes no open fire for waste management and pest control. Waste forms the estate is disposed via collection transported to Lahad Datu in small quantity.
	<p><b>4.6 MS B</b> Smallholders do not use fire or practice burning for land preparation, waste management or pest control on the farm. For pest control, fire may be used only in exceptional circumstances i.e. where no other effective measures exist and with prior approval of relevant authority.</p>	Yes	All palms were 2004 planting and the next replanting at the earliest in only 2030. In addition, LKM Trading had established and documented a Zero Burning Policy in its Sustainable Agriculture Policy. The policy dated July 2018 and signed by the Group Manager stated “A strict Zero Burning Policy is practiced in relation to all new plantings, replanting or other developments. This includes no open fire for waste management and pest control.
4.7 Riparian buffer zones are identified and managed to ensure they are maintained and/or enhanced.	<p><b>4.7 E</b> Group manager identifies riparian buffer zones within the group and smallholders commit to no new planting in riparian zones (reference 1.1 E, Annex 2).</p>	Yes	Group Manager already identified riparian buffer zones as HCV 4 class in the “HCV Area and Biodiversity Assessment Report” with revision date in Dec 2021. The identification of buffer zones within the group and smallholders committed to no new plantings in riparian zones. The boundaries of these riparian belt along through in or flowing nearby Sg. Litang Kecil where most of the small rivers were linked to Sg. Segama was clearly demarcated with red paint around the palm trunk.
	<p><b>4.7 MS A</b> Smallholders complete training on and are aware of riparian buffer zone management, and the group has an action plan to maintain and/or enhance riparian buffer zones.</p>	Yes	Workers already completed training on buffer zone awareness in Oct 2020. Interviewed with the workers, noted that, all are aware of riparian buffer zone management. The LKM Trading had adopted “HCV Area and Biodiversity Assessment Report” with revision date in Dec 2020 as an action plan to maintain and enhance riparian buffer zones by reserving 1 or 2 palms near the river as 5m by restricting agrochemicals application and is left undeveloped during replanting.
	<p><b>4.7 MS B</b> Smallholders maintain and/or enhance riparian buffer zone areas.</p>	Yes	LKM Trading continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the managed vicinity. There is a waterways Sg. Litang Kecil within the area of Block 2 and managed as riparian zone. <ul style="list-style-type: none"> <li>a) Natural vegetation has colonized these riparian buffer belts as no weeding or fertilizer application was allowed.</li> <li>b) This buffer belt was also shown in the maps of the estate and being conserved.</li> </ul>

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Clause	Indicators	Comply Yes/No	Findings
			c) There was no construction of bunds/weirs/dams across the rivers of waterways passing through the estate.
4.8 Pesticides are used in ways that do not endanger the health of workers, family, communities, or the environment	<b>4.8 E</b> Smallholders commit to phase out paraquat and pesticides categorised as WHO Class 1A or 1B and those listed by the Stockholm or Rotterdam Conventions by: • immediately stop purchasing these pesticides • phasing out use of remaining stock by MS A • providing information for the group manager to keep record of pesticide purchase and use (reference 1.1 E, Annex 2).	Yes	LKM Trading uses no paraquat & pesticide listed categorised as WHO Class 1A or 1B and those listed by the Stockholm or Rotterdam Conventions. The entire operation for the field upkeep is on manual weeding. This is confirmed through interviews with the workers and field observations.
	<b>4.8 MS A</b> Smallholders complete training on BMPs for pesticides including pesticide usage, awareness on risks for pregnant and breastfeeding women and young workers; storage and disposal; paraquat and pesticides listed by WHO Class 1A or 1B, the Stockholm or Rotterdam Conventions (and in compliance with 3.5).	Yes	Pesticides had not been used in LKM Trading for the entire weeding and upkeep operations. a) There was no evidence to show that LKM Trading had used pesticides to control weeds or pests. b) There had been no pest attacks and only manual weeding was practiced to manage weeds/field upkeep c) There was no record to show that pesticides have been purchased for the estate operations. This indicator is therefore not applicable to LKM Trading practices and operations.
	<b>4.8 MS B</b> Smallholders implement BMPS for all pesticide use, including prohibiting use of pesticides by pregnant and breastfeeding women and young workers, and exclusion of paraquat and pesticides that are categorised as WHO Class 1A or 1B, or those listed by the Stockholm or Rotterdam Conventions, unless when authorised by relevant authorities for pest outbreaks.	Yes	Pesticides had not been used in LKM Trading for the entire weeding and upkeep operations. a) There was no evidence to show that LKM Trading had used pesticides to control weeds or pests. b) There had been no pest attacks and only manual weeding was practiced to manage weeds/field upkeep c) There was no record to show that pesticides have been purchased for the estate operations. This indicator is therefore not applicable to LKM Trading practices and operations.
4.9 The group and smallholders manage pests, diseases,	<b>4.9 E</b> NA.	NA	-
	<b>4.9 MS A</b>	Yes	LKM Trading conducted training session to the management and employees. This includes subjects among others relating to safe chemical use, IPM, weed and invasive species

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Clause	Indicators	Comply Yes/No	Findings
weeds and invasive introduced species using appropriate techniques, including but not limited to Integrated Pest Management (IPM) techniques.	Smallholders complete training on and are aware of BMPs, including, but not limited to safe chemical use, IPM, weed and invasive species management.		management. The management had a separate training for the team to ensure coverage of knowledge covered the entire estate management and employees.
	<p><b>4.9 MS B</b></p> <p>The group and smallholders maximise use of IPM approaches to minimise use of pesticides and herbicides on their farm.</p>	<b>Yes</b>	LKM Trading had a documented integrated pest management (IPM) system. The IPM technique includes the planting of beneficial plants i.e., as <i>Cassia cobanensis</i> , <i>Antigonan leptopus</i> and <i>Turnera sublate</i> . The establishment beneficial plant planting was sighted during the field visit. The progression to meet the recommended ratio is continuing. There was also cultivation on the poly bags prior to the field transfer.

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Attachment 4

**Details of Non-conformities and Corrective Actions Taken (SA2, 2021)**

<b>ISH Indicator</b>	<b>Specification Major only</b>	<b>Detail Non-conformances</b>	<b>Root Cause &amp; Corrective Action Taken by the CU</b>	<b>Verification Statement by Auditors</b>
Indicator  4.2	Major  MAR 01 2021	<p><b>Requirement:</b> 4.2: Where the existing smallholder plot has been planted and cleared after November 2005 or is on an area identified as HCS forest after November 2019 up to the eligibility period, a RaCP process appropriate for smallholders based on Land Use Change Analysis (LUCA) will be applicable (reference preamble).</p> <p><b>Finding:</b> The existing smallholder did not clear on planted and cleared area in term of month and year of planted and cleared.</p> <p><b>Objective evidence:</b> Audit found LKM Trading has cleared the land on 2004, and planting activities in March 2005 as stated in area statement. However, the Weighbridge Ticket sampled (10 sampled) dated from 4/12/2021 until 23/12/2021 showed it was location in 2007. It was confirmed during interview with weighbridge clerk. It has been data discrepancies between area statement and data from weighbridge ticket.</p>	<p><b>Root cause:</b> Data on date/year planting between LKM Trading and Bukit Mas Palm Oil Mill was varies. This is due to the data/system was not updated according to the date/year of the field involved.</p> <p>LKM Management has informed the oil mill to rectify the location from 2007 to March 2005 since 23 Jan 2022. The weighbridge ticket has shown the location in March 2005 accordingly.</p> <p><b>Corrective Action:</b> Regularly checking by LKM management with record on the new weighbridge ticket.</p> <p>Completion Date: 23<sup>rd</sup> January 2022</p>	<p>The Corrective Action Plan were received on 25 Feb 2022 and evidences to close NCR were received on 15 March 2022 has been accepted by auditors.</p> <p>The Weighbridge Ticket No.121584 dated 23/1/2022, No.122904 dated 3/2/2022 and No.125437 dated 19/2/2022 showed that statement of "Location in 2007" were changed to "Grouping 2005".</p> <p><b>Status: Closed</b></p>

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**Attachment 5**

**Details of Previous Non-conformities and Verification (SA1, 2020)**

<b>ISH Indicator</b>	<b>Specification Major only</b>	<b>Detail Non-conformances</b>	<b>Root Cause &amp; Corrective Action Taken by the CU</b>	<b>Verification Statement by Auditors</b>
Indicator A2.3 MS B  MRS 01 2021	Major	<p><b>Requirement: Indicator A2.3 MS B</b> All members attended training and can demonstrate understanding of the ISH Standard, group management and Certification requirements including awareness on BMPs, HCV, Environmental protection, social welfare of workers and business operations.</p> <p><b>Finding:</b> There was no evidence to show that all members have attended training as per requirement.</p> <p><b>Objective evidence:</b> Record of training for all members on ISH Standard, group management and certification requirements including awareness on BMPs, HCV, environmental protection, social welfare of workers and business operations were not available during audit.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on awareness on BMP, HCV, Environmental Protection, social welfare of workers and business operations with smallholder members. (Attachment 1)</p> <p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>
Indicator 1.1E  MRS 02 2021	Major	<p><b>Requirement: Indicator 1.1 E</b> Legally registered entities have documented evidence to include: 4. Signed or thumb printed Smallholder Declaration from all smallholder Declaration from all smallholder members (Reference Annex 2).</p> <p><b>Finding:</b> The signed agreement from all smallholder member did not fully follow the Smallholder Declaration template in the RSPO ISH Standard Annex 2.</p> <p><b>Objective evidence:</b> The signed agreement for all smallholder members dated 7 March 2019 did not used the</p>	<p><b>Root cause:</b> The estate management lack of understanding on the new standard of RSPO ISH 2019 that require management to include “Smallholder Declaration” into contract agreement between smallholder members.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately revised the contract agreement between smallholder members by including the “Smallholder Declaration” into the contract agreement. (Attachment 2)</p>	<p>Verified the ‘LKM Trading - Contract’ dated 24 May 2021 which have been by all independent smallholders. The agreement has followed the Smallholder Declaration template in the RSPO ISH Standard Annex 2.</p> <p><b>Status: Closed.</b></p>



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		standard template for Smallholder Declaration in Annex 2 or develop a new Smallholder Declaration based on the template in Annex 2.	Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.	
Indicator 1.1 MS A MRS 03 2021	Major	<p><b>Requirement: Indicator 1.1 MS A</b> Group manager and group members have an Internal Control System (ICS) that meets all the ICS Eligibility and MS A requirements (section 3.2 below) and complete training on oil palm pricing mechanisms, financial management, and best practices for smallholder organisations.</p> <p><b>Finding:</b> There was no evidence to show that all members have attended training as per requirement.</p> <p><b>Objective evidence:</b> Record of training on oil palm pricing mechanisms, financial management, and best practices for smallholder organisations are not available during audit.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on oil palm pricing mechanisms, financial management, best practices for smallholder organizations with smallholder members. (Attachment 1)</p> <p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>
Indicator 1.3 MS A MZK 01 2021	Major	<p><b>Requirement : Indicator 1.3 MS A</b> Smallholders complete training on GAP.</p> <p><b>Finding :</b> There was no evidence to show that Smallholders have attended training as per requirement.</p> <p><b>Objective evidence :</b> Record of training for all smallholders on GAP are not available during the audit.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on GAP with smallholder members. (Attachment 1)</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>

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			<p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	
<p>Indicator 3.1 MS A  MRS 04 2021</p>	Major	<p><b>Requirement: Indicator 3.1 MS A</b> Smallholders complete training on free and fair labour and implement measures to ensure that all work is voluntary, and the following practices are prohibited:</p> <ul style="list-style-type: none"> <li>• Retention of identity documents including but not limited to passports;</li> <li>• Payment of recruitment fees by workers;</li> <li>• Contract substitution;</li> <li>• Involuntary overtime;</li> <li>• Lack of freedom of workers to resign;</li> <li>• Penalty for termination of employment;</li> <li>• Debt bondage;</li> <li>• Withholding of wages.</li> </ul> <p><b>Finding:</b> There was no evidence to show that all smallholders have attended training as per requirement.</p> <p><b>Objective evidence:</b> Record of training on free and fair labour was not available during audit</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on free and fair labour with smallholder members. (Attachment 1)</p> <p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>
<p>Indicator 3.4 MS A  MRS 05 2021</p>	Major	<p><b>Requirement: Indicator 3.4 MS A</b> Smallholders complete training on workers' rights to file a complaint/ grievance and communicate to workers the means to file a complaint/grievance.</p> <p><b>Finding:</b> There was no evidence to show that all smallholders have attended training as per requirement.</p> <p><b>Objective evidence:</b> Record of training for all smallholders on workers' rights to file a complaint/grievance was not available during audit.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on workers' rights to file a complaint/grievance with smallholder members. (Attachment 1)</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>

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			<p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	
<p>Indicator 3.5 MS A  DA 01 2021</p>	Major	<p><b>Requirement: Indicator 3.5 MS A</b> Smallholders, workers, and family members complete training and aware of health and safety risks associated with farm work, (including that of pesticide use) and how to mitigate them.</p> <p><b>Finding:</b> There was no evidence to show that all members have attended training as per requirement.</p> <p><b>Objective evidence:</b> There was no evidence for all smallholders have completed training on health and safety risks associated with farm work, (including that of pesticide use) and how to mitigate them.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on health and safety risks associated with farm work (including that of pesticide use) with smallholder members. (Attachment1)</p> <p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>
<p>Indicator 3.6 MS A  MRS 06 2021</p>	Major	<p><b>Requirement: Indicator 3.6 MS A</b> Smallholders complete training on workplace discrimination, harassment and abuse and are aware of the need for a safe workspace.</p> <p><b>Finding:</b> There was no evidence to show that all smallholders have attended training as per requirement.</p> <p><b>Objective evidence:</b> Record of training for all smallholders on workplace discrimination, harassment and abuse and the need for a safe workspace are not available during audit.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the workplace discrimination, harassment and abuse and the need for a safe workspace with smallholder members. (Attachment 1)</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>

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			<p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	
<p>Indicator 4.1 MS A MRS 07 2021</p>	Major	<p><b>Requirement: Indicator 4.1 MS A</b> Smallholders complete training on and are aware of:</p> <ul style="list-style-type: none"> <li>• the importance of maintaining and conserving HCVs and HCS forests</li> <li>• human-wildlife conflict and mitigation efforts</li> <li>• RTE species and important ecosystems</li> </ul> <p><b>Finding:</b> There was no evidence to show that all smallholders have attended training as per requirement.</p> <p><b>Objective evidence:</b> Record of training for all smallholders HCVs and HCS forests, human-wildlife conflict and RTE species are not available during audit. Only training record for mandore and workers were made available and kept at estate office.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on HCVs and HCS forests, human-wildlife conflict and RTE species with smallholder members. (Attachment 1)</p> <p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p>During this audit (2022), training on "Keselamatan dan Kesedaran Alam Sekitar, HCV (Riparian/Buffer Zone), HCS dan RTE" was held on 6 October 2021.</p> <p><b>Status: Closed.</b></p>
<p>Indicator 4.7 MS A DA 02 2021</p>	Major	<p><b>Requirement: Indicator 4.7 MS A</b> Smallholders complete training on and are aware of riparian buffer zone management, and the group has an action plan to maintain and/or enhance riparian buffer zones.</p> <p><b>Finding:</b> There was no evidence to show that all smallholders have attended training as per requirement.</p> <p><b>Objective evidence:</b> There was no evidence that all smallholders have completed on riparian buffer zone management.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on riparian buffer zone management with smallholder members. (Attachment 1)</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>

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			<p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	
<p>Indicator 4.9 MS A  RMN 01 2021</p>	<p>Major</p>	<p><b>Requirement : Indicator 4.9 MS A -</b> Smallholders complete training on and are aware of BMPs, including, but not limited to safe chemical use, IPM, weed and invasive species management.</p> <p><b>Finding :</b> No training to smallholders had been conducted as required by the above requirement.</p> <p><b>Objective evidence :</b> There is no evidence that all smallholders had completed training on BMPs, IPM, weed and invasive species management available during the audit.</p>	<p><b>Root cause:</b> The estate management misunderstand on the new standard of RSPO ISH 2019 that required to conduct training to smallholder members too (although not involve directly in the estate management) and not only to the worker level as per previous practice.</p> <p><b>Corrective Action:</b> Correction: LKM Management immediately conduct the training on BMP, IPM, weed and invasive species management with smallholder members. (Attachment 1)</p> <p>Corrective Action Plan: Yearly checking by LKM management with record on the new requirement of RSPO ISH 2019.</p>	<p>Verified briefing and training records on RSPO (ISH 2019) standard requirement was conducted to all independent smallholders on 24 May 2021 to Chua Soon Dee, Chua Soon Nyee, Chua Soon Yee and Chua Soon Lee.</p> <p><b>Status: Closed.</b></p>

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**Attachment 6**

**The smallholder listing:**

<b>ISH ID No.</b>	<b>Group member (Name of registered ISH as per land title)</b>	<b>Site location address</b>	<b>GPS Location</b>	<b>Total certified area (ha)</b>	<b>Date joined</b>	<b>FFB production (MT/yr)</b>	<b>Year of planting</b>
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	30.39	2019	550	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	30.39	2019	550	2004
Total				60.77		1,100	

-END OF THE REPORT-