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PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

FELDA

**Management Unit: Jengka 21 Palm Oil Mill
Bandar Jengka, Pahang, Malaysia**

Report Author

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the Initial Certification Assessment of FELDA Jengka 21 Palm Oil Mill Operating Unit comprising Jengka 21 Palm Oil Mill, supply base, support services and infrastructure on 9 – 12th July 2011. BSi concludes that Jengka 21 operations comply with the requirements of RSPO Principles & Criteria: 2007 and Malaysia National Interpretation Working Group (MY-NI) Indicators and Guidance: November 2010.

During the initial assessment the audit team raised five major nonconformities which need to be addressed and closed by the management unit prior to proceed with the recommendation for certification. Based on the findings during the initial assessment, the audit team also raised a concern on compliance of the scheme smallholder and the need to carry out a special audit to verify the evidence of the close out of the major non conformities raised once the management unit is ready.

BSi conducted special audit on 20-21st July 2012 to verify the corrective action for the major nonconformities. During this audit, evidence of the close out of the major nonconformities and its implementation on site was assessed and verified. Beside this, assessment of the palm oil mill against the SCCS elements that related to the incoming FFB, processing, production of CPO and PK was conducted during the special audit. Furthermore the latest production and hectare data was gathered and audited to ensure the summary report includes the latest data.

With the successful close out of the major nonconformities, BSi recommends that Jengka 21 management unit that comprising of Jengka 21 Palm Oil Mill and supply base be approved as producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

a.i.	Active Ingredient
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
DID	Department of Drainage and Irrigation, Malaysia
DOE	Department of Environment, Malaysia
DOSH	Department of Safety and Health
EFB	Empty Fruit Bunches
EIA	Environment Impact Assessment
EMS	Environmental Management System
EPD	Environmental Protection Department
EPF	Employees Provident Fund
ERT	Endangered, Rare and Threatened species
ESA	Environmentally Sensitive Area
FCCP	Final Contract Certificate of Payment
FFB	Fresh Fruit Bunch
Ha	Hectare (s)
HCV	High Conservation Value

IPM	Integrated Pest Management
IUCN	International Union for Conservation of Nature and Natural Resources
JCC	Joint Consultative Committee
kW	Kilo Watt
LTI	Lost Time Injury(ies)
MSDS	Material Safety Data Sheets
MSGAP-OP	Malaysian Standard Good Agriculture Practices-Oil Palm
NCR	Non Conformity Report
NGO	Non Government Organisation
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PCD	Pollution Control Device
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Round Table on Sustainable Palm Oil
SA	Social Accountability
SOP	Standard Operating Procedure
SEIA	Social and Environment Impact Assessment
SIA	Social Impact Assessment
SW	Schedule Waste
TDS	Total Dissolved Solid
TSS	Total Suspended Solid
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health
WHO	World Health Organisation

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the Jengka 21 palm oil mill and its supply bases of FFB were assessed against the MY NIWG: November 2010 of the RSPO Principles and Criteria: 2007.

1.2 Certification Scope

The scope of Certification covers production of pal products from one (1) palm oil mill (Jengka 21 mill) and FFB supply base from 9 (nine) company managed estates and smallholders.

1.3 Location and Maps

The Jengka 21 Management Unit is consists of the Jengka 21 Mill and supply bases are located in the State of Pahang, Malaysia (**Figure 1**). An additional map showing detail of the eleven supply base is included in **Figure 2**. The GPS location of the palm oil mill is shown in **Table 1**.

Table 1. Mill GPS Location

Mill	Easting	Northing
Jengka 21	102°28' 56" E	03°43'30" N

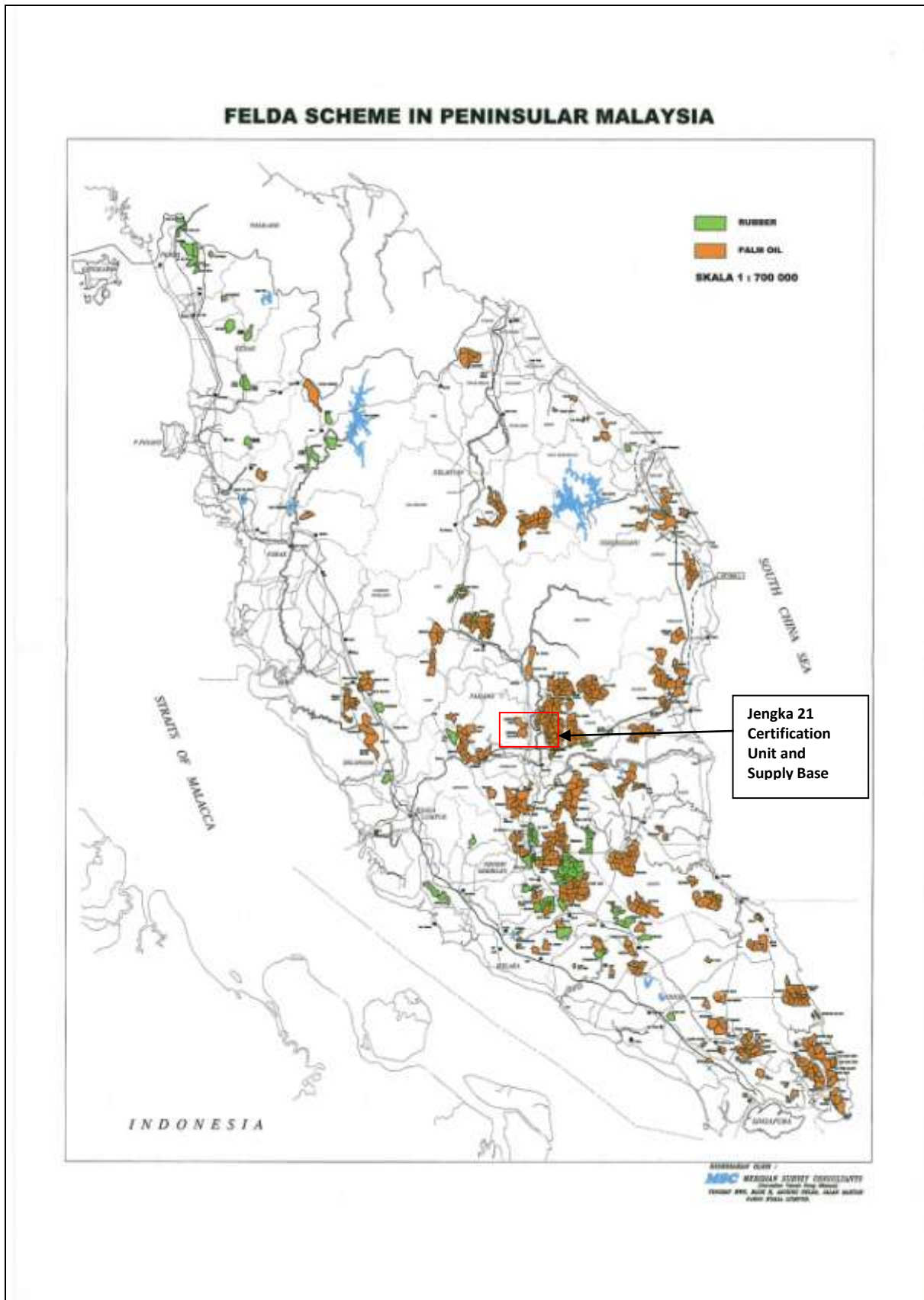


Figure 1. Location Map of FELDA Plantation in Peninsular Malaysia and Jengka 21 Certification Unit

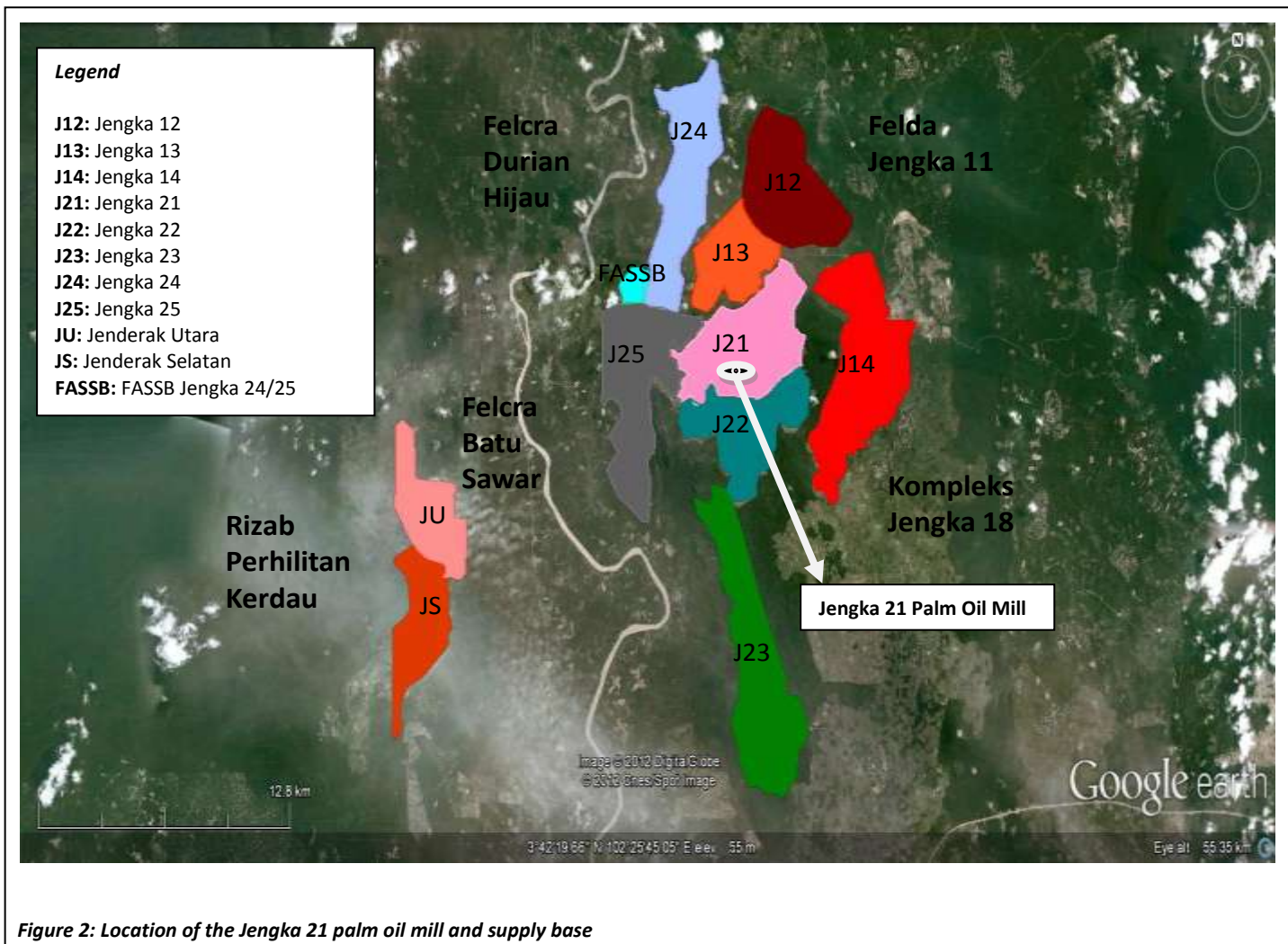


Figure 2: Location of the Jengka 21 palm oil mill and supply base

1.4 Description of Supply Base

It is noted that FELDA is managing smallholder plots through Felcra Techno Plant and a scheme manager. In some cases, about less than 5% of the smallholders manage their plots and delivering the FFB to Jengka 21 palm oil mill. Although some of the plots are managed individually, FELDA scheme management monitor the field works and regularly give best management advisory to these smallholders which includes fertilizer recommendation, harvesting techniques and maintenance. The supply base is also includes the FFB produced from the research area managed by the Felcra’s Research and Development subsidiary, Felcra Agriculture Services Sdn Bhd (FASSB) named FASSB Jengka 24/25.

FFB is sourced from Felcra’s FASSB and smallholders under FELDA scheme. The FFB production from the supply base is listed in Table 2. A total of 225,352 tonnes of FFB produced by the supply base and delivered to the Jengka 21 Palm Oil Mill. The FFB is considered as mass balance because there are times where FFB from other Felcra’s uncertified mills is diverted to Jengka 21 palm oil mill for processing. This

happens during the mill inspection by the DOSH. Furthermore the palm oil mill is purchasing about 162 tonnes of FFB from external smallholder. This FFB is excluded from the certified FFB.

Table 2. Projected FFB Production for 2012

Estate	FFB Production (Tonnes)
Jengka 12	38,489
Jengka 13	26,843
Jengka 14	33,058
Jengka 21	29,101
Jengka 22	27,219
Jengka 23	26,826
Jengka 24	0
Jengka 25	0
Jenderak Utara	14,681
Jenderak Selatan	15,312
FASSB Jengka 24/25	13,823
TOTAL	225,352

The trend of FFB production for the last three years is shown in Table 3.

Table 3. Trend of FFB Production tonnages by the supply base for 2009 - 2011

Year	2008	2009	2010	2011
FFB	28,869	232,554	186,938	236,577

1.5 Date of Plantings and Cycle

It is noted that FELDA Jengka 21 management unit supply base undergone vast replanting program since 2005. This replanting was carried out through FELDA's subsidiary, Felda Techno Plant. Felda Techno Plant completely manages the land throughout the replanting stage.

Table 4. Age Profile of the palms at each supply base (ha)

Year Planting	2001-2005	2006-2010	2011	Total	Grand Total
Jengka 12	1,657.18	-	-	1,657.18	14,318.73
Jengka 13	1,601.28	-	-	1,601.28	
Jengka 14	1,611.51	-	-	1,611.51	
Jengka 21	1,625.66	-	-	1,625.66	
Jengka 22	1,160.31	-	-	1,160.31	
Jengka 23	-	1,878.98	-	1,878.98	
Jengka 24	-	1,439.68	-	1,439.68	
Jengka 25	-	-	843.73	843.73	
Jenderak Utara	1,030.26	-	-	1,030.26	
Jenderak Selatan	-	599.60	-	599.60	
FASSB Jengka 24/25	-	870.54	-	870.54	
Total	8,686.20	4,788.80	843.73	14,318.73	

1.6 Other Certification Held

The Jengka 21 Palm Oil Mill holds three other certifications as follows:

ISO 14001: 2004 (Environmental Management Systems), valid until 31 August 2013

ISO 9001: 2008 (Quality Management Systems), valid until 31 August 2013

OHSAS 18001: 2007 (Occupational Health and Safety Management Systems), 31 August 2013

1.7 Organization Information/Contact Person

The contact details for the Jengka 21 certification units as follows:

Contact Person: K. Ilangovan
Associate Research Principle
Jabatan Sustainability
Felda Agricultural Services Sdn Bhd, Tingkat 7, Balai FELDA, Jalan Gurney 1, 54000 Kuala Lumpur
Phone: +60326897772
Fax: +60326930018
Email: k.ilangovan@felda.net.my

1.8 Time Bound Plan for Other Management Units

Felda is operating 70 palm oil mills and has a time bound plan to certify all the palm oil mills and supply base by 2017. There is no new planting took place since 2010.

Felda is implementing a programme to achieve RSPO Certified Sustainable Palm Oil for all of its operation in Malaysia. There are seven certification units already certified. The time bound plan and progress is shown in Appendix F.

Felda is a RSPO member (Membership number: 1-0013-04-000-00) since October 2004. On the basis of information provided by Felda and that collected at the time of the audit, the Audit Team has concluded that there are no significant land conflicts, no replacement of primary forest or any area containing HCVs since November 2005, no labour disputes that are not being resolved through an agreed process and no evidence of noncompliance with the law at any of the noncertified holdings. There was no any dispute was highlighted during the stakeholder consultation and during the 30 days public stakeholder consultation period.

Furthermore, Felda has undertaken self assessment to assess the requirement and compliance to the partial certification. This self assessment result was made available to the audit team. The audit team satisfied that Felda conforms to the RSPO requirement for partial certification as per in clause 4.2.4 in RSPO Certification Systems.

BSi leas auditor has reviewed Feldas Time Bound Plan and considers this to conform to the RSPO requirements for Partial certification.

1.9 Area of Plantation

The hectare statement for the supply base is shown in Table 5. This statement includes mature and immature area at the Jengka 21 certification unit's supply base.

Table 5: Supply Base Hectare Statement

Estate	Mature (ha)	Immature (ha)
Jengka 12	1,657.18	-
Jengka 13	1,601.28	-
Jengka 14	1,611.51	-
Jengka 21	1,625.66	-
Jengka 22	1,160.31	-
Jengka 23	1,878.98	-
Jengka 24	-	1,439.68
Jengka 25	-	843.73
Jenderak Utara	1,030.26	-
Jenderak Selatan	599.60	-
FASSB Jengka 24/25	309.76	560.78
Total	11,474.54	2,844.19
Grand Total	14,318.73	

1.10 Approximate Tonnage Certified

The approximate projected tonnages of CPO and PK that would have been certified on the basis of 2011 actual production and projected for the next twelve months in 2012 are shown in Table 6.

Table 6. Approximate CPO and PK Tonnages Certified

Jengka 21 Palm Oil Mill	Actual 2011	OER and KER	Projected 2012	OER and KER
FFB	236,577	-	225,352	-
CPO	46,562.97	19.68	48,024.00	21.31
PK	10,614.86	4.49	10,619.10	4.71

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the CPO and Pk production from the Jengka 21 certification unit (one palm oil mill) and the supply base (refer to Table 6 for tonnages). The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

2.0 ASSESSMENT PROCESS**2.1 Certification Body**

BSI Group Singapore Pte Ltd
3 Lim Teck Kim Road #10-02
Genting Centre, Singapore 088934
RSPO Scheme Manager: Mr Aryo Gustomo
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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Management Systems provides independent, third party certification of management systems. BSi has a Regional Office in Singapore and an Office in Thailand, Kuala Lumpur and Jakarta.

2.2 Qualifications of the Lead Assessor and Assessment Team**Iman Nawireja Lead Assessor**

Iman Nawireja graduated with a Bachelor of Agricultural Science from the University of Bogor in 1997 and a Masters Degree in Communications from the University of Indonesia in 2002. He is a Lecturer in social statistics at the Bogor Agricultural University and has more than 15 years' experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 9001 Management Systems, RSPO Lead Auditor Training, and ISPO Lead Auditor Training. He has conducted a numbers of environmental and social assessments of oil palm projects during the past 8 years. He has also conducting audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia, and Papua New Guinea (PNG) for more than 50 mills.

Hendra Wijaya (Environment, EHS, and Best Practice – Mill)

He has graduated BSc in Chemical Engineering from the Bandung Institute of Technology, Indonesia in 1989 and MSc in Chemical Engineering, majoring on Environmental and Safety at the University of Indonesia, in 2009. He has completed lead auditor training in ISO 14001; Environmental Management Accounting training, Social and Environmental Impact Assessment Training (AMDAL); Industrial Wastewater Treatment, Pollution Prevention Cleaner Product, and Industrial Wastewater Treatment. He is a lead auditor in Environmental Audit since 1990s, including Compulsory Audit from the Ministry of Environment on various industries including oil palm mills, estates, and refineries. He has also assisted with audit of RSPO in Malaysia for pre assessment and main assessment.

Senniah Appalasamy – Assessor

He holds degree in Resource Economics from Agriculture University of Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering

assessment with RSPO P&C, RSPO SCCS and RSPO NPP in Malaysia and Indonesia. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course and International Sustainable Carbon Certification (ISCC) Lead Auditor training. Beside RSPO, he is also qualified as ISCC lead auditor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

This report was reviewed by Mr. Aryo Gustomo – BSI RSPO Scheme Manager.

2.3 Assessment Methodology, Programme, Site Visit

The assessment was made in three stages. The Stage I Assessment was conducted between “11, 13, and 14 December 2010” against the RSPO Malaysia National Interpretation Working Group (MY NIWG) Indicators: November 2010, to determine progress of Jengka 21 management unit has made towards certification.

Stage II Assessment Visit (Initial RSPO Certification) for “FELDA – Jengka 21 Palm Oil Mill and Supply Base” conducted between 09 and 12 July 2011. The assessment plan is included as Appendix B.

There was a special audit conducted on 20 – 21st July 2012 to verify the close out evidence of the major nonconformities raised during initial certification assessment and its implementation. During this special visit the palm oil mill was assessed against the SCCS document dated 25th November 2011 to verify the implementation of the supply chain elements. The latest FFB, CPO and PK production data was collected and verified during this special audit.

The approach to the initial certification audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the supply base. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

The audit to close out Major Corrective Action Requested was conducted on 20 – 21st July 2012. All non-conformities were successfully closed due to action taken being effective.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by

placing an invitation to comment on the RSPO, BSi and FELDA websites.

Letters were written to individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees; sub contractors and suppliers. Workers organisation invited. There were two employee unions involved in the stakeholder consultation. The staffs were represented by Felda Staff Union and workers were represented by Felda Workers Union (Kesatuan Pekerja Felda). Foreign workers join Joint Consultative Committee to express their issues and were consulted during assessment.

External stakeholders included organizations such as Government, NGOs and Civil Societies, who have an interest in the Pahang area and resident communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with government agencies and NGOs were held in their respective premises within and near the estates and Jengka 21 Palm Oil Mill.

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators.

List of Stakeholders Interviewed

Workers and Staff

Fertilizer Applicator
Clinic Staff
Pesticide Sprayers
Harvesters
FFB Loader
Mill Workshop
Grading operators
Women Representative

Local Community
Government Officials
Labour Department
Forestry Department

Non Government Organization

2.5 Date of Next Surveillance Visit

The surveillance assessment visit is planned to be carried out within the twelve months following the date of issuance of the RSPO Certificate.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the supply base. The results for each indicator from each of these operational areas have been compiled to provide an assessment of overall conformance of the Company's operations within each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the assessment two (2) Nonconformities against Major Compliance Indicators and three (3) Nonconformities against Minor Compliance Indicators were identified. Thirty-five (35) Observations/Opportunities for improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2.

Felda Jengka 21 has prepared a Corrective Action Plan (Appendix F) for addressing the identified major nonconformity that was reviewed and accepted by BSi.

BSi's assessment of Felda Jengka 21 operations, comprising one palm oil mill, supply base, infrastructure and support services, concludes that Felda Jengka 21 operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NIWG Indicators and Guidance: November 2010.

BSi recommends that Felda Jengka 21 certification unit be approved as producer of RSPO Certified Sustainable Palm Oil.

Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision-making.

Felda have a system whereby any request for information is directed to local mill or estate manager who later delegated to appropriate officer, in most cases to the Chief Clerk (CC). Records are held in a register of all requests for information and any information required by stakeholders is made available if possible. The register includes the date received, date responded to as well as any other pertinent information with regards to each request received.

All information made available is in the local language and is available in hard copy if required. Example of management documents at each estate or mill is detailed below:

JK21M: A file of "Pentadbiran Am" is maintained with the most recent request letter from RTM (Radio Televisyen Malaysia) dated 21 October 2010 to carried to filmed mill activities for "I Got It" Programme between 25 – 28 October 2010. Mill received the request at 22 October and permit was given at the same day. Immediate action was taken, as mill responded to

the request at the same day. JK21E: No request of information been received by the estate in last two years. JK24/25E: MPOB carried out only No request of information labour usage survey in February 2011, questionnaire need to be filled out online at the end of the month. Inspection to "Laporan PORLA (MPOB) indicated prompt respond; estate filled out the questionnaire at 20 February 2011. JK14E: MPOB required all estate to submit estate performance online at <http://www.e-sub.mpob.com.my> no later than 07 each month. Inspection to estate record indicated that report was submitted at 08 June 2011; estate need to increase they reporting performance so there was no delay in report submission.

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

On the whole documents that are not release are not in related to environmental or social issues and are mainly of a confidential financial in nature. A reason for non-disclosure will be given when the document were not released. There is a list of publicly available documents that is approved by manager and can be produced upon request, includes the following as an example:

- (1) Felda Policies and Guidelines
- (2) Land titles (user right)
- (3) Safety and Health Plan
- (4) Hazard Identification and Risk Assessment (HIRAC)
- (5) Environmental Aspect and Impact Register
- (6) Social Impact Analysis
- (7) Pollution Prevention Plan
- (8) Details of complaints and grievances
- (9) Negotiation procedures
- (10) Continuous improvement plan

Land titles can be made available upon request. Original kept by head office, copy available on site as the follows:

JK21M: Mill (belong to Felda Palm Industries Sdn Bhd) hold the permission from Lembaga Kemajuan Tanah Persekutuan (Felda) to build mill and supporting facilities for total area of 49.99 ha. Some parts of the land covering 28.424 ha were initially "owned" by "7 settlers". Following negotiation, all of the land then be replace by the same acreage, for example; Sisam bin Siros who hold lot No. 35481 was replaced by lot No. 35441. Original agreement is available at HQ; copy of the agreement need to be made available on site.

JK21E: Felda land are under GSA 1960; the estate development was started in 1976 where 1,625.66 ha with total settlers 416 people. In 2004, the land was converted into oil palm. A total 352.89 ha is keep planted to rubber or oil palm and managed by the settlers. During the assessment (early July 2011), it is noted that as many as 122 settlers dropped out from the programme and kept the management of the estate independently managing themselves. The remaining

area belongs to 265 settlers were currently fully managed by Felde management. Combine grant will be issued where both of couples eligible for 50% of the land holding; all the process expected to be completed by end of the year.

Felde helped smallholders to get their land titles from PTD Maran expected to be approved as early of 2011.

JK14E: Scheme started in 1971. Originally the JK14E consists of 474 smallholders planted to rubber. Following the first replanting in 2003, where there is a conversion from rubber to oil palm planting, 368 of them keep to join Felde however other 106 farmers were prefer to become an independent farmers. Currently from 368 who join Felde during replanting 41 of them pull out their membership to become independent farmers, left 237 keep joined Felde scheme. Of total 106, 103 of them planted to rubber, 2 plots planted to oil palm, and 1 plot to snake fruit. Of total 368 smallholders, 341 of them already granted land title while other 60 smallholders were on process of PTD Maran approval. Felde kept the copy of grant on site, for example inspection of the document found following documents of Derus bin Min, No. 6853 dated 28 September 1995. JK24/25E: the land was granted by Felde to FAS for research station, dated 21 December 1998 expired on 2097, land status temporary owned land, No. 060802HSD00016670, record held on file "Dokumen Pengurusan".

The Five Year Management plan includes a health and safety plan, which is available for inspection.

The OHS Plan will be made available upon request. It is also posted in all work areas in prominent position on noticeboards where workers congregate at certain times—this includes in the mill and estates and is sighted during audit.

JK 21M conducted chemical health risk assessment (CHRA) by third party on July 4th, 2009, report was submitted on 18th October 2009 including 33 chemicals categorized as C3 (significant risk to health because in adequate control), 7 chemicals categorized as C1 (does not present a significant to health and is adequately controlled or can be readily controlled. And only 2 chemicals have C4 (there is insufficient information available to determine the degree of hazard). Recommendation made by CHRA report proper use of the correct and approved PPEs, conduct personal exposure monitoring by Hygiene Technician 1, and health surveillance programme by OHD for laboratory assistant and boiler operator. Improvement suggested by CHRA are preparing the chemical register, updating MSDS in dual language, ensuring proper labelling of chemical containers as per classification CPL Regulation, 1997 and putting up signs at entrance of works areas containing chemicals and review the safe work system.

Inspection, testing and examination report on local exhaust ventilation system at Laboratory inspection date December 29, 2010 there are 3 points fume hood FH-1

generally safe & acceptable, Oven fume hood need to add 10" wall mounted fan, and extraction fume hood to handle hexane not acceptable and need to redesigned the proper LEV for extraction per requirement Reg18.

JK21E: CHRA conducted on May 13, 2009, and acceptance of the report on June 13, 2009 this CHRA result identified some C3 (risk were found to be significant now and not adequately controlled) situation. There is some action that not following up yet like Personal exposure monitoring and health surveillance on symptoms of neurological toxicity. Special requirements also stated for chemical store keepers from occurrence of dermal irritation symptoms. Training needs already fulfilled for the storekeepers.

Some recommendation also should be following up such as (1) placing industrial exhaust fan of fertilizer store, to replaced or substitute paraquat with less hazardous herbicides; (2) change current mask to DOSH Certified respirator; (3) put irritant warning for ALLY and GLYPHOSATE, and (4) toxic warning for paraquat. Emergency eye wash kit also should be provided in the field for cleaning purpose during emergency.

JK14E: CHRA conducted on 28 September 2010 and reported on 05 January 2011, this report requested JK14E conduct training of chemical handling at least once every 2 years especially for store manager with the topic of OSHA 1994, USECHH 200, CPL 1997, Akta Racun Makhhluk Perosak 1974, Langkah Kerja serta Prosedur Selamat, PPE, Tindakan kecemasan tumpahan bahan kimia. The program should be documented and be sent/reported to JKKP.

1.2.2. Observation. Improvements as per CHRA have not been implemented. JK21M: oven fume hood need to add 10" wall mounted fan, and extraction fume hood to handle hexane not acceptable and need to redesign the proper LEV for extraction per requirement Reg18. JK21E: personal exposure monitoring and health surveillance on symptoms of neurological toxicity has not been carried out; mask did not meet DOSH requirement; improper signage and warning for Ally, Glyphosate, and Paraquat. Emergency eye wash kit was not consistently available on site.

Plan to prevent pollution are considered by management commercially sensitive information and only be made available to Government body. Plan in relation to environmental control can be viewed on site if necessary however careful guidance is necessary as disclosure of some of this information might result in negative environmental and social outcome.

1.2.2. Observation. Environmental aspect impact register needs to be improved to cover all aspects and impacts of the operations, relating it to mitigation measures to show pollution prevention and continuous improvements.

Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan prepared in 01

October 2008 and have been updated each year since with both being recently updated in August 2011. The current updates are made available to the public.

JK21M: Mill has an Environmental Aspects and Impacts Register (see 5.1 that need to be improved), it should covering all aspect and impact of its operations and relating to mitigation measures, showing pollution prevention and continuous improvements. JK21E: Impact assessment and plans exist but need to be improved. JK 24/25E: Plan available for inspection, however, the relation not clearly defined. JK14E: Environmental impact assessment done but need to be improved to reflect the real environmental situation and mitigation done by facility.

1.2.3. Observation. Pollution prevention is plan available, however, it is not directly related to environmental impacts identifications.

The Company holds details of complaints and grievances including grievance of female workers and staffs. Felda has developed a generic grievance procedure in form of grievance reporting flowchart that was introduced during training and morning muster briefings. Interviews with workers confirmed that they understand Felda grievance procedure and mechanism.

There is a monthly meeting between JCC (Joint Consultative Committee: smallholders representative and management) the last meeting was carried out at 30 August 2010. Another mean is mill open day by inviting stakeholders where stakeholders able to raise concern (27 October 2010). A complaint box and grievances book was also prepared and it is accessible to external stakeholder.

JK21M: Mill holds complaints and grievance form external stakeholders at “Buku Aduan Luaran”. Inspection to the record indicated several complaints has been made, the last complaints was raised by settlers on the request to speed up mill boundary marking at 07 April 2011. Mill responded by assigned contractor “Juru Ukur Titiwangsa No. 2 to carry out land boundary survey. The survey has been carried out at 30 June 2011. JK24/25E: Estate hold grievance book for internal (Aduan Dalam (Internal)) and external (Aduan Luaran (External)) to record internal and external grievances. Inspection to the record indicated grievances received mainly from internal stakeholders mainly a request on the house repair. For example, in 27 January 2011 a workers complaining of the broken toilet lamp in his house. Estate takes measure action four days from the date of complaint. A grievance was also received from external stakeholder in relation to the foreign workers behaviour in the nearby kampong at 12 April 2011. Briefing was carried out at 13 April 2011 to all foreign workers in relation to appropriate behaviour in kampong. JK21E: Currently no grievance raised to the estate. JK14E: Inspection to record of “Aduan/Isu Peneroka” indicated no complaint directed to Felda. All of the “complaints” were actually consultation to Felda of their personal issues—such as divorce process.

Aspect impacts have been prepared to show pollution prevention however the relationship between aspect impact and pollution prevention plan did not clearly defined, detailed as follows:

JK21E: There is pollution prevention plans as a results of aspect impact identification but need to be improved. JK 24/25E: PP programme not related to the aspect impact. As part of PP program recycling of pesticide containers are allowed by surat kebenaran dari Jabatan Alam Sekitar dated 7 November 2002, that after triple rinses the pesticide containers are not categorized as scheduled waste. After rinsing pesticide container from this estate was sending to the PPTR-FELDA Tekam. JK14E: PP program done but need to be improved and explained all pollution prevention measures, especially to the PP related to the aspect impact.

1.2.4. Observation. Pollution prevention plans available, however, it is not directly related to identified environmental impacts.

Communication procedure is documented in Article 39 of the MAPA Agreement for workers and AMESU Agreement for Staff and FELDA. Felda supplemented the agreement with Procedures for Communication, Involvement, and Negotiation (Komunikasi, Penglibatan, dan Rundingan) dated 2 January 2009 No FAS-IMS/L.2/6.0.

Felda manage settler plots under agreement of “Perjanjian Pengurusan Tanah Semula”; where settlers “surrendered” a plot of land to be managed by Felda for oil palm planting. Inspection to the record confirmed that Felda keep record of each agreement for example, agreement between Bateron bin Harun and Felda 30 December 2010. Record held on file “Perjanjian Pengurusan Tanam Semula”.

Felda Technoplant Sdn Bhd at 27 May 2011 issues letter No. (10) 880101030 / 2 / 2 (13) – COO on the procedure of settler’ plot take over by the settler. The procedure detailed term and condition of the hand over process. The procedure provides opportunity to negotiate between both parties. For example at 30 June 2011 formal letter of request (record on file Surat Kepada Peneroka) to take over of management from Mohd Rashid Othman over a plot located at Block 4 Peringkat 1 (4,045.0 ha). Negotiation held at the same day, however the settler kept firm to take over the land (Record “Mesyuarat Tata Tertib Peneroka”). Following notice to HQ, boundary survey, and agreement of take over, in 30 June 2011 Felda formally issued letter of notice to the settler. Record held on file “Surat Kepada Peneroka”. JK14E: In 28 June 2011 request from Ramli bin Sadi, No Lot 9037—consult Felda on 07 July 2011, 04 July 2011 agreement to take over plot management, at the same day Felda sent letter to HQ, RO Jengka, and the claimant. Record “Peneroka Ambil Alih Kebun”.

Continuous improvement for the mill was done but not documented properly as there is recycle (kitar semula)

program and wastewater treatment/management improvement program, but both program not yet connected to aspect impact and management plan. JK21E: Understanding of Pollution prevention action and relation to the aspect impact not clearly found, need to put as a part of the training program. JK21M: Having monthly audit and annual audit by outside parties within the company as a feedback to the OSHE performance. Monthly audit forms should be improved by considering each different activity on each location. Annual audit should be reported and understood by the auditee (type or structured and having follow up plan/evidence). JK14E: Continuous improvements should be shown by evaluating all mitigation measures done and all programme executed especially related to the environment and safety/health.

1.2.7. Observation: Continuous improvement for the mill was carried out, but it was not documented properly e.g. on going improvements for POME treatment and plan to reduce chemical consumption for Estates has not been recorded. Internal audit findings' follow up action was not consistently carried out and documented properly.

Stated by officials, that the plan can be made available upon request.

Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations.

There has been no specific legal audit carried out by Felde Head Quarter Office, however every operating unit carried out internal audit that include legal compliance. The Mill/Estates Manager is responsible for ensuring legal compliance at every operating unit.

The Mill/Estates Manager is responsible for ensuring legal compliance.

Akta Kualiti Alam Sekitar 1974, starting July 01, 2011 up to June 30, 2012. The latest permit was strictest than before on BOD3 and TSS. The black smoke indicator for 9 and 25 June 2011 using ringelman chart showing some upset but not reported yet, on 21 May 2011 already reported upset for 13.5 minute but in chart showing more than 15 minute, for 20 January 2011 reported minute but in the chart showing more than 15 minute for 24 hour.

According to the above permit, effluent transport should using separate system from rain water drainage; flow meter reading should be done daily and reported monthly not exceeded 14 days. Tri monthly report on should be reported not exceeded than 14 days and approved by registered chemist.

Air pollution monitoring should be conducted every six month according to Malaysia Standard (MS 1596:2003) and reporting should not exceeded 14 days from the sampling date. Mill Boiler Emissions were tested on 04 May 2011, by Nabbir Laboratory (KL) Sdn Bhd found that

dust particulate is lower than emission limit stipulated in Regulation 25 on Environmental Quality (Clean Air) Regulation 1978. Latest result dust boiler (1 stack) particulates 0,3614 gr/Nm³ at 12% CO₂, monitoring date 4 May 2011 at maximum (not to be exceeded 0.4 g/Nm³).

Monitoring System (CEMS) for air quality recording and alarm system on particulate concentration and emission load (max 0.4 gr/Nm³) not yet operated and reported, even though the equipment are already installed but the connection are waiting new contractors that already offered and selected, other than old contractor V-sat/Prodata.

A non conformity was assigned against Major Indicator 2.1.1. The black smoke indicator at the mill on 9 and 25 June 2011 as shown in the ringelman chart had some unreported upsets. Earlier on 21 May 2011, the mill reported the upset to the DOE, however, it incorrectly reported, where the mill reported upset for 13.5 minutes but the chart showing more than 15 minutes. Again on 20 January 2011, mill reported 0 upset where chart showing upset for more than 15 minutes.

Temporary hazardous waste storage is located close to the chemical storage area at the mill. On 27 Jan 2011, an SW 410 Filter 150 Kg and SW 410 cotton rags 100 Kg and SW 305 Lube Oil 100 Kg and SW 306 Hydraulic Oil 100 Kg have been sent to Kualiti Kitar Alam Sdn Bhd (675326-D). Latest SW sent 010711 for SW 305 lube oil 390 l and SW 306 hydraulic oil 54 l.

All facility (mill and plantation) not fully follows regulation on symbol of hazardous chemical and/or waste in terms of standard dimension and colour/logo of each hazardous. POME effluent that treated on Jengka 8 Wastewater treatment facility did not meet the standard limit regulated by DOE. There is 3 monsoon drain water quality exceeded standard of wastewater as required by latest DOE letter AS: C31/152/000/074jld,3 (04), the possibility is come from canteen and mill rain water drainage system.

Diesel storage license is valid until 11 January 2012. Drinking water supplied from government source, Jabatan Bekalan Air Pahang—assumed to meet drinking water requirement.

JK21M: JKPP8 was reported for 2010 as 1 accident with 75 days LTA, but there is no received for the JKPP8 reported. JK24/25E: This form JKPP8 as the accident report summary was made for 2008/2009/2010 but received letter from JKPP only found for 2008.

Estate has not checked that Contractor truck drivers have current driving licenses.

The Mill and Estates hold copies of relevant regulations. Jengka Regional Office has prepared list of applicable regulations at 15 April 2011.

2.1.2. Observation. In JK21E, a list of applicable regulation was available; however, there is no detail of preparation date.

Applicable Licenses and Permits are displayed at both the Mill and the Estate. JK21E: MPOB license No. 514759002000 valid 30 April 2012. JK14E: MPOB 501204202000 dated 01 April 2010, record held on file "Pematuhan Undang-Undang". JK24/25E: MPOB license No. 502664702000 dated 19 January 2011 expired on 31 March 2012. JK21M: mill has prepared an updated the list of regulation at 15 December 2010.

The following was checked in accordance with Factories and Machinery (Persons-in-charge) Regulations, 1970, (i) the engineer in the mill have first grade steam certificate. (ii) There are three boilerman. Two of them are having first grade and one with second grade certificate. There are two chargemen with certificate and they are also taking care of electrical issues. There are two engine drivers with valid certificate. Boilers and diesel Generator have valid certificate. Boiler inspection is done by the DOSH. Last inspection was on 10/04/2012. Documents were validated by DOSH. Compliance found against the requirement to Factories and Machinery (Noise Exposure) (Regulations) 1989. Noise monitoring report dated 24/6/2012.

Palm oil mill employ 100% local work force. The estates employ 80% foreign workers. Felde employs full time foreign workers directly for operational work through their head office. FFB Transport contractor engaged 2-3 foreign workers and 2-3 local workers from time to time. Foreign workers permits including the contractor's workers was checked and found to be valid. Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 is sent by the mill. Latest quarterly return was for the period April – June 2012 was sent.

Regional office appoints an officer whose main task is carried out monthly monitoring to ensure legal requirement is met. At field level, manager is responsible for legal compliance.

JK21M: The last legal audit was carried out yearly; the last audit was carried out at 15 December 2010. Record held on file "Perundangan dan Lain-Lain Keperluan". JK21E: Check has been carried out to ensure all license are current; the last check was done at 20 June 2011, record held on file "Pematuhan Undang-Undang". JK24E: Estate appoints officers to carried out regular check of permit expiration. At the estate level, e.g. at Jengka 24/25E, a list of expiry date of every license have been prepared with responsible person, however, inspection to the record indicated check was not carried out properly since there was an expired license unnoticed (Later estate showed evident that the license have be renew on 13 March 2011).

2.1.3. Observation. In JK14E, a list available however not been updated as necessary this year.

Criterion 2.2 – The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.

In accordance to Land Act 1960 (Group Settlement Areas) (Act 530), all land under Felde scheme is Government owned, which is managed by the Felde as the managing agent. In some cases, Felde fully "owned" the land through lease whereas on other cases, Felde just act as managing agent for "settler" land. Review to the document at every operating unit indicated compliance, as follows:

JK21E: The program was started in 1974, when Felde developed rubber estate after getting approval from Pahang government. In 1981 settlers arrived, and all of the settlers has paid the debt off. During replanting in 2004, there is a conversion of crops to oil palm following a smallholders voting, where the vast majority of smallholders choose to convert their crops into oil palm. OBS: currently, the government approval was keep by HQ, copy to be made available on site. The land is under "Akta Tanah (Kawasan Penempatan Berkelompok) 1960 (Land Act 1960), that is belong to government (JSE) which cannot be transferred without government approval. In 2006 Felde requested to government to convert the land status into land title (hak milik). JK14E: was developed earlier than JK21E (1971) under rubber estate, converted in 2003 for oil palm. JK24/25E: see 1.2.2.

It can therefore be considered that evidence of land tenure for this operation including all estates and the mill can be considered compliant with lease requirements. As there have been no breaches identified by the lessor it can be considered that Felde comply with all terms of their land title with the exception of JK14E as follows.

In JK21E, inspection to the land title confirmed that the term and condition of the land use is for agriculture usage (rubber and oil palm). JK14E: Inspection to the document found term and condition of JK14E is for rubber planting. Felde already apply for conversion from rubber to oil palm in 26 May 2010; no reply. In 10 November 2010 to District and Land Office – Maran letter No. (52) 31111/12-1-6 Pt.1 responded on 19 December 2010, No. Bil (2) dlm PTM 6-6-4225, do complete the request with other requirement. The conversion of land use expected to be completed by end of the month. JK24: rubber and oil palm research station.

2.2.2. Observation. Term and condition of JK14E is for rubber planting. Felde already apply for conversion from rubber to oil palm on 26 May 2010; no reply. Again on the 10 November 2010 letter sent to District Land Office – Maran, letter No. (52) 31111/12-1-6 Pt.1 responded on 19 December 2010, No. Bil (2) dlm PTM 6-6-4225, completed the request with other requirement. The conversion of land use expected to be completed by end of the month.

Boundary markers have been not checked consistently across the properties. Inspection indicated the boundary stone is not consistently visibly maintained.

JK24/25E: there were no direct borders with forest reserve and government land; all are bordering with other Felde estate. Inspection to the estate indicated some missing boundary stone for example around block C of 37.52 ha. JK21M: Juruukur Titi Wangsa carried out mill boundary at 30 June 2011. Inspection to the field indicated that boundary survey to reiterate mill-forest boundary has not been carried out. Mill will assign the same consultant to resurvey the forest boundary expected to be completed this year. JK21E: No survey has been carried out to reiterate boundary between estate and Hutan Simpan Jengka. JK14E: Inspection to Peringkat 1 A, confirmed the presence of boundary stones; however, there was no survey been carried out to locate all of boundary stone along the boundary with the Jengka reserve forest.

A Non Conformity was assigned against Minor Indicator 2.2.3. as in JK21E no survey has been carried out to reiterate boundary between estate and Hutan Simpan Jengka and in JK14E inspection to Peringkat 1 A, confirmed the presence of boundary stone; however, there was no survey been carried out to locate all of boundary stone along the boundary with the Jengka reserve forest.

2.2.3. Observation. JK21M: Juruukur Titi Wangsa carried out mill boundary survey on 30 June 2011; however, identification of boundary between mill and forest has not been carried out. Mill will assign the same consultant to re-survey the forest boundary that is expected to be completed by this year.

There are no documented land disputes at present. An interview with community around the estates operation and government officials confirmed there was no outstanding land dispute inside both estates and mill land. Inspection to mill and estates record confirmed there has been no complaints been lodge either to mill or estates.

Criterion 2.3 – Use of the land for oil palm does not diminish the legal rights of other users without their free, prior and informed consent.

This clause is not applicable as Felde as all land under FELDA scheme was initially developed by government before transferred to smallholders; while mill land is a free hold and owned by Felde. Interviews with the local kampong head confirmed that no customary land had been used. Available data shows no claim against Felde in relation to customary land. Felde does not restrict access with regards to travel through the estates along established roads.

Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.

There is in place an implemented management plan that aims to achieve long-term viability for Felde Sdn Bhd as well as the whole FELDA Group. There are in place annual budgets with projections to years 2014/15. These projections are split into each operational group. The Estate and Mill have an annual budget with a two years projection and five years projection for business plan. The budgets include performance objectives and targets related to production, efficiency and quality. Felde HQ prepare monthly budget for all operating unit (mill and estates with a two years projection, inform of data bank online systems accessible to all mills and estates; hard copies are available on site (e.g. Bajet Modal, Bajet Senggaraan (Maintenance), and Bajet Modal). Beside monthly budget; operating unit also prepared ten years business plan include performance objectives and targets related to production, including efficiency and quality e.g OER, KER, cost, quality of FFB, price, bag-lock and mill losses. Record held on file "Anggaran BTS".

The cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne. Monthly monitoring is done through monthly progress report comparing with the budget. Regional general manager and planting advisers visits the estate to check the performance. Any overrun cost from the budget is alerted to the operating units.

Forecasts are in place for the next 5 years, at least on a rolling basis, for replanting. The Five Year re-planting programme is reviewed on a yearly basis at least. Detail of each operating unit describes at the followings:

JK24/25E: Felde has prepared a business plan on July 2008 for five year (2008 – 2012) among other including cost of production, FFB/h projection for five years. Ton FFB/ha has also been prepared for period of 2011 – 2019. Record held on file "Pelan Pengurusan Kewangan". JK21E: Annual budget, including cost and tonne FFB/ha available, 5 years projection available for 2008 – 2013. JK14E: Budget available from 2011 – 2013, record held on file "Pelan Pengurusan Kewangan".

Replanting program is part of five years plan. For JK21/14E: Oil palm was planted on 2004 (2003), replanting will not due until 15 years, as such there is no need of replanting program at the moments. JK24/25E: There is Replanting Programme for 20 year since 2005 and 2025. For example, in 2011 estate will carried out replanting for 131.93 ha (on block A1 (94.41 ha) and C (37.52 ha). Record of replanting programme is held on file "Pelan Pengurusan Kewangan".

Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.

Felde have "Felde Manual Procedure of Quality, Safety, Health, and Environmental (QOHSE)" for the Estates, the Mill and other pertinent areas of operations such as stores and workshops available in Bahasa Malaysia. Mill holds a copy of the Felde Manual Procedure of Quality, Safety, Health, and Environmental (QOHSE) 24 February

2010 as part of ISO documents. Felda OHS procedures dated 17 July 2010. Standard Operating Procedures (SOPs) are also in place for each operation in the process from weighbridge to storage as well as in each estate.

Estate field standards are documented for all stages and management is by SOP's (Manual available, "Manual Ladang Lestari, 2007" and "Manual Pengurusan Rancangan, 2010") that are readily available in all areas. Worked Instruction are posted in appropriate areas such as in Pesticide stores, Fuel Depots and Workshops on signboards and are in Bahasa Malaysia.

Manager ensure that smallholders aware of the procedures by conducting socialization on best practice, the most recent is during regular JKK meeting, such as 04 February 2010 attended by 40 smallholders, file "Latihan". Felda appoint penyelia peringkat (field officers) for every 400 hectare, to ensure implementation of the mention SOP.

In relation to the OHSAS, in JK21E Evacuation route, assembly point, exit signs with lamp area are available. K24/25E: Evacuation route, assembly point and exit signs with lamp are implemented, as according to the existing SOP. "Isian evakuasi" on lampiran 3 seksyen 11 the check list is filled out. There is emergency siren in place as mentioned on the SOP seksyen 15. Attachment 8.1 Seksyen 22 should include Felda contact person and perhilitan contact person (for elephant and other animal attack). JK14E: Evacuation route, assembly point, exit signs with lamp area available and implemented as SOP

4.1.1. Observation. SOP implementation needs to be improved through regular checking on the implementation status of SOP.

For the mill there is in place a mechanism for monitoring effectiveness of procedures. The shift supervisors check that all log books are completed for all SOP's when required by the schedule which depends on area – some checks are hourly, 2 hourly and this is indicated in the log book. This is done by signing the logbook, a copy of which is kept by mill management and also includes planned scheduled inspections. The operators at the mill had completed the required log sheets at each station on the required timetable. These log sheets are collected and reviewed on a daily basis. The log sheets are used to identify breakdowns and cases of wear and tear where breakdowns may be imminent. Any breakdowns, stoppages or major services are recorded in both the logbooks for each area and in the maintenance records.

Mill Advisor visits the mill incidentally, (most recent 26 October 2010) and no actions taken are recorded.

Records of permit that expired should be maintained for the latest extension as the documentation showed there is no extension letter for Akta Kilang dan Jentera 1967 for Pengandung Tekanan Tak Berapi (expired 10/05/2010, for this case the mill already ask for inspection and inspector already come to the facility on 04/05/2010, and payment made already. In JKE21/JK14E: keep for four years.

The SOP's are further supported by routine regular scheduled preventive maintenance. This is planned and

carried out under the Mechanical and Electrical Engineering divisions to ensure on going production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported and followed up to ensure documented practices are being followed.

SOP's also covers the estates and that scheduled field inspections are taking place in line with the SOPs. These are further supported by an Internal Audit Programme.

The estate managers undertake regular field inspections to ensure SOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. The records of items discussed at morning musters are now being documented. Felda HQ carried out further monitoring.

The EMS/OHS system requires that records of monitoring are kept e.g. Drain and Pollution Control Devices (PCD's), as well as use of Personal Protective Equipment (PPE), etc. and any actions taken such as cleaning of PCD's are recorded. There are Standard Operating Procedure (SOP) and Safe Operation Procedure (Also called as SOP) covering all aspects of safe working practices including safe handling and application of pesticides.

Mill has implemented system of checking and monitoring of the drains on regular basis. Drains are checked and cleaned twice weekly. Inspection confirmed timely replacement of drain covers.

Palm oil mill have separate SOP covering all the work station for work procedure and safe working procedure. This includes "Permit to work system" use of PPE.

Internal inspection records are available but follow up/actions records are not available and maintained. JK21M: Mill Advisor visits the mill regularly the most recent visit was between 25 and 26 May 2010. Report arrived at mill on 29 June 2010. At all estates, records are kept but some forms and received (JKKP8) are not maintained.

4.1.2. Observation. Mill and estates need to record action taken and progress of implementation. Estates need to maintain JKKP8 report submission received/transmittal sheet as an evidence of report submission

There is a riparian zone management SOP Doc. Number 4.4.1 r0 dated March 2012 covering all aspects of riparian zone management.

Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility, to a level that ensures optimal and sustained yield.

Records of fertiliser inputs are maintained in the database set aside for this purpose and split into each estate, these details are readily available through the database system maintained by Felda Agricultural Services Sdn Bhd. Annual fertiliser inputs are then further recommended based on this data for future applications.

Felda Agricultural Services Sdn Bhd also carries out regular annual tissue and soil sampling. The results of the analysis of the samples are used to optimise fertiliser requirements. Based on the result, Pusat Penyelidikan Petani Tun Abdul Razak issued regular recommendation. The Soil Sampling survey is completed as part of a Five year rolling plan that just recommended for the period 2011/2015 whereby 20% of all estate soil is sampled each year. Records are in place for all areas tested and included block number and estate name. Each block and each result is independently logged in a spread sheet for each block.

JK21E: Felda Agricultural Services Sdn Bhd carried out yearly monitoring of estate best practice. The most current monitoring was carried out on 21 October 2010. Felda Agricultural Services Sdn Bhd makes annual recommendations for fertiliser applications. Executive Manager checks that fertiliser application matches the recommendation. JK14E: Annual monitoring, the last monitoring was carried out on 2009 for application for 2010. JK24: Lead sampling, carried out on 07 April 2010, for application on 2010.

Felda Agricultural Services Sdn Bhd carried out yearly monitoring of estate best practice as well.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients and are applied to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

JK21E: FAS carry out annual inspection of the palms and leaf sampling to monitor nutrient status (last report on leaf sampling was January 2010). Estate holds a summary of the results on file "Percontohan Baja/Daun". Soil nutrient status is assessed by review of the leaf tissue analysis results. Soils are sampled and analysed for fertilizer requirement. JK14E: carried out on 04 April 2010 record held on file "Cerakinan Tanah dan Daun". JK24E: Record held on file "kesuburan tanah". Felda Agricultural Services Sdn Bhd carried out yearly monitoring of estate best practice. JK16E: The most current monitoring was carried out on 02 February 2010, from which Felda Agricultural Services Sdn Bhd makes annual recommendations for fertiliser applications for 2011. Executive Manager checks that fertiliser application matches the recommendation. JK18E: Annual monitoring, the last monitoring was carried on 25 July 2009 for application for 2010.

JK24/25E: Annual fertilizer recommendation was made on 230611 as fertilizer recommendation summary for 2012. JK21E: Fertilizer Recommendation Summary for 2012 dated 230611. JK14E: Fertilizer recommendation summary for 2012 just received on 110711

JK21E: The last tissue and soil sampling was carried out on 04 January 2011 record held on fertilizer recommendation for 2012 Leaf and Soil Nutrient level. JK14E: Percontohan daun dan tanah for fertilizing plan 2012 was conducted on 04 January 2011. JK24/25E: Percontohan daun dan tanah for fertilizing plan 2012 was conducted on 25-26 January 2011.

Annual leaf analysis and soil analysis is carried out to determine the nutrient level in the palms and in the soil.

JK14E: Monitoring report exist on document "rumusan kemajuan inisiatif strategi lab 2011" dated Jun 2011. EFB application target 586 Ha, but progress up to June 2011 just achieved 22 Ha (4%), there is no EFB application plan map yet at the moment. JK24/25E: There is amalan pengurangan hakisan borang RSPO – P4/C.4.2/4.3.1 for penaburan Tandan Kosong (EFB). Map is available for mulching, EFB application, and compost. JK21E: There is an area monitoring of EFB applied.

Criterion 4.3: Practices minimise and control erosion and degradation of soils.

During field inspections the risk of erosion is assessed and records in the form of a field inspection sheet are kept and are further documented in spread-sheets kept for each block in each estate. The assessment includes road drainage and effectiveness of road grading programmes to prevent erosion of estate roads. This includes a check of road conditions by Field Managers to check erosion – records are maintained on the road map documentation.

In all estates there is terracing in areas to reduce soil erosion. To prevent erosion, cover crop (CC), is introduced at the time of the formation of the terraces and once palms are mature, the pruned fronds placed in a position to reduce erosion in the form of frond boxing. Rainfall run off is minimised where necessary by construction of strategically placed drains. Inspection of field conditions confirmed that Felda has implemented appropriate practices for minimising soil erosion. These include stop bunds on terraces and maintenance of adequate groundcover vegetation. Inspection to the estate indicated good ground cover.

Inspection of field conditions confirmed that Felda has implemented practices for minimising soil erosion. These include stop bunds on terraces and maintenance of adequate groundcover vegetation. Inspection to the estate indicated good ground cover; cover crop is well established in some estates and this keeps erosion controlled effectively. JK24/25E: The estate is located in relatively flat area where terrace is not needed, however, during replanting LCC is evident.

4.3.1. Observation. Estate has programme and practice of minimizing soil erosion and degradation such as LCC planting, mulching and maintaining riparian buffer zone along Jengka River; however, map of fragile soil is not available.

The Estate has an annual programme of grading, resurfacing and roadside pruning for maintenance of roads. Contractors carried out Road maintenance during dry season (March) for overall road. JK24/25E: Estate has prepared a road maintenance programme "Program Kerja Baik Jalan Pertanian (Ladang Penyelidikan FASSB Jengka 24/25) January 2011. JK21E: maintenance programme is not well managed, as there was evident of erosion along the access road. JK14E: SOP on road maintenance "Penentuan Kerja Membina Jalan Pertanian" is available on site. A road maintenance

program is part of the annual budget is sighted. At 01 June 2011, estate has assigned contractor to carry out road maintenance, to be completed by end of August 2011.

Inspection confirmed field roads are surfaced with gravel and well maintained. Silt pits have been constructed at regular intervals, especially on hill slopes.

Soil Maps are in place for each estate identifying all soil types. There are no peat soils in FelDA areas audited. According to survey carried out by FELDA Agricultural Services, Sdn Bhd majority of the land is beserah (clay) and no peat soil. There are no sandy or acid sulphate soils, which required special treatment.

There are no peat soils. JK24/25E: Inspection to company record indicated that majority of soil is categorized into Tok Yong, Cempaka Bungor, Local Alluvium, and Tavy Melaka.

Also there were no sandy or acid sulphate soils, which required special treatment. There are no sandy or acid sulphate soils at Jengka 18 (mostly durian and gajah mati)—kind of lateritic soils.

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.

The riparian buffer zones in the estates were inspected and found in general to be maintained in good condition and within the limits as prescribed by the Government of 20 metres width on both sides of streams. All permanent watercourses have buffers in place and these comply with the permits respectively. Extensive buffers are in place in all estates and are on estate land and are indicated on each estate map. There are signs in place to protect these buffers from encroachment by outsiders. Any palms planted in buffers previously are no longer fertilised or treated with pesticides/herbicides and will not be re-established at the next replant. It is also ensure that native species of trees are used in all areas were buffer trees are planted.

Techniques used to minimise soil erosion are described in a SOP and include best management practices. Estate to ensure 3-meter wide river buffer zone has not been maintained consistently.

JK24/25E: the estate has not passed by natural river, and as such protection of buffer zone is not necessary. JK21E: No river passed the estate.

4.4.1. Observation. In JK14E, inspection of buffer zone confirmed riparian and buffer zone is maintained such as close to Jengka River. However, the buffer zone has not been mapped and marked on the ground for future replanting.

Bird life was observed at riparian areas. Stream bank areas are planted with plant species to prevent erosion on steep natural banks and on the sides of drains. Monitoring of the buffer zone condition is undertaken as part of the overall estate inspection regime so it is virtually on going.

There has been no construction of bunds, weirs or dams across any waterways and rivers in any of the FelDA estates.

There is an Integrated Water Management Plan which has been implemented. The plan takes into account the efficient use of resources, ensure amongst other that the use of water did not impact on other users, avoid contamination of ground and surface water, and appropriate treatment of mill effluent.

Biological Oxygen Demand (BOD) of water samples is tested in the company laboratory and also supported by external testing agencies. Records are in place for the last 6 years at least, and indicate that at all times, apart from abnormal rain events, BOD levels are within the prescribed limits of the Environmental permits and Government guidelines.

4.4.3. Observation. At the moment the Mill wastewater (POME) was used for EFB composting activities, the rest was sent to JK08M to be treated on their Wastewater Treatment. Mill is in progress of developing its own WWTP.

In JK21E, water monitoring has been carried out recently. At JK16E, the daily rainfall has been recorded daily since 1973. Rainfall information is used for crop forecasting and the timing of fertiliser application and upkeep. While at JK18E, the monitoring was started since 2005. At JK 24E, monitored since 2006 record held on file "Laporan Hujan". JK14E: There is annual rainfall report for 2011 since 2005 un to June 2011, there is also daily rainfall has been recorded daily since 2001 on the log book. JK 24E: monitoring been carried out since 2006, record held on file "Laporan Hujan".

Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, and put into the graph against target value.

4.4.5. Observation. The water used for process not yet separated from overall water usage, so that ratio of water use/tonne FFB processed cannot be calculated precisely. Mill may need to install water meter separately for process water monitoring.

There is no water drainage the protected areas. Effluent treatment done by POME treatment with quality limitation on latest DOE letter for 01 July 2011 to 30 June 2012 is BOD3 (300C) < 20 mg/l; SS < 200 mg/l; Oil and Grease < 50 mg/l; Amoniacal Nitrogen < 150 mg/l; Nitrogen total < 200 mg/l; pH between 5.0-9.0 and temperature < 450C, sampling weekly and reporting weekly after sampling. The new POME facility planned to treat on the new Wastewater Treatment Facility that scheduled to be operated on September 2011. At the moment POME was sent to JK08 to be treated.

Mill has facing serious water shortage due to prolong dry seasons early this year. In relation to this issues, mill have identified nearest water source nearby and developed water pond of 30,000 m3 accordingly, and in case of emergency, water thank lorry can be assigned. Record held on file "Best Practise".

Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

Felda are monitoring the toxicity of pesticides used and to date records are available for the last five years and are tabulated.

There is an Integrated Pest Management Programme (IPM) for specific pests as documented in FELDA Manual Operasi Ladang Sawit Lestari. There is a measurement of the amount of each pesticide used and type for each specific pest. At the present time there are no outbreaks of Leaf Eating Caterpillars – for which methamidophos is used. Beneficial plants have been established along the main access roads, including *Turnera subulata* and *Antigonon leptopus*. Rhinoceros beetle handle by beetle trap (1 trap for every 2 hectares), pheromone for rhinoceros beetle, and stack trap for rhinoceros beetle. Barn owl also implemented but the target to reduce chemicals by IPM implementation not yet set.

Even though the purpose of this programme is quite good, however, interview and inspection to the ground indicated low level of understanding at the operational level. Monitoring did not reflected HQ required data at every estate. Detail of IPM implementation at every estate audited is described below:

A number of beneficial plant species are used in biological control of pests. Among the plant species are *Turnera subulata*, *Cassia cobenensis* and *Antigonon leptopus*. Naturally grown weeds were left to grow on exposed areas to serve as cover crops.

Interview of staffs indicated lack of awareness regarding the IPM at all estates. In JK24/25E, about 29% of landowner already pulling out from FELDA, this situation makes IPM more difficult to be applied; there are 10 old barn owls, and 10 new one. An SOP of beetle rhinoceros was considering measures of non chemical usage to reduced consumption of Pesticide. JK14E: Understanding of IPM still need to improve, documentation of IPM the goal and how to achieve also should be improved.

JK24: As many as 77 barn owls were installed in all concession, but only 7 was barn owl are effective. The last monitoring held stated only 7 out of 77 has owl inside the barn owl provided, Need to written successful application of IPM to reduce pesticides.

JK14E : only has 3 barn owl since the plant just 8 years, estates should set up annual target to achieve 1 barn owl for 20 Ha (means about 1975 Ha will needs 100 barn owl-2 barn owl/month will be realistic target).

4.5.1. Observation. There is no IPM documentations (or graph) to show and relates to the reduction of pesticide use. Understanding of IPM, goal and target of IPM need improvement.

The Integrated Pest Management Plan (IPMP) has been recently updated and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. The IPM is monitored on a regular basis with regards to Rat

infestations. There is a census of palms and bunches affected by rats and the percentage of damaged palms against undamaged is measured.

Even though the monitoring of IPM is present however it was lacking of data on chemical use reduction. The Estate maintains monthly records of pesticide application for each field. Recording of information commenced November 2009.

The Estate maintains monthly records of pesticide application for each field. Recording of information commenced November 2009.

JK21E/14E: The Estate commenced monitoring pesticide usage units per ha since 2007. However, there is insufficient information for a trend of usage and need to put into graph. JK24E: Insufficient information on trend, and a need to put into descriptive information on the achievements of biological measures.

4.5.4. Observation. Calculation of a.i. per ha or per tonne crops or per tonne of CPO need improvement to avoid miss-calculation.

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.

There is a formal justification for agro chemical use and this is documented within the IPM, which attempts to ensure that the most effective and least harmful chemicals are always first choice.

The IPM provides guidance on the selection of the appropriate chemical for particular locations and field conditions. The quantity of chemical and treatment required is documented in Section 3 of the Manual Operasi Ladang Lestari. The basis of SOP for chemical was developing by CHRA report and rating by HIRAC, there is dosing or quantity calculation of every chemical use, and protective equipment needed. It stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals. The usage data provide evidence to demonstrate that this is in fact happening. There are time frames and targets in place in the IPM whereby chemical use is to be reduced.

Purchase of all chemical is controlled by Pusat Penyelidikan Pertanian Tun Razak. Inspection of the store confirmed only approved chemicals held. The Estate has not used any Class 1 Chemicals since 2005. This was supported by the chemicals listed for use by Pesticides Act 1994 in accordance with USECHH Regulations (2000).

JK24/25E: Justification of pesticide use are on MOLSL that developed at 01 October 2007 for rats on book part 1 section 3, for rhinoceros beetle on book part 1 section 9, and herbicide application on book part 3 section

1. Water spraying for emergency rinsing are not guaranteed for water to always available.

JK14E: Pesticide was based on HQ guidelines, chemical use already assessed by CHRA and HIRAC. There is chemical storage guidelines under seksyen 19 Peraturan Keselamatan Pengurusan dan Pengendalian Bahan Kimia Berbahaya dated 01 July 2009. Records of chemicals used, areas treated, amount applied and frequency of application is recorded and controlled via the Pest Management Plan and are available. The records of pesticide are available. The information includes amounts used per hectare and number of applications per year.

4.6.1. Observation. Written justification in Standard Operating Procedures (SOPs) of all chemical use has not considering input of CHRA and HIRAC.

Felda has purpose built pesticides stores. Inspection at each estate confirmed the stores are secured, signed and are well maintained with good separation of chemicals, spill containment, provision of PPE, and water available for washing. Inspection found some improvement is needed on lock, lamps and water for emergency washing and sign on the container and stores.

4.6.3. Observation. In all estates, emergency eye wash facility need to be improved to comply with the latest government regulation.

JK21E: Pesticides were stores in pesticide store with exhaust fan, but need to put sufficient symbol to the store and improve mixing station to be able to reuse excess water for next premixing. JK14E: Pesticides stored properly, however, most of the MSDS is in Bahasa Malaysia. JK24/25E: Inspection found pesticide for rats bait was stored in the fertilizer store. This is indicated low awareness to the poison hazards.

There is no work instruction displayed at the chemical mixing area to define the quantity of chemical for measurement per 20L pre-mix container.

Chemical sign and labels in the mill chemicals storage need improvement in order to user of chemicals (appropriate size of sign and colours). Most MSDS still in English that may not be understood by the workers language need to be in Bahasa Malaysia.

4.6.4. Observation. MSDS for some chemicals are available in English only which might not be understood by Malaysian workers. Suppliers will be requested to provide MSDS in Bahasa Malaysia.

Health checks are conducted for pesticide handlers. These are carried out by the clinics on a monthly basis and annually by an Occupational Health Doctor (OHD) via a physical check and annually as per the CHRA for plantation pesticide operators. Records of these checks are kept in each clinic, and for annual surveillance CHRA in each estate office. Annual CHRA was carried out by a DOSH a registered doctor (CHRA Industrial Hygiene Service Sdn Bhd) on July 2009. Medical surveillance for chemical exposed (lab) workers and boiler workers were held on 05 October 2010 by DOSH registered doctor.

Annual surveillance for sprayers at 15 October 2010, record "Medical Surveillance".

JK24/25E: Conducted CHRA including exposure survey for the workers with chemical the result is still under PEL limit for TWA 8 hour. JK14E: Not conducting medical surveillance yet, but have a plan to do the surveillance. As the result of CHRA there is a need to change/exposure monitoring of respirators use at the moment. It should be improved by having respirator same as respirator used by JK24/25E that already proven by exposure monitoring that using same pesticide having PEL below TWA 8 hour limit. JK21E: CHRA already conducted on May 13, 2009, and acceptance of the report on June 13, 2009, this CHRA recommends conducting personal exposure monitoring and health surveillance on symptoms of neurological toxicity. Special requirements also stated for chemical store keepers from occurrence of dermal irritation symptoms. JK21M: As required by CHRA report medical surveillance was conducted for laboratory and boiler worker, HSR report Nov 11, 2010 indicating 6 people working for laboratory and boiler 4 normal, and 2 high cholesterol, report February 18 & 19, 2011 indicating 8 normal, 3 high cholesterol, 1 high glucose and 1 high uric acid.

PPE for sprayers is supplied and instructions on its use demonstrated in the SOP's. The company supplies adequate PPE for sprayers so that sprayers will always be protected. PPE is washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take protective equipment home and therefore the risk of cross contamination with family members is eliminated.

A Non Conformity was assigned against Major Indicator 4.6.5. as in JK14E: medical surveillance for plantation pesticide operators has not been carried out.

No women sprayers. Female pesticide handlers may be employed by Felda Group so long as not pregnant or breast-feeding—however at the time of audit, Felda did not employ any female sprayers.

There is a minimum requirement of PPE that must be worn and used in the handling and application of pesticides. Some chemicals such as methamidophos require more extensive protection and this is nominated in the SOP's for pesticide application. There have been uses of Methamidophos or Monocrotophos during previous twelve months.

4.6.7. Observation. JK21E: Recommendation to substitute paraquat is highlighted in CHRA report but there is no follow up yet; JK14/24/25E: There is no evidence that hazardous chemicals use is being reduced.

There is no aerial spraying of pesticides.

No buyer has yet requested CPO testing for chemical residues. The quantity of pesticides used is recorded on a daily basis using stores issues.

Records held on file – confirmed that Class 1 chemical has not been used since mid 2005. Paraquat still used especially for young palm the trend is increasing in

recent years. Inspection to the pesticide store reveal that the pesticide is kept in the store and is locked and key is under the authorisation of store clerk. Form II is maintained show the details of date, location treated, pesticide used, quantity, total working hours, number of applicators and method of application. First aid kit is available at work site and the person holding the first aid kit is trained as a first aider. A signage is displayed at the area treated with pesticide written in local language. Felda head office has come up with directive asking all the operating units to find alternative to paraquat. Felda Agriculture Services Sdn Bhd is conducting research on this. Trials are being carried out to use glyphosate and still in initial stages.

Medical check conducted by qualified Safety and Health doctor reveals that no any occupational diseases detected. During field visit, interview with pesticide applicators were conducted. There was no any issues raised by the workers and visual check on the physical condition of the applicators confirms that there is no any health related issues.

Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.

There is an OHS Plan in place in all the following areas:

- Estates
- Mill
- Workshops
- Clinics
- Stores

Safety Policies have now in place and current.

- a) There is health and safety policy in place. Safety measure such as high noise level area, fire extinguishers locations, and evacuation map are available at the announcement board close to mill entrance. Inspection also confirmed every high-risk area is appropriately signed.
- b) Chemical Health Risk Assessment (CHRA) by third party on July 4th, 2009, report was submitted on 18th October 2009 including 33 chemicals categorized as C3 (significant risk to health because in adequate control), 7 chemicals categorized as C1 (does not present a significant to health and is adequately controlled or can be readily controlled. And only 2 chemicals have C4 (there is insufficient information available to determine the degree of hazard). Recommendation made by CHRA report proper use of the correct and approved PPEs, conduct personal exposure monitoring by Hygiene Technician 1, and health surveillance programme by OHD for laboratory assistant and boiler operator. Hazardous waste storage extension request was sent to DOE on 2010, but there is no response yet from DOE. JK21E: Risk already assessed by HIRAC and CHRA and documented, but need to be improved. JK24/25E: Have HIRAC and CHRA as a basis to identified risk on all operation area. JK14E:

CHRA conducted on 28 September 2010 and reported on 05 January 2011, this report requested JK14E conduct training of chemical handling at least once every 2 years especially for store manager with the topic of OSHA 1994, USECHH 200, CPL 1997, Akta Racun Makhhluk Perosak 1974, Langkah kerja serta prosedur selamat, PPE, Tindakan kecemasan tumpahan bahan kimia. The program should be documented and sent/reported to JKKP.

- c) The Mill has an Annual Training Programme with a schedule of monthly. JK24E has conducted training for store manager and train all pesticide operation to the personnel involved on pesticide training. Appropriate PPE was applied to the pesticide workers, and surveyed already that the exposure level was below PEL for TWA 8 hour. JK21E: Training for store manager has been done. There is PPE but, according to CHRA should be consider to change to suitable as required by with DOSH.
- d) Mill provides the correct PPE equipment's but some times workers reluctant to wear it. Inspection to the mill found an evident of incorrect use appropriate PPE on the hot work condition, e.g. gloves did not use during hot work condition. In Estates workers appear to use PPE in the correct manner as required. Dust Masks and Respirators are made available for all workers in dusty areas or involved in chemical mixing and spraying. See comments earlier in this report with regards to the use of PPE within the mill. JK24/25E provides appropriate PPE to the workers. JK21E: PPE not suitable for spraying works, list of handed over PPE. JK14E: Mask need to be replaced in JK24/25E to PPE standard that already pass exposure monitoring.
- e) A dedicated person has been appointed as the overall OHS Manager who coordinates all OHS matters. Furthermore an OHS representative has been appointed in all operations areas. At the Mill Manager is the designated person. The Executive Assistant Manager is the designated safety coordinator. JK24/25E assistant manager designated responsible person as secretary of OSHE. JK21E: Supervisor is the designated responsible person. JK14E: Manager is designated responsible person that acts as head of OSHE Committee (JKKAS).
- f) Minutes are kept of all meetings and these are distributed to certain workers to carry out actions as a result of these meetings within given timetable and time frames. The OHS representatives are also responsible for taking the information to other fellow workers and contractors via morning musters. Records of topics discussed a morning musters are available. There is a record of OSH meeting, for example in K24/a morning call every day as the opportunity to explain OSHE aspect and formalize OSHE meeting every three months. All areas have regular meetings to discuss OHS. These are now scheduled at 3 monthly intervals for all

operational areas. There is a standardised agenda and meetings are conducted following workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety like use of PPE.

- g) There are emergency procedures in each estate and these are tested to a large degree. There is emergency procedure and evacuation point, but there is no record of evacuation drill. There are vehicles available for emergency evacuations in the field for illness and injury however these could be tested so that workers and management can be confident that response to any emergency will be quick and effective. Emergency Shutdown procedures are available in the mill and are in the local language however it could not be demonstrated that these procedures have been tested recently.
- h) There is first aider on the facility and HSE Officer. JK24/25 Samsi Surat (Supervisor) as first aider. JK21E: M. Najib M Aminullah (supervisor) as first aider. JK14E first aider not yet assigned since last first aider was moving to FELDA Ulu Jempul, JK14E should prepare another first aider. The company has first aider on the facility and HSE Officer trained first aiders and first aid kits in all field and millwork areas that are checked and restocked regularly. A number of First Aiders are available in the mill at all times including day and afternoon shifts.
- i) JK14/21/24/25E confirmed that first aid equipment was available at strategic place. There is no company clinic on all plantation divisions and at the mill however government clinic and hospital are available nearby.

4.7.1. Observation. Mill has provided PPE for free, however, inspection to the mill found an evident of incorrect use of appropriate PPE or PPE was not used as required. This indicates lack of awareness among workers to the safety in the working place.

The safety policy is in place and widely distributed and placed on notice boards in all areas.

Records of all accidents and incidents are kept for each estate and the mill. Accidents are reported to DOSH. If cases involve insurance claim, then it is reported to SOCSO. Accident cases are reported in the labour return and send to labour department. LTA is monitored through the internal reporting and DOSH reporting. Every quarter during the Safety Meeting, review is conducted. There is no fatal accident. Common thorn prick incidents are commonly reported. Measures to reduce accidents includes re-training, review of safe working procedures and monitoring of field work by supervisor to ensure safe working procedure is followed. Accident records include workers engaged by contractors. First aid kits are stocked with medicines for external use and materials for first aid treatment.

All records are compiled for LTI's. These records and reports are then forwarded to government (Manpower) as required under law. These records are kept on an estate or mill basis then compiled for the whole operation and reported to authorities monthly. All injuries and incidents are investigated to determine cause and eliminate recurrence where possible. Accidents are also reviewed at Quarterly safety committee meetings.

All Vehicles are licensed. Tractor and company vehicle drivers are locals and they have driving license. Tractors have anti roll bars.

4.6.3. Observation. There are records of JKKP8 reported to HQ monthly and to government annually, but there is no quarterly review yet at some units.

All Malaysian staff and workers are covered by SOCSO, and in addition Takaful Klj Berkelompok covers all Felde staffs and workers. All workers are covered by workers compensation accident insurance—Asuransi Takaful Berkelompok.

Criterion 4.8: All staff, workers, smallholders and contractors are appropriately trained.

There are training programmes in place to improve and increase staff skills when seen as required by management. The training involves requirements such as pesticide application, pesticide mixing and other field training such as harvesting, etc. This is planned for each estate.

Training is given to all workers and staff including those employed by the contractors. Checks on PPEs used are regularly conducted by each supervisor at the work station and spot check conducted by mill assistants. There is a Emergency Response Team which includes workers and staff trained in fire fighting. Fire fighting training is conducted by the personnel from Fire and Rescue Department (BOMBA). Mill workers are provided with ear plug for noise protection. Employees exposed to high noise level sent for annual Audiometric test. Latest test was dated 28/1/2012. The result shows that no hearing defect was found. Baseline audiogram and occupational and medical history records kept for workers in areas of high noise levels. Training provided to employees exposed to high noise levels and interview with the employees reveal that they are aware of safety measures. Monthly inspection is carried out on first aid kits and yearly inspection and re-filling is done. Fire extinguishers are available and the inspection date is within the validity date. First aid kits at work site were checked during mill and estate filed inspection and found to be sufficiently equipped.

4.8.1. Observation. Training was provided but training need assessment and records was not appropriately maintained.

Specialised training courses are also planned as the need arises and this includes group or in house training. Some training is carried out on demand. Other training

includes Emergency Response training and many topics associated with field and mill related work.

JK21M: The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2010, for workers and contractors workers. The Estate maintains records for individuals – file “Kemampuan, Kesedaran, dan Latihan” – last training 01 November 2010 (induction training for new workers). JK21E: Felde have training programme for its employee. Records held on file “Latihan Para Pekerja”. JK24/25E: training need assessment has not been prepared. However, estate maintained record of training, including list of attendees, training given, and record of training employees has also been kept. For example, in 13 June 2011, as many as 14 workers have attended first aid training. List of attendance and topic of training kept on file “Kursus & Latihan”. JK14E: Estate has carried out training on best practice, health and safety, environment protection to all workers at estate level as well as at the regional level. At regional level, Felde has carried out Risk Awareness Training to 83 participants, where Jengka 14E representatives attending the training. At local level, at 15 April 2011, Felde also carried out training on workers health, attended by 83 participants. Record of individual workers also kept for example, Mohd Sofian B Mohammad Zaini has attended “Pesticide Handling Course” at 02 December 2010, held by Felde Regional Office – Jengka. Record held on file “Latihan”.

There are formal training records for all supervisory staff up to the level of senior management. This includes recording of external course attended and skills attained – these records are maintained by the Administration area or each operation.

Training records are therefore kept for all employees in each operational area. Records of training and attendance are also kept along with photographic records of all training run within each area of operations.

Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored to demonstrate continuous improvement.

An Environmental Aspects and Impacts Register has been developed and is reviewed and updated at least annually to indicate any progress made in the plan and the results that have been achieved in the intervening period. These aspects further nominate which are the significant. This register scope covers all operations of Mill and Estates.

Mill has an Environmental Aspects and Impacts Register (02 October 2009); record held on file “Aspek & Impek Alam Sekitar”, covering all aspect and impact of its operations. Estate has prepared a “Dokumen Penilaian EAIA dan Kesan Risiko Dipantau dan Dikemaskinkan”. Prepare on 28 January 2010. The impact that following up with mitigation action already documented but need to improve to reflect the relation between aspect impact and mitigation plan and other measures. This also reflecting all waste to be mitigated by pollution

prevention option if possible and other measures (waste treatment and disposal) with quantity to be handled.

5.1.1. Observation. Estate has prepared aspect and impact of its operation but the mitigation measure was not related to the environment and there is no pollution prevention and continues improvements.

Having environmental management plans is part of the environmental management process for the operations of the Mill and Estates. The role of the aspects register is to help provide the organisation with a system to control and reduce negative impacts and promote positive impacts such as buffer zones, waste management plans, spill control plans and emergency plans. The Environmental Plans are in place and indicate the controls used to ensure any impacts are controlled and reduced and where possible eliminated and better practices put in place.

Dust and emission is monitored at mill. Inspection record dated 10/5/2012 was conducted by external company Nabbir Laboratory (KL) Sdn Bhd. All the parameters are within the limits.

5.1.2. Observation. A plan needs to be developed in accordance and relevant to the finding in aspect impact register.

Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

HCV assessments have been prepared internally by FELDA Staffs at every operating unit. However, significant improvement is required as follows:

5.2.1. Observation. JK24/25E: Felde has prepared HCV assessment report dated 01 July 2011, including stakeholders’ consultation on 21 July 2010 using survey forms to the essence of HCV in and around the estates. Inspection to the record indicate that no list of attendance available and inconsistency between HCV assessment result (presence of HCV 1 (wild boar (sus scrofa), cobra (naja sp), wild chicken (gallus gallus), and monitor lizard)) and with the conclusion (where only HCV 6 was identified in the concession area). JK21E: HCV assessment available, however, it can be improve by increasing the consistency on the date of preparation, e.g. what is written in the cover (1 July 2011) and as written in the preface (8 January 2011) is not matching. Meeting with stakeholders was carried out on 20 January 2011, however, minutes of meeting and list of stakeholders was not available. Inspection to the document indicate that the presence of HCV has not been sufficiently assessed, as high slope area was not included in the HCV area, also there was no detail on the presence of wildlife such as beruk. JK14E: need to detail state of the HCV especially along the Sg Jengka 01 June 2011, e.g. species found, condition of the HCV etc.

The Management Plans focus on the protection of habitat from disturbance. The Estates have installed signboards that indicate to any one passing through the types of fauna that may be encountered in the peripheries of the estates. Warning signs indicate that the wild life is protected and that hunting and collecting are prohibited. The Estates promote awareness of buffer zones to workers and local communities via the prominent use of signboards.

5.2.2. Observation. JK24/25E: Action plan has been prepared following HCV assessment; however, it should be consistent with the HCV assessment finding. Beside that the plan can be improved by including time frame and the responsible persons. JK21E: Plan is available; however, it can be improved by adding more detail on the presence of HCV inside the estate.

Inspection during the audit indicated there was no inappropriate hunting, fishing or collecting activities in the Felda areas that were visited. Felda is discouraging people to encroach into the riparian buffers zone. Signboards have been erected in order to deter access to the buffers and awareness has been conducted for staff and workers. Felda has enforced gate pass entry to monitor the people entering into and going out of the estates. Estate staff also carries out inspections of the protected areas within the estates to check for any disturbance, such as encroachment.

JK24/25E: Signage has been posted at the entrance to the Estate. Estate has issued policy on 20 June 2010 to forbid the capture and the hunting of wildlife. The policy has also been socialized to all workers during muster morning. Inspection to workers housing confirmed the policy had been displayed on the announcement board. Confirmed during workers housing inspection, there was no caged bird or wild life found.

JK14/21E: signboard to forbid wildlife hunting has been installed at the estate entrance as well as other strategic area close to forest reserve. Inspection to housing (mill/estates) confirmed there was no cage-bird found, which indicate good awareness to the protection of wildlife in the estates.

Criterion 5.3: Waste is reduced recycled, re-used and disposed of in an environmentally and socially responsible manner.

There is a waste management plan in place and it is current. There are formal rubbish collections in all areas at least weekly. This document includes all sources of pollution and waste from all operations. Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Register. Plan available to reduce pollution already prepared at the mill and estates.

In a formal manner all sources of pollution and waste are also identified through the company's aspects register which includes mitigation measures. This register is updated at least annually or when new sources become apparent.

The following waste streams have been identified and are controlled:

- Office Waste – segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill.
- Human waste – Septic.
- Mill Effluent – through effluent ponds and land application.
- Fibre – Fuel for furnace.
- EFB – Fertiliser.
- Oils and Hydrocarbons (including containers) to scheduled waste area.
- Pesticides (including containers which are stored in the scheduled waste area for proper disposal).
- Pesticide spills – cleaned with spill kits used kits sent to scheduled waste area
- Hydrocarbon spills treated with sawdust. Burnt in boiler.
- Used oil – recycled.

In JK24/25E: Waste products and their quantity are identified but there is no sources identification of those wastes. This register should be related to the Environmental Aspects and Impacts Register. JK21M: Waste identification document available but need to be improved by source of waste. POME and EFB are sent to composting plant. Part of POME sent to JK08M. JK21E: Waste identification should be in line with aspect and impact available but need to be improved by quantity and source of waste. JK14E: Waste identification as tabulation exists but should be improved by considering amount/quantity of waste generated, and sources of waste.

5.3.1. Observation. The documentation should clearly identify type of wastes, source of wastes, and the quantity of the wastes. It should be prepared separately to prevent miss-interpretation.

A Waste Management Plan has been prepared by the Estate for domestic waste, including segregation and recycling. There is no medical waste, such as sharps and used bandages, since all of the workers are goes to government hospital.

JK24/25E: Operational plan already exist including mitigation plan but this not yet directly correlated to aspect impact. JK21M: Operational plan not developed yet based on significant impact found by aspect impact register. JK21/14E: Operational plan to the waste only for three rinsing it should be added with operational plan of others significant impact and/or major pollutants.

All crop residue and biomass are recycled into the field as nutrients. The control of hydrocarbons has also been addressed elsewhere in this report. The collection of household waste is now well controlled.

Biomass generated as empty bunch has been recycled for fertilizer by incineration measures. JK21E: EFB as fiber/compost was use from JK21M, 330 mt on 12/01/10, 330 mt on 01/03/11. JK14E: From the plan to

use EFB application target 586 Ha, but progress up to June 2011 just achieved 22 Ha (4%).

5.4. Efficiency of energy use of renewable energy is maximised.

Biomass generated, as empty bunch has been recycled using composting system but not yet commercialized, and have permit from DOE. Mill monitors the use of steam turbine to generate electricity; there is updated data from Jan-Jun 2011 with value between 89.02 and 97.02 KWJ/MT CPO, with average percentage 79.7% to 97%. Data indicated fluctuation of energy usage related to the OER contents. Record held on file “Alam Sekitar dan Biodiversiti”.

Direct fossil fuel usage is monitored; on Jan-Jun 2011 are 2.93 KWJ/MT CPO to 22.73 MT CPO with average percentage 4.47% to 20.34%. Data already put into the graph showing fluctuation of fuel usage.

5.5. Use of Fire for waste disposal and for preparing land for replanting is avoided except in specific situations as identified in the ASEAN Guidance or other regional best practice.

There is a current replanting taking place in some estates and there is a zero burn policy for replanting in place. Inspection of the Estate confirmed no evidence of open burning.

There is replanting area for example at JK24/25E: the last replanting was carried out 2009 (167.09 ha) (block B), the palm has now 3 years old. The next replanting will due this year for area of 197.99 (block A1 and C7-8) ha.

All landfills show no signs of scattered litter or have any noticeable odour. All are way from residential areas and waterways.

Landfill in good condition and operation, all waste managed properly, it is only observed that the mixing sump not maintain to be emptied and dried.

The solid waste was reutilized as boiler fuel (Palm Oil Waste). Inspection of estate housing confirmed no prove of fire use for waste disposal.

A Non Conformity was assigned against Minor Indicator 5.5.3 since the inspection to JK21E housing found fire was being use for domestic wastes disposal. This indicated lack of awareness among Felda employees on Felda’s zero burning policy.

5.6. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

The control of hydrocarbon including spills and bulk containment is now adequately controlled. There was evidence that any spills are now treated effectively. Drip trays are now being used to catch hydrocarbon spills and drips that reduce the possibility of ground pollution and possible water pollution. Improvement is also been achieved in areas of pesticide spill control. All minor leaks or drips, which waste resources and cause pollution are now reported and repaired immediately.

The Estate has a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts 14 January 2009.

Plan to develop new POME treatment system that scheduled to be ready at the end of December 2010.

Plan to reuse solid waste to be composting with microorganism and hydrated the compost using part of POME. The rest of POME was sent to Jengka 8 treatment facility. JK21M: Plan develops should be focusing on POME which is highest scoring on aspect impact register, others waste has been identified and planned the mitigation action. JK21E: Plan develops to mitigate impact but not yet related to the aspect and impact register.

Plan to reuse solid waste to be composting with microorganism and hydrated the compost using part of POME. The rest of POME was sent to Jengka 8 treatment facility.

Observation 5.6.1. POME treatment construction underway but the completion delayed since the beginning of the year. Estates: Plan to reuse pesticide containers and wastewater reuse are exist on the estates, but not properly documented.

There is no peat land under cultivation in any Felda Estate.

Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Social Impacts are identified in part via the grievance process for employees, contractors and other parties for negative impacts and through social interaction for positive impacts as reported in 6.5. The SIA is prepared separately for every operating unit—e.g. mill and estate have it own SIA document.

SIA of both mill and estates (11 estates close by, e.g. Jengka 12, Jengka 13, Jengka 14, Jengka 21, Jengka 22, Jengka 23, Jengka 24, Jengka 25, FASSB 24/25, Jenderak Utara and Jenderak Selatan) been carried out internally, report been prepared on April 2011. Discussion with local communities been held in every kampong, for example meeting between mill representative and the surrounding kampong representatives held on 05 October 2010 attended by 35 participants. Issues raised among other better income opportunities, better infrastructure, and better educational infrastructures, good social involvement programmes. A negative issue identified was the presence of narcotic trader in the kampong. Inspection to the SIA document confirmed that input from local communities had been included in the text (SIA had identified both negatives and positives of mill and estates operation, including foreign workers dormitory located too close to local kampong, the presence of illegal workers around the estates, and FFB theft).

JK24/25E: Estate has prepared SIA in 20 January 2011, where four issues are identified, e.g. workers dormitory need repair, insufficient workers wage, local people concern with foreign workers miss-conduct, e.g. having “too close” relationship with local women.

Review to the document indicated local stakeholders were consulted during the preparation of SIA. At JK21M (and estates) a total of 31 people were participated in the preparation of the SIA, in 05 October 2011. While in JK24/25E as many as local people 38 local people have been interview during the preparation of the SIA, including local people and workers.

Social Action Plan for mitigation of issues identified and raised by local communities have been prepared including target of completion and person in charge to ensure implementation updated on 05 October 2011.

Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

There is in place a communication procedure and the policy has formalised. This will have a positive impact on the effectiveness of the policy and will improve the communication between management and other levels within the company unless completed. Senior management now communicate with other levels within the Felde in relation to the communication policy.

Procedure of communication with external and internal stakeholders is available, detail as follows:

JK21M: Procedures are documented for internal and external communications in Manual Prosedur: Komunikasi, Penglibatan, dan Rundingan (Communication, Participation, and Consultation) dated 02 January 2008. JK21E: Communication Procedures are documented in Estate Quality Management System (Standard Operating Manual) Section 5.5. Copies held on site and sighted during audit. JK14E: On 01 September 2009, regional head issues letter to all operating unit on procedures of consultation and communication. The procedures need to be made available on site and socialized to all stakeholders. Confirmed during interview with settlers that they understand the procedures of communication with FELDA. There is also a monthly meeting between estate and settlers, where settlers are able to raise their concern. The last meeting was held on 18 May 2011, attended by 23 settlers. List of attendances and minutes of meeting are available on site; record held on file “Elaun JKKR”. JK24/25E: Procedures for Communication, Involvement, and Negotiation (Komunikasi, Penglibatan, dan Rundingan) dated 2 January 2009 No FAS-IMS/L.2/6.0.

The Mill Manager is the nominated person. The Estate Manager is the nominated person.

All management units have prepared a Stakeholders List and are current. Appropriate stakeholders have

generally have been included in the list, complete with contact persons and address.

A formal list of mill stakeholder has been prepared consisting of local communities, neighbouring estates, government offices, suppliers, contractors, workers, NGO, doctors, consultants, banks, external auditors complete with address, contact number and persons in charge updated on 20 January 2012. Records are held on file List of Stakeholders.

A Non Conformity was assigned against Minor Indicator 6.2.3. as in JK14E List of stakeholders has not been prepared.

6.2.3. Observation. JK21M: Mill has prepared a list of stakeholders on October 2010. Even though the list is up to date, however, its does not include Government Departments. JK21M: Mill has prepared a list of stakeholders on October 2010. Even though the list is up to date, however, its does not include Government Departments e.g. Dept of Forestry, DOE (State and Federal), neighbouring Oil Palm Plantations and NGOs. JK21E: List updated on 23 May 2011, however, it can be improved by adding more detail on the postal address. JK24/25E: Stakeholders list prepared on 17 April 2011 including local people, contractors, suppliers, government officials, and NGO. List can be improved by adding complete address of the stakeholders.

A dispute resolution procedure is documented in Manual Procedure of Complaints, Nonconformity, Incidents Investigations, and Corrective Actions revised on 07 August 2009. Recently, there have been no disputes. At Estate, dispute resolution documented in contract agreement; e.g. between foreign workers, 20.3 describe detail of resolution procedures between foreign workers and Felde. Prosedur Kemuskilan under Perhubungan Perusahaan, need to developed external dispute resolution procedures (CAR).

Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Procedure of dealing with complaint is either in form of SOP or for internal dispute procedure is detailed in the contract agreement between Felde and workers. A dispute resolution procedure is documented in Manual Procedure of Complaints, Nonconformity, Incidents Investigations, and Corrective Actions revised on 03 August 2009.

The Procedure has not yet been communicated to Staff, workers, contractors and suppliers. Interview of staff and workers at Estate and Mill confirmed that even though they were not aware of a “Procedure” they would be comfortable raising issues with supervisors. At the time of the audit, it was stated that there have been no grievances therefore the resolution process has not been tested.

Felda has also established and implemented JCC (Joint Consultative Committee) for resolving employment issues at local level. Internal stakeholder communications are recorded during the JCC meetings. The JCC has meetings regularly with the representative of management and workers (including women and foreign workers). The JCC is open to external parties including foreign workers. It was confirmed during assessment that foreign workers have their representatives in JCC.

In fact almost all enquiries are requests for assistance that each estate provides on almost all occasions. Records of all assistance are recorded in the grievance book. Most of the requests and grievances came from internal stakeholders, such as workers. Inspection of the records indicated that the system resolved all disputes in a timely manner.

Confirmed during interview with officials that the system is open to affected parties.

Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

At the time of the audit all Felda operations are based on state land under GSA. This indicator applies for customary land (Interview of community leaders and forestry department officers confirm that there were no claims in relation to customary land).

FELDA follow land acquisition act 1964. Copy of act is available on site. FELDA has procedures (6.9. Pampasan Pengambilan Tanah Negara oleh Agensi Kerajaan) to identify legal right as part of “Manual Pengurusan Rancangan” endorsed on July 2010 which is conform with the Land Acquisition Act 1964. The land dispute procedure refers the compensation assessment to the corporate land management department “Jabatan Tanah” of FELDA who assesses and advises on compensation. At the time of assessment there was no land dispute occurred as the land was developed from forest under government program where no inhabitants at the time of development.

6.4.3. Observation. At the mill, there is a land transfer between landholders for the mill development as well as for road access from the main road to the mill. It was informed that HQ keeps all records of compensations, however, the records is incomplete, as the mill did not holds detail of compensation payment.

Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Most of the workers are migrants from Indonesia, who work on 3 years contracts and can be extended as

necessary. Pay and conditions are documented in the employment agreement between Felda and workers. All workers are offered minimum 24 days of work. Contractor’s workers occupy the same housing with the Felda workers. Compliance found against the requirement to Part XII of the Employment Act. All workers are entitle for Public Holiday, Annual Leave, Sick Leave, overtime wages if overtime work is offered. These conditions are described in the employment agreement.

Mill pay and conditions are documented in accordance with Felda Palm Industries Sdn Bhd with Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd (Semenanjung) agreement 2010. The Collective Agreement is revised every two years. Agreement book is distributed to all workers. Confirmed during interview with foreign workers, they hold their contract agreement.

For foreign workers, every worker has “Surat Perjanjian Kontrak Pekerjaan, between Felda and Foreign Workers”. The contract detail term and condition of the employment, such as wages, paid leave, etc. JK14E: Between Felda Technoplant Sdn and Staff in “Syarat-Syarat Pengkidmatan Petugas Syarikat”, 01 January 2010.

The Pay slips are in Bahasa Malaysia, and interviews with workers indicated understanding of the details of payment in the pay slip. Harvesters, FFB loader, and fertilizer applicators are paid on piece rate. The rate was made available and interviews with the Harvesters, FFB loaders, and fertilizer applicators confirm understanding of pay rate.

Workers are paid above minimum standard as laid out for Malaysia, and are therefore able to make savings. Interview of staffs and workers confirmed that they all had copies of their “Employment Contract” and understood Terms and Conditions. All were aware of and received correct leave entitlements and pay for any overtime worked.

Basic public infrastructures is relatively good and are mostly provided by the government including public school, electricity, water supply, public road, clinic or public health centre, religious facility as well as sporting facilities for people. Road access is relatively good and well maintained to connect the estate to nearest town. Phone services by major Malaysian providers are accessible to all people.

Mill housing was constructed in November 2009 and meets Government Standard—three roomed houses. Clinic is available in Bandar Jengka, around 25 minutes from mill. Mill provides dedicated van for transport to clinic. Government schools are within close proximity of the Estate and Mill.

Foreign workers live in dormitory shared with around ten (or less) workers. Inspection indicated that the housing is sub-standard.

Free medical treatments for workers are available up to 200 RM for single and 500 RM for family. If the cost is

exceeding the limit, company will paid for 80 percent. Clinic is available in Bandar Jengka and Temerloh, around 25 minutes from mill. Mill provides dedicated van for transport to clinic. Government schools are within close proximity of the Estate and Mill. Electricity and water from government supply at subsidized rate at RM 2 per person of maximum 6 people.

Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Felda has published a “Polisi Kebebasan Menganggotai Khidmat Sukarela” signed by Director General at 28 June 2011. The policy has been distributed to all operating unit. Interview of male and female workers confirmed understanding to the policy.

Mill and Estate Workers and Staff are Union Members. Meetings between the Company and Union Officials are held at Zone Head level in Kuala Terengganu at 22 September 2010. Mill held incidental meeting with workers union. The last meeting was held on 14 October 2010 attended by 11 workers representatives; however minute of meeting was not prepared. Record held on file “Kesatuan Petugas”.

Jawatan Kuasa Keselamatan Alam Sekitar (JKKS) have regular meeting to discuss any issue mainly on OHS. In JKKS every workers is represented. The last meeting was held on 20 May 2011, attended by 12 workers representatives. Record held on file “JKKAS/PPTR/L Mesyuarat Minit”.

JK21E/JK14E: the most recent meeting between management and Kesatuan Pekerja-Pekerja Cawangan Jengka been held on 17 May 2011 attended by 84 participants. Meeting intended to select union representatives. Record held on file “Hak Menganggotai Kesatuan”.

Criterion 6.7: 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.

The minimum working age is 18 under in accordance to the Labour Ordinance 1955. Felda have a policy to contract workers in age range from 18 – 50 years old. At time of hire check of age is confirmed by ID Card or Passport for foreign workers. Confirmed during assessment that age check was done prior to employment where Malaysian workers must provide National Identity Card or passport for foreign workers. No children workers were observed in field. Record of the workers check confirmed no underage employed by Felda. Workers stated during assessment that no underage worker was employed in Felda.

Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.

Felda has a “Polisi Kesetaraan Peluang” signed by Director General at 20 December 2010. The policy has been distributed to all operating unit and displayed to public. Interview of workers confirm understanding to the policy.

It was confirmed during assessment that no claim from employee that they have been discriminated against. Inspection on JCC minutes of meeting did not find any discrimination. Examination of records of salary between local and foreign workers did not find any differential on the same jobs level. Interview of male and female foreign workers confirmed they are not discriminated against.

Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

Felda has prepared policy on Code of Conduct of their workers since 2007, including sexual harassment. Stated by company officials that the Code of Conduct has been distributed to all workers. A Gender Policy has been implemented and a Gender Committee formed (28 April 2009). On October 2010, Felda supplemented the code of conduct with a “Polisi Gangguan Seksual dan Keganasan” dated 28 June 2011 signed by the Director General. The policy is available in Bahasa and displayed in each office. Interviews with female workers confirmed that they are aware of the policy and understand where to report the occurrence of sexual harassment.

A gender grievance mechanism has been prepared by FELDA where ahli jawatan kuasa bertindak wanita at regional office and representative in every mills and the rancangan. Interview of female Staff and Workers confirmed awareness and statement was made that they would be comfortable to use the procedure if necessary. Regional gender committee meeting was held on 10 August 2010, at the Jengka Regional Office – Tekam, attended by 39 participants.

Meeting between gender committee members were held regularly for example, in the mill the last meeting was held on 21 October 2011 attended by 9 participants—record held on file “Gender Consultative Committee”.

JK21M: The last meeting held on 15 April 2011; attended by 6 participants—issues discussed, list of attendance and minutes of meeting is available. Record “Minit Mesyuarat Jawatankuasa Bertindak Wanita (C.6.9. Sexual Harassment). JK24/25E: The most recent meeting was held on 23 December 2010 at the zone level attended by 72 participants. JK14E: Gender committee the last

meeting 13 August 2010, attended by 39 participants “Gangguan Seksual ke Atas Wanita”.

Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.

Malaysian Palm Oil Board (MPOB) sets the FFB price monthly and this information is publicly available. Mill keeps record of FFB processes and calculates the value of FFB for every block and notifies HQ for payment to the smallholders.

Current FFB prices are displayed at the Weighbridge. Past FFB price kept by the mill at FelDA internal online databank that is can be made public upon request. Confirmed during interview with smallholders, they are able to access the price of FFB.

The Company has standard terms and conditions of contracts bound into the contractor contract agreement. In addition, during induction, details of the contract were explained. Interviews with contractors confirmed they understand contract terms and conditions.

It was confirmed during interview with contractors and suppliers, all payments are made in timely manner.

Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.

FELDA plantation objectives during the establishment in 1959 as follows (1) To provide land for landless, (2) Uplift socio-economic status of rural communities (and landless), and (3) Encourage the development of a progressive, productive and disciplined settlers community.

Each settler was given 0.1 hectares of land for a house plot measuring 20m x 50m. This also allowed sufficient land to grow vegetables and fruit trees. They were also given a plot of about 10 acres (4 ha). The early settlers grew rubber and cocoa and it was until 1965 that oil palm was given to the settlers. Although there has been no intake of settlers into any scheme since 1990, the fact remains that there are 103,156 settlers and their families who are living in the 275 villages created by FelDA. More than half a million people are employed in villages occupying an area of 42,173 ha. Over the past 50 years this selected population has aged and some have passed on. The second generation has matured and a third generation has sprung up.

In this regards, the wealth of local community was basically indebted to FelDA. Under FelDA scheme, settlers generally have good access to Government services, health and education and infrastructure is well established.

Local communities generally have good access to Government services, health and education and infrastructure is well established. Community assistance is related to the local situation. Examples of

contributions include assistance with places of worship and donations to schools for activities. There is a budget to meet local requests for assistance. JK21M: donation for sporting activities was provided to Jengka 13 Elementary School at 20 May 2011; following request of donation dated 07 March 2011. Record held on file “Employees & Communities”. JK14E: Scholarship, 5 persons—university “Sumbangan Kepada Pembangunan Setempat”.

Criterion 7.1: A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operation, or expanding existing ones, the results incorporated into planning, management and operations.

Not applicable, there was no new planting in the FelDA area.

Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The company has implemented a Management System that includes many improvement plans.

Objectives and Targets have been developed and an improvement plan prepared. The main focus of continual improvement to date has been environmental performance, while more attention has now been given to social impacts.

Improvements are being carried out but Mill yet to prepare an Improvement Plan. Estate improvements are documented as the Pollution Reduction Plan.

The company has implemented best practices for management of pesticides and the improved controls associated with this program has not reduced overall chemicals usage over the past 5 years.

Observation 8.1.1. Continuous improvement not available for environmental activities, knowledge for improvement/impact mitigation also should be highly considered to face more impact in the future.

The company has implemented a best practice system for the segregation of wastes at source into composts, recyclables and non-recyclable for disposal at landfills. This program has reduced substantially the quantity of waste disposed in landfills.

Reuse and recycling of palm products is well implemented. Separation of garden waste from domestic refuse is yet to be implemented.

Mill improvements for pollution prevention are planned but have not yet been documented. The Estate has prepared a Pollution Reduction Plan.

Environmental Impact mitigation measures and continuous improvement should be shown on the environmental plan.

Annual aspect of impact was developed but should be followed with specific management program related to the significant impact

Observation 8.1.2. Annual aspect of impact was developed but should be followed with specific management program related to the significant impact; those EMP also should include Pollution Prevention measures.

Management Review process shares information on best practices for performance improvement, as part of evaluation process has not yet been done.

Observation 8.1.3. Reuse and recycling of palm products is well implemented. Separation of garden waste from domestic refuse is yet to be implemented. Minimizing waste by reusing cleansing water was done but not documented properly with quantity of wastewater being recycled.

Riparian buffer strips are being established at replant to trap coarse-grained sediment from discharge into streams. Vetiver and Guatemala grass are being used to strengthen river and creek banks to prevent erosion.

Social impact assessments have been carried out for each estate and the mill and improvement programmes introduced.

Mill improvements for pollution prevention are planned but have not yet been documented. The Estate has prepared a Pollution Reduction Plan.

Observation 8.1.4. Pollution prevention plan are not yet been socialised, awareness of workers need to be improved through training on Pollution Prevention.

A Continuous Improvement Plan is attached in Appendix D.

3.2 Detailed Identified Nonconformities, Noteworthy Negative and Positive Observations

Nonconformities

MAJOR NONCONFORMITIES

Two (2) Non Conformity were assigned to major non-conformance against indicator 2.1.1 and 4.6.5, detail as follows:

A605205/1 A non conformance was raised against major indicator 2.1.1. Since the black smoke indicator for 9 and 25 June 2011 (as shown in the ringelman chart) had some unreported upsets. On 21 May 2011, the mill had reported the upset to the DOE, however, it incorrectly reported, where the mill reported upset for 13.5 minutes where the chart showing more than 15 minutes. On 20 January 2011, mill reported 0 upset where chart showing upset for more than 15 minutes.

A605205/2 A non conformance was raised against major indicator 4.6.5. as at JK14E medical surveillance for plantation pesticide operators has not been carried out.

Noteworthy Negative Observation

MINOR NONCONFORMITIES

Three (3) Non-Conformity were assigned to minor non-conformance against indicator 2.2.3, 5.5.3, and 6.2.3. detail as follows:

A605205/3: A Non Conformity was assigned against Minor Indicator 2.2.3., JK21E: No survey has been carried out to reiterate boundary between estate and Hutan Simpan Jengka.

JK14E: Inspection to Peringkat 1 A, confirmed the presence of boundary stone; however, there was no survey been carried out to locate all of boundary stone along the boundary with the Jengka reserve forest.

A605205/4 A Non Conformity was assigned against Minor Indicator 5.5.3 inspection to the estate housing found evident of burning domestic waste.

A605205/5 A Non Conformity was assigned against Minor Indicator 6.2.3. as at JK14E List of stakeholders has not been prepared.

OBSERVATIONS

(1.2.2) Improvement as per CHRA has not been implemented. JK21M: oven fume hood need to add 10" wall mounted fan, and extraction fume hood to handle hexane is not acceptable and need to redesign the proper LEV for extraction as per requirement Reg18. JK21E: personal exposure monitoring and health surveillance on symptoms of neurological toxicity has not been carried out; mask did not meet DOSH requirement; improper signage and warning for Ally, Glyphosate, and Paraquat. Emergency eye wash kit not consistently available on site.

(1.2.3) Environmental aspect impact register need to be improved to cover all aspects and impacts of the operations, relating it to mitigation measures to show pollution prevention and continuous improvements.

(1.2.4) Pollution prevention plans available, however, it is not directly related to identified environmental impacts.

(1.2.7) Continuous improvement for the mill was carried out, but it was not documented properly e.g. on going improvements for POME treatment and plan to reduce chemical consumption for Estates has not been recorded. Internal audit findings' follow up action was not consistently carried out and documented properly.

(2.1.2) JK21E: List of applicable regulation was available, however, there is no detail of preparation date.

(2.1.3) JK14E: List of applicable regulation is available however not updated as necessary.

(2.2.2) JK14E: Land title inspection found that the term and condition of JK14E is for rubber planting. Felda already apply for conversion from rubber to oil

palm on 26 May 2010; no reply. Again on the 10 November 2010 letter sent to District Land Office – Maran, letter No. (52) 31111/12-1-6 Pt.1 responded on 19 December 2010, No. Bil (2) dlm PTM 6-6-4225, completed the request with other requirement. The conversion of land use expected to be completed by end of the month.

(2.2.3) JK21M: Juru ukur Titi Wangsa carried out mill boundary survey on 30 June 2011, however, identification of boundary between mill and forest has not been carried out. Mill will assign the same consultant to re-survey the forest boundary which is expected to be completed by this year.

(4.1.1) SOP implementation needs to be improved through regular checking on the implementation status of SOP.

(4.1.2) Mill need to record action taken and progress of implementation, Estate needs to maintain JKPP8 report submission received/transmittal sheet as an evidence of report submission.

(4.3.1) JK14E: Estate has programme and practice of minimizing soil erosion and degradation such as LCC planting, mulching and maintaining riparian buffer zone along Jengka river; however, map of fragile soil is not available.

(4.4.1) JK14E: Inspection of buffer zone confirmed riparian and buffer zone is maintained such as close to Jengka River. However, the buffer zone has not been mapped and marked on the ground for future replanting.

(4.4.3) At the moment the Mill wastewater (POME) was used for EFB composting activities, the rest was sent to JK08M to be treated on their Wastewater Treatment. Mill is in progress of developing its own WWTP.

(4.4.5) The Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, however, it can be improved by plotting into graph against the target value to show the usage trend.

(4.5.1) There is no IPM documentations/graph which explain and relates to the reduction of pesticide use. Understanding of IPM, goal and target of IPM need improvement.

(4.5.4) Calculation of a.i. per ha or per tonne crops or per tonne of CPO need to be improved to avoid miscalculation.

(4.6.1) SOP revision should use input from CHRA and HIRAC.

(4.6.3) In the estates, signages at chemical mixing area and emergency eye wash facility need to be improved to comply to the latest regulation.

(4.6.4) MSDS for some chemicals are available in English only which might not be understood by Malaysian workers. Suppliers will be requested to provide MSDS in Bahasa Malaysia.

(4.6.7) JK21E: Recommendation to substitute paraquat is highlighted in CHRA report but there is no follow up yet; JK14/24/25E: There is no evidence that hazardous chemicals use is being reduced.

(4.7.1) OSH Policy is available, however, workers awareness is low as inspection found incorrect use of PPE.

(4.7.2) There are records of JKPP8 reported to HQ monthly and to government annually, but there is no quarterly review yet.

(4.8.1) Training was provided but training need assessment and records was not appropriately maintained.

(5.1.1) Estate has prepared aspect and impact of its operation but the mitigation measure was not related to the environment and there is no pollution prevention and continues improvements.

(5.1.2) A plan needs to be developed in accordance and relevant to the finding in aspect impact register.

(5.2.1) JK24/25E: Felda has prepared HCV assessment report dated 01 July 2011, including stakeholders consultation on 21 July 2010 using survey forms to the essence of HCV in and around the estates. Inspection to the record indicate that no list of attendance available and inconsistency between HCV assessment result (presence of HCV 1 (wild boar (sus scrofa), cobra (naja sp), wild chicken (gallus gallus), and monitor lizard)) and with the conclusion (where only HCV 6 was identified in the concession area). JK21E: HCV assessment available, however, it can be improve by increasing the consistency on the date of preparation, e.g. what is written in the cover (1 July 2011) and as written in the preface (8 January 2011) is not matching. Meeting with stakeholders was carried out on 20 January 2011, however, minutes of meeting and list of stakeholders was not available. Inspection to the document indicate that the presence of HCV has not been sufficiently assessed, as high slope area was not included in the HCV area, also there was no detail on the presence of wildlife such as beruk. JK14E: need to detail state of the HCV especially along the Sg Jengka 01 June 2011, e.g. species found, condition of the HCV etc.

(5.2.2) JK24/25E: Action plan has been prepared following HCV assessment; however, it should be consistent with the HCV assessment finding. Beside that the plan can be improved by including time frame and the responsible persons. JK21E: Plan available, however, it can be improved by adding more detail on the presence of HCV inside the estate.

(5.3.1) The documentation should clearly identify type of wastes, source of wastes, and the quantity of the wastes. It should be prepared separately to prevent mis-interpretation.

(5.6.1) Mill: POME treatment construction underway but the completion delayed since the beginning of the year. Estates: Plan to reuse pesticide containers and

wastewater reuses are existing on the estates, but not properly documented.

(6.2.3) JK21M: Mill has prepared a list of stakeholders on October 2010. Even though the list is up to date, however, its does not include Government Departments. **JK21M:** Mill has prepared a list of stakeholders on October 2010. Even though the list is up to date, however, its does not include Government Departments e.g. Dept of Forestry, DOE (State and Federal), neighbouring Oil Palm Plantations and NGOs. **JK21E:** List updated on 23 May 2011, however, it can be improved by adding more detail on the postal address. **JK24/25E:** Stakeholders list prepared on 17 April 2011 including local people, contractors, suppliers, government officials, and NGO. List can be improved by adding complete address of the stakeholders.

(6.4.3) At the mill, there is a land transfer between landholders for the mill development as well as for road access from the main road to the mill. It was informed that HQ keeps all records of compensations, however, the records is incomplete, as the mill did not holds detail of compensation payment.

(8.1.1) Continous improvement not available for environmental activities, knowledge for improvement/impact mitigation also should be highly considered to face more impact in the future

(8.1.2) Estates: Annual aspect of impact was developed but should be followed with specific management program related to the significant impact, those EMP also should includes Pollution Prevention measures.

(8.1.3) Reuse and recycling of palm products is well implemented. Separation of garden waste from domestic refuse is yet to be implemented. Minimizing waste by reusing cleansing water was done but not documented properly with quantity of wastewater being recycled.

(8.1.4) Mill improvements for pollution prevention are planned but have not documented. The Estate has prepared a Pollution Reduction Plan that not properly recorded.

Felda Jengka 21 has prepared a Corrective Action Plan that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

3.3 Corrective Action and Closeout of Nonconformities

Felda Jengka 21 Management Unit has prepared Corrective Action Plan for the major non conformities. It was assessed by the audit team and accepted to be appropriate to close out the major non conformity. A special audit was conducted on 20 –21 July 2012 to verify the implementation of the Corrective Action Plans. The corrective action and implementation details are listed in Appendix F. It is confirmed that the implementation was effective. The Major non conformity is closed. Therefore, it is the

recommendation of BSi that Jengka 21 Management unit is approved as producer of RSPO Certified Sustainable Palm Oil.

The Jengka 21 management unit also provided corrective action plan for the minor non conformities. It was assessed and accepted by the BSI auditors. The close out evidence for the Minor Nonconformities will be assessed during the first surveillance assessment scheduled within twelve months of the RSPO approval of the Initial Certification.

The progress with the observations/opportunities for improvement will also be checked at the Surveillance Assessment visit.

3.4 Noteworthy Positive Components

1. Roads

Jengka 21 is up-keeping many roads in the areas surrounding their estates. Even though these roads do not run through their property FELDA supplies equipment and man power to keep these roads in good condition for all users.

2. Amenities (Housing)

FELDA is on the process of upgrading workers linesites from wooden house into concrete wall houses. Additional water tanks were installed provides better clean water storage.

3. Local Economy

It is widely known that FELDA scheme is providing better income opportunities for the settlers. This can be easily noted that most of FELDA settlers are enjoy huge welfare improvement compared before Felda has developed the land for them. Interview of community indicated good relationship and respond positively toward FELDA.

3.5 Issues Raised By Stakeholders and Findings with Respect To Each Issue

Stakeholders Comments

Mill, Estate Workers, and Staff

Workers in general are happy to work with the company; no issues were raised during assessment as the following:

Contractors and Suppliers

Contractors and suppliers commented positively with the company, having good relationship, doing business fairly. No issue was raised by the Contractors.

Local Community

No issue raised by local community

Government Official

No issues raised by Government Official

3.6 **Acknowledgement Of Internal Responsibility And Formal Sign-Off Of Assessment Findings**

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of
Felda Jengka 21 Certification Unit



Mr K. Hlangovan
Associate Research Principle - Felda
Date: 31.07.12

Signed for on behalf of
BSI Group Singapore Pte Ltd



Mr Iman K Nawireja
Lead Auditor
Date: 31.07.12

Appendix A: FELDA Jengka 21 RSPO Certificate Details

Jengka 21 Palm Oil Mill,

Bandar Pusat Jengka,

Jengka, Malaysia

www.felda.net.my

Certificate Number: **SPO 571232**

Certificate Issue Date: **Subject to RSPO Approval of the Summary Report**

Applicable Standards: RSPO Principles & Criteria: 2007; Malaysian National Interpretation: November 2010

Jengka 21 Palm Oil Mill and Supply Base	
Location	Bandar Pusat Jengka, Pahang, Malaysia.
Address	Felda Jengka 21 Palm Oil Mill, Bandar Pusat Jengka, 26400 Pahang, Malaysia.
GPS	102° 28' 56" E ; 3° 43' 30" N
CPO Tonnage	48,024.00
PK Tonnage	10,619.10
FFB Tonnages	Jengka 12: 38,489
	Jengka 13: 26,843
	Jengka 14: 33,058
	Jengka 21: 29,101
	Jengka 22: 27,219
	Jengka 23: 26,826
	Jengka 24: 0
	Jengka 25: 0
	Jenderak Utara: 14,681
	Jenderak Selatan: 15,312
	FASSB 24/25: 13,823
	Grand Total: 225,352

Appendix B: Initial certification Audit Programme 09 – 12 July 2011

Stage 2 – Main Assessment: Jengka 21 Palm Oil Mill and Supply Base

AUDIT TEAM – IN: Iman Nawireja HW: Hendra Wijaya				
DATE	TIME	ACTIVITY	IN	HW
Saturday July 09 JENGKA 24/25	08.00	Pick up from Hotel to Jengka 24/25 Estate	√	√
	09.00	Combined Opening Meeting (Mill and Estates)		√
	10.00	Interview Workers (Male/Female)	√	
		Interview of Contractors/Suppliers	√	
		Interview of Worker Union representatives		√
		Inspect Housing and Interview Residents	√	
	PM	Document Review	√	√
		Review Pay Documentation	√	
		Review SIA – Assessment and Improvement Plans		√
		Review HCV Assessment and Monitoring Plans	√	
		Visit any Local Communities	√	
		Interview of Local Government Official (Labour Dept, DOSH, etc)	√	
	1630	Closing Briefing for Estate Manager		
Sunday July 10 Jengka 21 Mill	08.00	Pick-up from Hotel travel to Jengka 21 Mill		
	09.00	Opening Briefing	√	√
	AM	Interview Workers (Male/Female)	√	
		Interview of Contractors/Suppliers	√	
		Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill		√
		Physical Inspection Stores, Landfill		√
	PM	Inspect Housing and Interview Residents	√	
	16.30	Documents Review	√	√
		Visit Local communities	√	√
		Closing Briefing for Estate Manager	√	
Monday July 11 Jengka 21	08.00	Pick-up from Hotel travel to Jengka 21 Mill		
	09.00	Opening Briefing	√	√
	AM	Interview Workers (Male/Female)	√	
		Interview of Contractors/Suppliers	√	
		Physical Inspection Stores, Landfill		√
		Inspect Housing and Interview Residents		√
	PM	Documents Review	√	
		Visit Local communities	√	√
	16.30	Closing Briefing for Estate Manager	√	√
Tuesday July 12 Jengka 14	08.00	Pick-up from Hotel travel to Jengka 14 Estate		
	AM	Opening Briefing	√	√
		Physical Inspection Estate/Including buffer zone, Interview Fieldworkers	√	
		Physical Inspection Stores, Landfill		√
		Inspect Housing and Interview Residents		√
	PM	Follow up any outstanding issues	√	
		Auditor caucus	√	√
	15.30	Closing Meeting (Mill & Estates) – Jengka 21 Mill	√	√

Appendix C: Special Audit Programme 20 – 21 July 2012

Special Audit at Felda Jengka 21 Palm Oil Mill and Supply Base to close out Major NC and Supply Chain Audit

DATE	TIME	ACTIVITY (AS: A. Senniah)	AS
Friday July 20, 2012 Jengka 21 Palm Oil Mill	08.30	Travel to Jengka 21 palm Oil Mill	√
	09.30 10.00	Opening Meeting (Mill) Physical Inspection at Mill to verify the implementation of the CAP to close out the major NC. Interview workers, staff and Manager.	
	PM	Supply Chain Audit and Document Review. Latest production data audit. Closing Briefing for Mill Manager.	√
Saturday July 21, 2012 Jengka 14	08.30	Travel to Jengka 14	√
	09.30	Opening Briefing	
	AM	Inspection of documents related to close out evidence for the major NC. 1. Medical Surveillance Records. 2. Workers List. 3. Interview with the workers and staff. 4. Interview with the Manager.	
	PM	Closing Meeting	

Appendix D: Continuous Improvement Plan

Items	Continuous Improvement Programmes for Environment	Target time
Palm Oil Mill Effluent (POME) Covers indicators 8.1.2, 8.1.3 and 8.1.4.	<ol style="list-style-type: none"> 1. Monitor the BOD level to ensure BOD within the permit level of 50ppm. 2. To continuously promote recycling and re-use by-products. 3. Manage the collection of schedule waste item and dispose through authorised collectors. 	On going all the time.
Empty fruit bunch (EFB) Covers indicators 8.1.2, 8.1.3 and 8.1.4.	<ol style="list-style-type: none"> 1. Re-cycle in the field as a organic fertilizer. 	On going all the time.
Efficient usage of electricity and office papers	<ol style="list-style-type: none"> 1. Awareness to staff to safe electricity during office hours and for operational use. 2. To promote re-cycling of papers. 	On going all the time.
High Conservation Area Covers indicators 8.1.2	<ol style="list-style-type: none"> 1. To promote protection of adjacent area HCV by conducting awareness briefing during meeting among Felda community although the HCV is not within the Felda area. 	On going all the time.
Reduction of Pesticide usage Indicator 8.1.1	<ol style="list-style-type: none"> 1. Restrict use of paraquat in replanting area. To gradually replace paraquat with Basta. 	On going all the time.

Appendix E: Summary of the Non conformities

Major Nonconformities/Improvement Requests

RSPO Indicator	NCR Ref	Details
2.1.1. Evidence of compliance with legal requirement	A605205/1	The black smoke indicator at the mill on 9 and 25 June 2011 as shown in the ringelman chart had some unreported upsets. Earlier on 21 May 2011, the mill reported the upset to the DOE, however, it incorrectly reported, where the mill reported upset for 13.5 minutes but the chart showing more than 15 minutes. Again on 20 January 2011, mill reported 0 upset where chart showing upset for more than 15 minutes.
4.6.5. Annual medical surveillance as per CHRA for plantation pesticide operators.	A605205/2	JK14E medical surveillance for plantation pesticide operators has not been carried out.

Minor Nonconformities/Improvement Requests

RSPO Indicator	NCR Ref	Details
2.2.3. Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.	A605205/3	JK14E: Inspection to Peringkat 1 A, confirmed the presence of boundary stone; however, there was no survey been carried out to locate all of boundary stone along the boundary with the Jengka reserve forest.
5.5.3. No evidence of burning waste (including domestic wastes).	A605205/4	A605205/28 A Non Conformity was assigned against Minor Indicator 5.5.3 inspection to the estate housing found evident of burning domestic waste.
6.2.3. Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.	A605205/5	A605205/28 A Non Conformity was assigned against Minor Indicator 6.2.3. as at JK14E List of stakeholders has not been prepared.

OBSERVATIONS

(1.2.2) Improvement as per CHRA has not been implemented. JK21M: oven fume hood need to add 10" wall mounted fan, and extraction fume hood to handle hexane is not acceptable and need to redesign the proper LEV for extraction as per requirement Reg18. JK21E: personal exposure monitoring and health surveillance on symptoms of neurological toxicity has not been carried out; mask did not meet DOSH requirement; improper signage and warning for Ally, Glyphosate, and Paraquat. Emergency eye wash kit not consistently available on site.

(1.2.3) Environmental aspect impact register need to be improved to cover all aspects and impacts of the operations, relating it to mitigation measures to show pollution prevention and continuous improvements.

(1.2.4) Pollution prevention plan available, however, it is not directly related to identified environmental impacts.

(1.2.7) Continuous improvement for the mill was carried out, but it was not documented properly e.g. on going improvements for POME treatment and plan to reduce chemical consumption for Estates has not been recorded. Internal audit findings' follow up action was not consistently carried out and documented properly.

(2.1.2) JK21E: List of applicable regulation was available; however, there is no detail of preparation date.

(2.1.3) JK14E: List of applicable regulation is available however not updated as necessary.

(2.2.2) JK14E: Land title inspection found that the term and condition of JK14E is for rubber planting. Felदा already apply for conversion from rubber to oil palm on 26 May 2010; no reply. Again on the 10 November 2010 letter sent to District Land Office – Maran, letter No. (52) 31111/12-1-6 Pt.1 responded on 19 December 2010, No. Bil (2) dlm PTM 6-6-4225, completed the request with other requirement. The conversion of land use expected to be completed by end of the month.

- (2.2.3) JK21M: Juru ukur Titi Wangsa carried out mill boundary survey on 30 June 2011, however, identification of boundary between mill and forest has not been carried out. Mill will assign the same consultant to re-survey the forest boundary which is expected to be completed by this year.
- (4.1.1) SOP implementation needs to be improved through regular checking on the implementation status of SOP.
- (4.1.2) Mill need to record action taken and progress of implementation, Estate need to maintain JKPP8 report submission received/transmittal sheet as an evidence of report submission.
- (4.3.1) JK14E: Estate has programme and practice of minimizing soil erosion and degradation such as LCC planting, mulching and maintaining riparian buffer zone along Jengka river; however, map of fragile soil is not available.
- (4.4.1) JK14E: Inspection of buffer zone confirmed riparian and buffer zone is maintained such as close to Jengka River. However, the buffer zone has not been mapped and marked on the ground for future replanting.
- (4.4.3) At the moment the Mill wastewater (POME) was used for EFB composting activities, the rest was sent to JK08M to be treated on their Wastewater Treatment. Mill is in progress of developing its own WWTP.
- (4.4.5) The Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, however, it can be improved by plotting into graph against the target value to show the usage trend.
- (4.5.1) There is no IPM documentations/graph which explain and relates to the reduction of pesticide use. Understanding of IPM, goal and target of IPM need improvement.
- (4.5.4) Calculation of a.i. per ha or per tonne crops or per tonne of CPO need to be improved to avoid mis-calculation.
- (4.6.1) SOP revision should use input from CHRA and HIRAC.
- (4.6.3) In the estates, signage's at chemical mixing area and emergency eye wash facility need to be improved to comply to the latest regulation.
- (4.6.4) MSDS for some chemicals are available in English only which might not be understood by Malaysian workers. Suppliers will be requested to provide MSDS in Bahasa Malaysia.
- (4.6.7) JK21E: Recommendation to substitute paraquat is highlighted in CHRA report but there is no follow up yet; JK14/24/25E: There is no evidence that hazardous chemicals use is being reduced.
- (4.7.1) OSH Policy is available, however, workers awareness is low as inspection found incorrect use of PPE.
- (4.7.2) There are records of JKPP8 reported to HQ monthly and to government annually, but there is no quarterly review yet.
- (4.8.1) Training was provided but training need assessment and records was not appropriately maintained.
- (5.1.1) Estate has prepared aspect and impact of its operation but the mitigation measure was not related to the environment and there is no pollution prevention and continues improvements.
- (5.1.2) A plan needs to be developed in accordance and relevant to the finding in aspect impact register.
- (5.2.1) JK24/25E: Felda has prepared HCV assessment report dated 01 July 2011, including stakeholders consultation on 21 July 2010 using survey forms to the essence of HCV in and around the estates. Inspection to the record indicate that no list of attendance available and inconsistency between HCV assessment result (presence of HCV 1 (wild boar (*sus scrofa*), cobra (*naja sp*), wild chicken (*gallus gallus*), and monitor lizard)) and with the conclusion (where only HCV 6 was identified in the concession area). JK21E: HCV assessment available, however, it can be improve by increasing the consistency on the date of preparation, e.g. what is written in the cover (1 July 2011) and as written in the preface (8 January 2011) is not matching. Meeting with stakeholders was carried out on 20 January 2011, however, minutes of meeting and list of stakeholders was not available. Inspection to the document indicate that the presence of HCV has not been sufficiently assessed, as high slope area was not included in the HCV area, also there was no detail on the presence of wildlife such as beruk. JK14E: need to detail state of the HCV especially along the Sg Jengka 01 June 2011, e.g. species found, condition of the HCV etc.
- (5.2.2) JK24/25E: Action plan has been prepared following HCV assessment; however, it should be consistent with the HCV assessment finding. Beside that the plan can be improved by including time frame and the responsible persons. JK21E: Plan available, however, it can be improved by adding more detail on the presence of HCV inside the estate.
- (5.3.1) The documentation should clearly identify type of wastes, source of wastes, and the quantity of the wastes. It should be prepared separately to prevent miss-interpretation.
- (5.6.1) Mill: POME treatment construction underway but the completion delayed since the beginning of the year. Estates: Plan to reuse pesticide containers and wastewater reuse is existing on the estates, but not properly documented.
- (6.2.3) JK21M: Mill has prepared a list of stakeholders on October 2010. Even though the list is up to date, however, its does not include Government Departments. JK21M: Mill has prepared a list of stakeholders on October 2010. Even though the list is up to date, however, its does not include Government Departments e.g. Dept of Forestry, DOE (State and Federal), neighbouring Oil Palm Plantations and NGOs. JK21E: List updated on 23 May 2011, however, it can be improved by adding more detail on the postal address. JK24/25E: Stakeholders list prepared on 17 April 2011 including local people, contractors, suppliers, government officials, and NGO. List can be improved by adding complete address of the stakeholders.

(6.4.3) At the mill, there is a land transfer between landholders for the mill development as well as for road access from the main road to the mill. It was informed that HQ keeps all records of compensations, however, the records is incomplete, as the mill did not holds detail of compensation payment.

(8.1.1) Continuous improvement not available for environmental activities, knowledge for improvement/impact mitigation also should be highly considered to face more impact in the future

(8.1.2) Estates: Annual aspect of impact was developed but should be followed with specific management program related to the significant impact; those EMP also should include Pollution Prevention measures.

(8.1.3) Reuse and recycling of palm products is well implemented. Separation of garden waste from domestic refuse is yet to be implemented. Minimizing waste by reusing cleansing water was done but not documented properly with quantity of wastewater being recycled.

(8.1.4) Mill improvements for pollution prevention are planned but have not documented. The Estate has prepared a Pollution Reduction Plan that not properly recorded.

Appendix F: Corrective Action Plan and close out evidence for Major Non Conformities

No	RSPO Indicators	NCR Ref	Description	Corrective Action Plan	PIC	Date Due
1.	2.1.1. Evidence of compliance with legal requirement	A605205/1	The black smoke indicator for 9 and 25 June 2011 (as shown in the ringelmann chart) had some unreported upsets. On 21 May 2011, the mill had reported the upset to the DOE, however, it incorrectly reported, where the mill reported upset for 13.5 minutes where the chart showing more than 15 minutes. On 20 January 2011, mill reported 0 upset where chart showing upset for more than 15 minutes.	Investigation revealed that the root cause is the carelessness of the staff in the laboratory. Disciplinary action was taken against the staff by issuing 1st warning letter dated 16/7/2011. The laboratory staff and two assistant managers were given re-training by the manager on the accurate reporting methods on 16/7/2011. Correct reporting was sent to DOE, Pahang on 25/7/2011 for the month of June with revised correct information. Report for the subsequent month of July dated 13/8/2011 shows correct reporting. The latest report for the month of June 2012 shows the correct reporting as per on the ringelmann chart. The implementation is accepted and with this evidence the major non conformity is closed.	Manager and Assistant Manager	The correct reporting was re-sent to DOE. The subsequent reporting is correctly carried out. On going all the time on monthly basis.
2.	4.6.5. Annual medical surveillance as per CHRA for plantation pesticide operators.	A605205/2	JK14E medical surveillance for plantation pesticide operators has not been carried out.	Annual Medical Surveillance was conducted for all the staff and workers handling agrochemical. A total of 25 employees have undergone the medical check up. Medical check was carried out on 3 rd and 9 th November 2011 by Occupational Health Doctor with registration number JKKP KES 127/669/1 (387) as per requirement by OSH Act 1994. The medical check up is in compliance to OSH (Use and Standard of Exposure of Chemicals Hazardous to health) Regulation 2000. Medical check up result dated 25 th November 2011 reveal that all the employees handling agrochemical fit to continue work. Medical check up includes physical examination (on eye, nose, ear, throat, nails and skin), cardio vascular system, respiratory system, central nervous system, gastrointestinal system, genitourinary, musculoskeletal (Limbs), urine test, Blood and exposure to organophosphate. With this evidence the major non conformity is closed.	Manager and Assistant Manager	Completed on 25 th November 2011. Follow up medical surveillance schedule in October 2012.

Appendix G: Jengka 21 Palm Oil Mill Supply Chain Assessment

Module E – CPO Mills Mass Balance

Requirements	Mass Balance
E 1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Jengka 21 Palm Oil Mill has procedures for the traceability with Mass Balance model covering certified and non certified FFB received. The mill managers and assistant manager have the responsibility to ensure implementation.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Jengka 21 Palm Oil Mill has procedures for the incoming FFB, processing and outgoing Crude Palm Oil and Palm Kernel. The palm oil mill is planning to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
E 2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Jengka 21 mill make daily records at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal by manager and during external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The Jengka 21 palm oil mill is aware of this procedure. This is monitored by the head office.
E 3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	The weighbridge station make daily records. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is five years and the management aware of this.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis. Monthly summary report shows monthly inventory. No PKO and Palm kernel meal at the mill.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system is implemented with the delivery deducted automatically in the system.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	The palm oil mill is aware that only positive stock can be delivered. No short selling from the mill.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Jengka 21 Palm Oil Mill use Mass Balance model and will indicated on the relevant documents once certified.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E 4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	No certified product sales during initial certification. However system in place with the present documents as below:
(a) The name and address of the buyer	Name and address of buyer written on the invoice.
(b) The date on which the invoice was issued	Date is written on the invoice.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description is written. Mass balance model will be written once the management unit is certified.
(d) The quantity of the products delivered	Quantity in tones.

(e) Reference to related transport documentation	Weighbridge documents and delivery document includes all the transport references.
E 5. Training	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Executive and Staffs in the weighbridge, stock control, storage and processing, document control have attended training.
E 6. Claims	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made.

Appendix H: Time Bound Plan - FELDA

Schedule for RSPO Certification of Felda

Palm Oil Mill and Supply Base Schedule									
No. and Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	Kota Gelanggi 1 Status: Certified on 22/7/2010	Jengka 21 Status: Audited. Audit report under review by RSPO	Adela Status: Certified on 16/4/2012	Bukit Sagu Status: Audited. Pending certification report.	Baiduri Ayu	M. Puspita	Selancar 2A	Chalok	Sampadi
2	Lepar Utara 6 (certified by CUC) Status: Certified on 22/7/2010	Jengka 3 Status: Audit report under review by RSPO	Lok Heng Status: Certified on 16/4/2012	Triang Status: Audited. Certified on 15/10/2012	Embara Budi	N. Permata	Selancar 2B	J. Barat	Aring
3		Jengka 8 Status: Audited. Audit report under review by RSPO	Semencu Status: Audited. Certified on 24/7/2012	Belitong Status: Audited. Pending certification report.	Kembara Sakti	Tersang	Pasoh	J. Baru	Aring B
4		Lepar Utara 4 Status: Audited. Certified on 12/9/2012	Waha Status: Certified on 23/5/2012	Bukit Besar Status: Audited. Pending certification report.	Lancang Kemudi	Besout	Serting	Kertih	Ciku
5		Seroja (J 18) Status: Audited. Audit report under review by RSPO	B. Kepayang Status: Audited. Audit report under review by RSPO	Kahang Status: Audited. Pending certification report.	Palong Timor	Sg Tenggi	Serting Hilir	F. Harapan	Kechau

6		Padang Piol Status: Audited. Audit report under review by RSPO	Bukit Mendi Status: Audited. Certified on 5/10/2012	Kulai Status: Audited. Pending certification report.	Lepar Hilir	Trolak	Kerau	H.Badai	Kechau B
7		Felda Segamat Status: Audited. Certified on 13/6/2012	Kemasul Status: Audited. Certified on 20/12/2012	Nitar Status: Audited. Pending certification report.	Neram	Keratong 2	Mempaga	J.Bistari	Kemahang
8			Tementi Status: Audited by SIRIM in December 2011. Audit report under review by RSPO	Penggeli Status: Audited. Pending certification report.	Pancing	Keratong 3	Maokil	Kalabakan	Cini 2
9						Keratong 9	Selendang	Umas	Cini 3
10							Tenggaroh		
11							T.Timor		
Total	2	7	8	8	8	9	11	9	9