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PUBLIC SUMMARY REPORT

RSPO

SECOND ANNUAL SURVEILLANCE ASSESSMENT (ASA02)

FELDA

Lepar Utara 4 Palm Oil Mill
Jengka, Pahang, Malaysia

Report Author:

Senniah Appalasamy – July 2014

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SUMMARY

BSi has conducted the Second Annual Assessment (ASA 02) of FELDA Operating Unit Lepar Utara 4 (LU 4) comprising Lepar Utara 4 Palm Oil Mill, supply bases, support services and infrastructure. LU 4 Certification Unit is located in Jengka, Pahang, Malaysia comprising one palm oil mill, six FFB supply base, support services and infrastructure. The ASA02 was conducted on 24 – 27 June 2014. BSi concludes that Lepar Utara 4 Palm Oil Mill and supply base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance Assessment; and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation]

BSi recommends the approval of continuation of the Lepar Utara 4 Certification Unit's operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

BOD	Biological Oxygen Demand
CDA	Controlled Droplet Application
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRAC	Hazard Identification Risk Assessment Control
LTA	Lost Time Accident
LU4	Lepar Utara 4
MAPA	Malayan Agricultural Producers Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
R&D	Research and Development
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 IDENTITY OF CERTIFICATION UNIT

The Lepar Utara 4 Palm Oil Mill and six certified supply base are located in the District of Jengka, Pahang, Malaysia. Figure 1 and 2 shows the location of Felda Plantation in Peninsular Malaysia and location of LU 4 Certification Unit's supply base. The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Locations

MILL	Longitude	Latitude
LU 4 Palm Oil Mill (Capacity: 40 mt/hr)	102°48.928' E	3°52.738'N

1.2 PRODUCTION VOLUME

The actual production tonnages for CPO and PK for the ASA1 and projection are listed in Table 2. Not much different on the projection compared to previous projection.

TABLE 2: CPO AND PK PRODUCTION TONNAGES

LU 4 Palm Oil Mill	FFB	CPO	OER	PK	KER
Projected Jan. 13 – Dec. 13	123,287	27,123	22.00	6,177	5.01
Actual Jan. 13 - Dec. 13	108,526	23,604	21.75	5,459	5.03
Projected Jan. 14 – Dec. 14	125,400	27,588	22.00	6,270	5.00

1.3 CERTIFICATION DETAILS

FELDA RSPO Membership No: 1-0013-04-000-00
BSi RSPO Certificate No: SPO 571230
Initial Certification Assessment: 4 - 6 July 2011
Date of Certification: 12 September 2012
Date of ASA1: 11 – 14 June 2013
Date of ASA2: 23– 27 June 2014

1.4 DESCRIPTION OF SUPPLY BASE AND SUPPLY CHAIN

The Lepar Utara 4 Mill supply base is consist of six company own estates and scheme smallholders plots that managed fully by FELDA Techno Plant that supply the FFB processed at the LU 4 Palm Oil Mill. Beside the own certified supply base, LU4 Palm Oil Mill is also receive certified FFB from Lepar Utara 9 (approximately 30% of total FFB produced in Lepar Utara 9). Lepar Utara 9 was RSPO certified since 2nd July 2010 (Certificate number # CU-RSPO-820682) and valid until 2015. FFB delivery documents are includes this certificate number. The Lepar Utara 4 Palm Oil Mill process only RSPO certified FFB and using segregated supply chain mechanism. Lepar Utara 2 and 4 is scheme smallholder an the other estates. All fully managed by Felda.

The FFB production from LU 4 Certification Unit's supply base that was processed at LU 4 palm oil mill for the period January 2013 – December 2013 and projection for Financial Year 2014 are listed in Table 3.

Table 3: FFB Tonnages Processed

Supply Base	Estimate Jan. – Dec. 2013	Actual Jan. – Dec. 2012	Projected Jan. – Dec. 2014
Lepar Utara 1	2,800	435	3,200
Lepar Utara 2	1,572	45	2,700
Lepar Utara 4	2,380	28	2,620
Lepar Utara 5	44,542	38,980	40,500
Lepar Utara 10	1,247	1,042	1,330
Lepar Utara 14	45,746	46,037	45,050
Lepar Utara 9*	25,000	21,959	30,000
Total	123,287	108,526	125,400

* Lepar Utara 9 Estate (RSPO Certificate # CU-RSPO-820682 since 2nd July 2010) send 30% certified FFB to Lepar Utara 4 Palm Oil Mill.

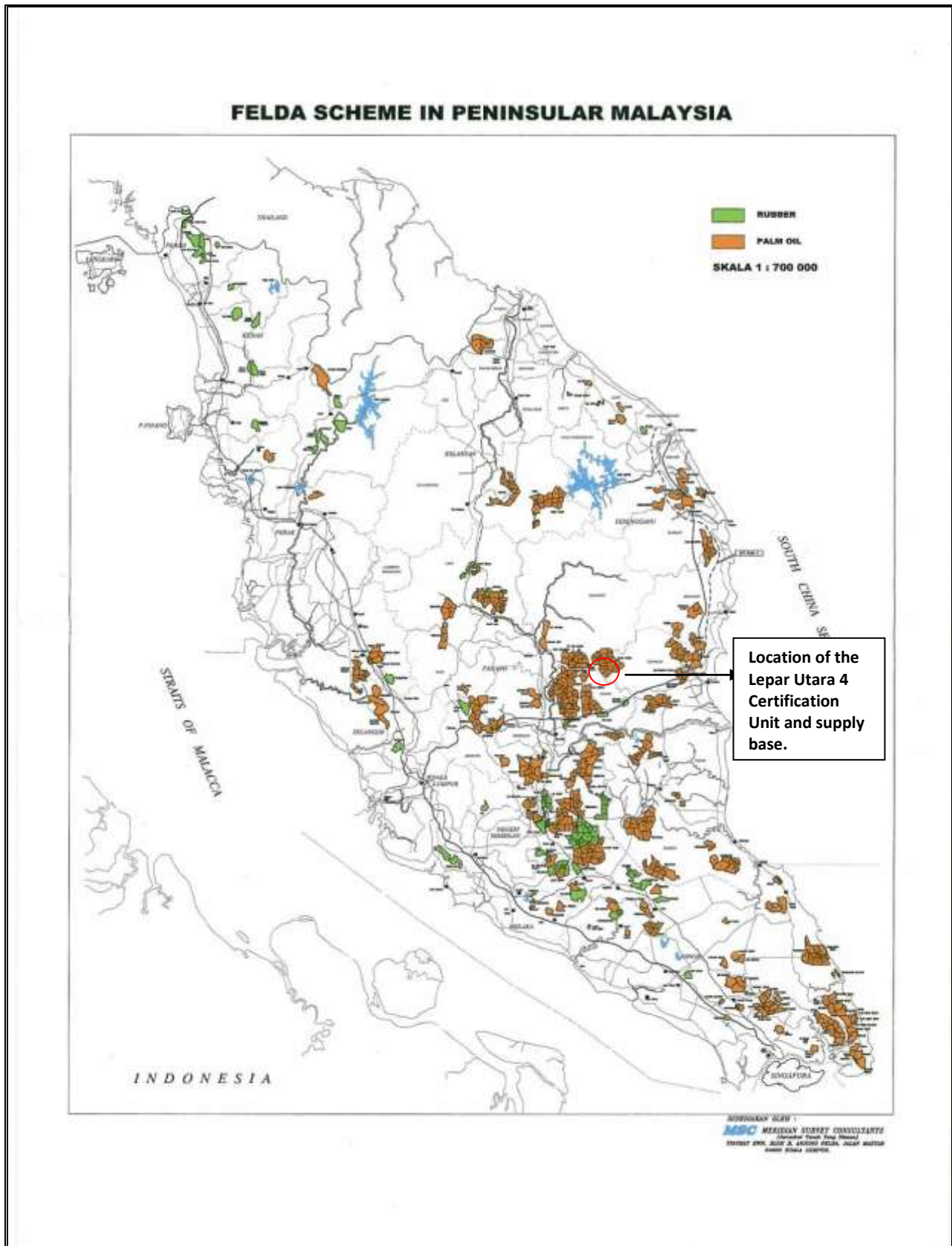


Figure 1. Location Map of FELDA Plantation in Peninsular Malaysia and LU 4 Certification Unit

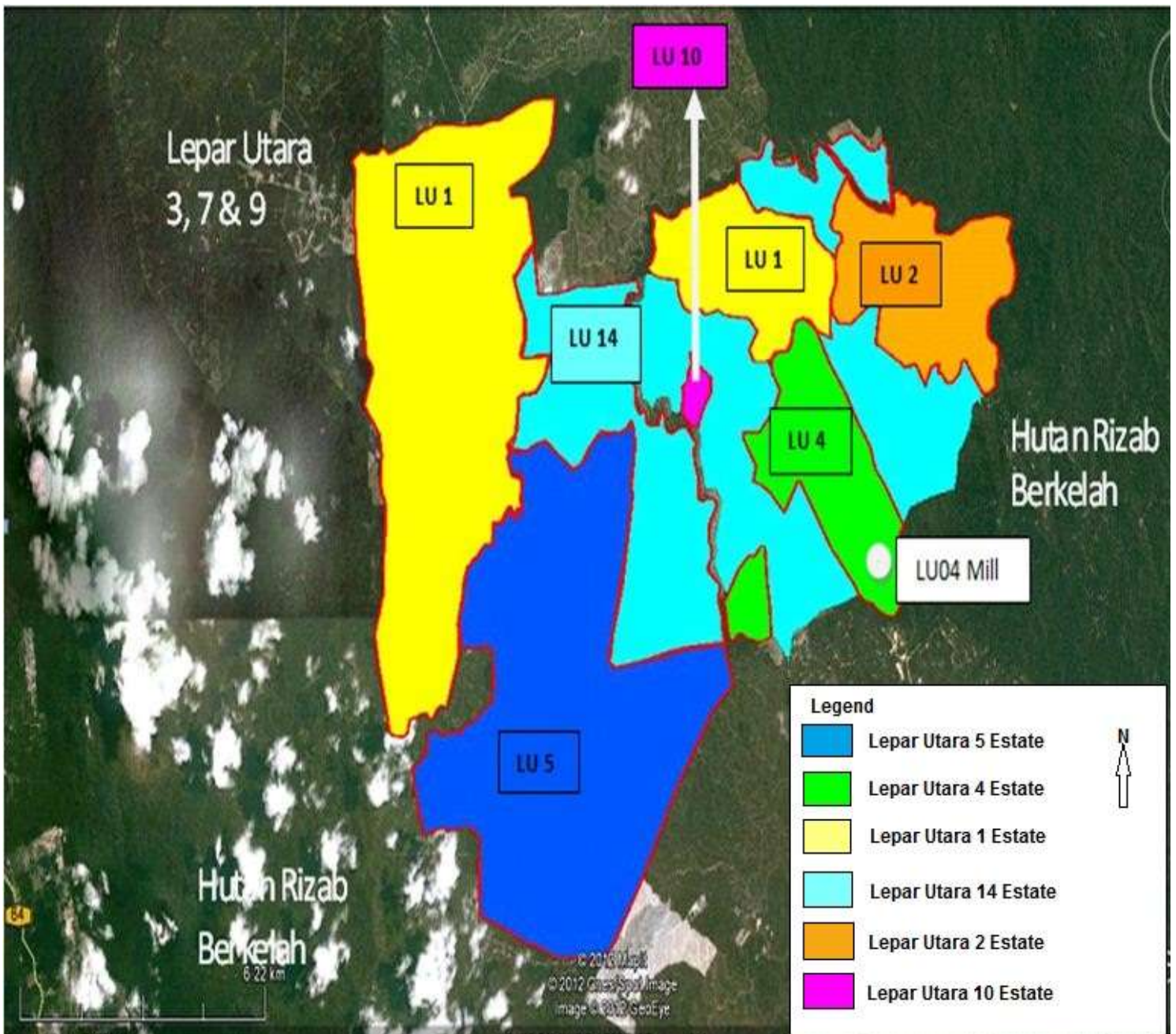


Figure 2: Location of the LU 4 Palm Oil Mill and FFB Supply Base

As reported during ASA1, FELDA LU04 management unit supply base had undergone vast replanting program since 2005. This replanting was carried out through FELDA's subsidiary company, Felda Techno Plant Sdn Bhd which fully manages the plantations. The age profile of the palms is shown in Table 4a and the areas of mature and immature palms at LU 4 supply base are detailed in Table 4b for each of the Estates. Total certified land area is 10,507.49ha. Total of 9,414.62ha was planted with matured area is 6,515.54ha.

Table 4a: Age Profile of Palms

Estate	AGE (years)	% of PLANTED AREA
LU 1	0-3	88.00
	4-10	12.00
	11-20	0
	21-25	0
LU 2	0-3	56.50
	4-10	43.50
	11-20	0
	21-25	0
LU 4	0-3	64.62
	4-10	35.38
	11-20	0
	21-25	0
LU 5	0-3	28.99
	4-10	43.48
	11-20	0
	21-25	27.53
LU 10	0-3	0
	4-10	100
	11-20	0
	21-25	0
LU 14	0-3	0
	4-10	38.61
	11-20	61.39
	21-25	0

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total Planted Area (ha)
LU 1	197.53	1,448.55	1,646.08
LU 2	360.41	468.13	828.54
LU 4	535.66	293.31	828.97
LU 5	2,289.59	934.69	3,224.28
LU 10	103.91	0	103.91
LU 14	2,782.84	0	2,782.84
TOTAL	6,269.94	3,144.68	9,414.62

Supply Chain

LU04 Palm Oil Mill uses the Segregation (SG) supply chain model for the entire certified palm production. All

deliveries of FFB to the Mill are issued with a weighbridge docket that records the details of the plantation, truck registration number, driver's name, tonnage and marked as RSPO Certified SG. The weighbridge system is computerised. FFB received and product (CPO and PK) despatch records are complete with supply chain model indicated on the deliveries and invoicing for shipments. Inspection of documents confirmed that LU04 Palm Oil Mill maintains all of the documentation required for verification of implementation of the RSPO Supply Chain Certification Standard: November 2011 and the requirements for Segregation Mechanism – Refer to Appendix E for details.

1.5 Other Certification Held

The Felda Lepar Utara 4 Palm Oil Mill holds four other certifications as follows:

ISO 14001: 2004 (Environmental Management Systems), Sirim QAS since 9 December 2010.

ISO 9001: 2008 (Quality Management Systems), Sirim QAS since 31 May 2004

OHSAS 18001: 2007 (Occupational Health and Safety Management Systems), Sirim QAS since 23 November 2005.

ISCC: International Sustainable Carbon Certificate since 2011

1.6 Organizational Information / Contact Person

The contact details of the organisation as follows:

Contact Person:

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Sustainability Manager
PSQM Department, SPO Unit, Level 8,
Balai FELDA, Jalan Gurney 1, 54000 Kuala Lumpur.
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Fax: +60328591999
Email: anthonius.s@feldaglobal.com

1.7 Progress against Time Bound Plan

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. No changes noted.

Felda is implementing a programme to achieve RSPO Certified Sustainable Palm Oil for all of its operation in Malaysia. There are eighteen certification units already certified. One operating unit was certified through Group Certification. The time bound plan and progress is shown in Appendix A.

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 conducted during the ASA1.

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.

BSI has reviewed FELDA Time Bound Plan and considers it is conform to the RSPO requirements for Partial certification.

1.8 Progress of Associated Smallholders/Out growers towards RSPO Compliance

LU 04 Certification Unit does not purchase any crop from outside Smallholders or out growers. Only RSPO Certified FFB is received and processed at the Lepar Utara 4 Palm Oil Mill.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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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 provides independent, third-party certification of management systems. BSI has a Regional Office in Singapore, and an Office in Kuala Lumpur, Jakarta and Bangkok.

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalamy - Lead Assessor

He holds degree in Resource Economics from Agriculture University, 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, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training, Sustainability Report Assurance (SRA) Assessor Training, ISO 14001 Lead Auditor Training Course and OHSAS 18001 Lead Auditor Training Course. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Muhammad Haris B. Abdullah – Team member

He holds MBA from University Utara Malaysia and a degree in Business Administration (Hons) Majored in Human Resource Development from the Open University Malaysia. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He has completed RSPO (P&C and SCCS), ISO 14001 (Environmental Management System), ISO 18001 (OHSAS) and International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. He had assisted with conducting audits of oil palm plantation for more than 12 companies against the RSPO P&C in Indonesia and Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Legal, Estate Best Practices, Environment, Social and community engagements, Stakeholders consultation, and workers welfare.

Kelvin Lim Kok Wei – Team member

Kelvin Lim Kok Wei is a fulltime employee with BSI Services Malaysia. He graduated from University Tunku Abdul Rahman, Malaysia. He attended internal RSPO training in May 2014. He has completed ISO 9001:2008 Quality Management System Lead Auditor training in February 2014 and MSPO training on 14 March 2014. Currently he is an ISO 9001:2008 and Medical Devise auditor with BSI. He has involved in MSPO audits since May 2014 covering legal and social aspects. Recently he is involved as Social Auditor during the RSPO Assessment to assess the social aspects and legal issues.

2.3 Assessment Programme

The ASA2 was carried out on 24 – 27 June 2014. The Assessment Programme is included as Appendix C. The Programme included assessments of LU 4 Palm Oil Mill as the Certification Unit. LU 10 and LU 01 Estates were sampled; LU 2/4 and LU 5 estates were visited to verify

the implementation of the finding and observations raised during certification assessment. Assessment was conducted against all of the RSPO P&C MYNI 2010; Procedure for Surveillance Assessment and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation and applicable indicators.

The Nonconformities that were assigned and the Observations that were identified during the ASA 1 were followed up to check the effectiveness of corrective actions – refer Section 3.3.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their families and external stakeholders, review of documentation and monitoring data. This report is structured to provide a summary for each Principle, together with details for selected indicators. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

Mr Aryo Gustomo, BSI RSPO Scheme Manager, has reviewed this report for conformance with BSI Procedures and the RSPO Certification System requirements.

2.4 Stakeholder Consultation

Internal and external stakeholders were consulted to obtain their views on LU 4 Palm Oil Mill and Supply Base's environmental and social performance and any issues or concern that they might have. External stakeholders were interviewed in private and they were invited to the Mill and estate for a private meeting. Those unable to attend were met at their premises. Internal stakeholders such as workers, their families, contractors, suppliers and staff were interviewed in groups in the workplace and at the housing site during the field visit. A list of stakeholders contacted is included at Appendix D.

3.0 ASSESSMENT FINDINGS

3.1 SUMMARY OF FINDINGS

During this ASA2, two major nonconformities and a minor nonconformity were identified. Lepar Utara 4 Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi audit team. The evidence for close out the Major NC was received and accepted by BSi audit team on 25/8/2014.

The nonconformities raised during the ASA1 were followed up and evidence of closing the nonconformities were checked and verified for continuous closing out the nonconformities. Minor nonconformity raised during this ASA2 will be followed up during the next surveillance and will be reported in ASA3. Details of the nonconformities are in section 3.2 and 3.3.

PRINCIPLE 1: Commitment to Transparency

LU 04 operating unit has continuously maintained the system for receiving and responding to stakeholder requests for information. The requests for information received over the past year were from external stakeholders such as MPOB, DOE and DOSH.

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.

The LU 04 Mill and Estates have maintained records on file of requests for information received from Government Departments such as MPOB and other interested parties, together with the response.

Other example such as information request on monthly FFB data from MPOB for the month of January to May 2014 was replied on monthly basis. It was noted that LU 4 Palm Oil Mill had replied in a timely manner and documented under file QOHSE-FPI/L2/QOHSE-06. Documents such as company policies are available on request.

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.

Document review shows the Mill and Estate hold copies of each of the management documents listed under Criterion 1.2 and these are publicly available upon request by any stakeholders. Publicly available documents includes land title, safety and health plan, Social and Environmental Impact Assessment, pollution prevention plans, details of complaints and grievances, negotiation procedures and continuous improvement plans. Financial data such as income generated and data that possibly can affect personal privacy are categorised as commercially confidential.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Legal compliance with statutory requirements is internally assessed annually to ensure compliance. Internal audits, mill and plantation advisor reports and visits by DOSH and DOE Officers further confirm that there is no any infringement against applicable law. The mill and supply base have maintained all licenses and permits which are valid and these are displayed prominently in the offices similar to last assessment. Land boundaries have been confirmed by survey and boundary markers are clearly demarcated and were confirmed during the field visit.

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

Compliance with legal requirements is demonstrated by internal and external audit report findings and review of documents and records on site during this assessment. The Mill and Estates maintain copies of applicable Permits and Licences. Sample of permits inspected reveal that all valid. Visit by DOSH did not found any issues related to safety and health regulations. Similarly, no issues raised by DOE during the visit to the mill.

MPOB permit valid until 28/2/2014 (No. 5589600002000), SPAN permit (No. SPAN/EKS/(PT)/800-4 (1)/5/12 valid until 10/6/2015.

Similar to ASA 1 assessment, the FELDA Compliance Unit provide legal updates on all applicable legislation throughout Felda operation. For example, legal updates on changes to labour laws and worker pay and conditions such as the minimum wage order and compliance was found during this assessment. Legal list was last updated on 2/6/2014 documented under file number FPI/L4/QOHSE-2.1 Pin. 0.

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

According to Land (Group Settlement Areas) Act 1960 (Act 530), all land under Felda is from the state government. This land is managed by the Felda as the managing agent. In some cases, Felda fully “owned” the land through lease whereas on other cases, Felda just act as managing agent for the scheme land and fully manage through the Felda Techno Plant.

Inspection of the boundary stones at LU 1 and LU 10 Estate confirmed that steel pipes have been installed beside the concrete boundary stones and were continuously maintained visibly.

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.

Felda leased the land directly from the government and managing as a scheme. Interviews with the local village head confirmed that no customary land had been used. Documents checked and verified show no claim against Felda in relation to customary land. Felda does not restrict access with regards to travel through the estates along established roads.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

The Palm Oil Mill and estates have made progress towards achieving their performance production targets for the current financial year. It also had continued its

commitment to long term sustainability and improvements through a capital expenditure programme. Replanting of palms is being carried out progressively. Construction of new housing and refurbishment of current housing for the workers is also budgeted for the 2014 Financial Year.

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

LU 4 Palm Oil Mill and Estates have an Annual Operational Budget for 2014 financial year and capital expenditure budget that are projected for the next five years until 2018. The budgets include performance objectives and targets related to production, efficiency and quality covering cost of FFB and CPO production per hectare, OER, KER etc.

The Mill achieved average OER of 21.61% for the 2013 financial year was below the budgeted OER of 22.00%. However, for 2014 (as at April) the mill has achieved average OER of 22.13 which is above the budget.

The Estates have a Replanting Programme that is projected until 2020 and was revised in January 2014 for the current financial year. There will be no replanting in next 5 years at Lepar Utara 10.

PRINCIPLE 4: Use of Appropriate Best Practices by the Growers and Millers

Lepar Utara 04 Mill and estates operates in accordance with the FELDA management systems and standard operating procedures. The practices consistently monitored by mill and plantation advisors and recommendations for improvements are given to maintain the sustainable practices.

The FELDA R&D Department has maintained an active interest in the management of soil fertility and optimisation of FFB yields. The establishment of beneficial plants and the implementation of IPM as a preventive measure to overcome pest attacks have continued with the aim of reducing the use of chemicals.

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

Felda have general Standard Operating Procedure (SOP) “Felda Procedure Manual of Quality, Occupational Health, Safety and Environmental (QOHSE)” applicable for the Estates, Palm Oil Mill and other operational work areas such as stores and workshops. These SOPs are in Bahasa Malaysia and easily understood by employees and explained to workers. Specific Standard Operating Procedures (SOPs) are also in place for each operation in the palm oil mill covering all operational stations i.e. weighbridge, processing, storage, despatch etc. Specific SOPs for the estates covers best agriculture field practices i.e. nursery, new planting, replanting,

manuring, field maintenance, harvesting, FFB collection and transport etc.

Estate field standards are documented for all stages and management is by SOP's (Manual available are, "Manual Ladang Sawit Lestari, 2007" and "Manual Pengurusan Rancangan, 2010") revised on June 2012 which are readily available in all areas. The implementation of SOPs is checked during daily inspection by staff as well as by internal audits. Latest RSPO internal audit was conducted on 19-21 May 2014 by Felda Sustainability executive. Mill operators record operating parameters hourly on log sheets and the Mill Engineer and Shift Supervisor check these each shift and on a daily basis. The Mill Advisor visited on 16 April 2014 to monitor the mill operation. Report number: (35)010/13/FGVPM/Report2014.

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

"Pusat Penyelidikan Petani Tun Abdul Razak" research department conduct annual field inspection of the palms and leaf sampling to monitor palm nutrient status through lab analysis. The Soil Sampling was completed as part of a five year rolling plan which just recommended for the period 2011/2015 whereby 20% of all estate soil is sampled each year. Agronomist visit is carried out annually to observe the palms physically before the final fertilizer recommendation is finalised. All palm by-products including fronds, EFB, and decanter cake are recycled. EFB is applied at the rate of 40mt/ha on selected area close to the mill. Semi-mechanised application system is used. This includes smallholders' plots. There is no POME recycling due to logistic constraints and difficulty to build piping through the smallholders' plots. Lepar Utara 4 mill's DOE permit allows discharge to stream with BOD limit of 100ppm. DOE regular onsite inspection records shows that POME discharged are within limit and comply with the permit. The decanter cake is recycled as organic fertilizer. These are used as nutrients and are applied to improve organic matter and to supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

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

Risk of erosion was assessed internally during the field inspection. 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. It is also further checked by planting adviser during the routine visit and reports are maintained including action taken. During this ASA2, audit team found that estates have implemented best practices to minimise erosion such as road side drainage, silt pits and maintaining soft grasses.

Cover crop consisting of a mixture of *muccuna*, *Pueraria javanica* and *centrosema muconoides* is established to prevent soil erosion during the replanting stages. Field inspections confirmed soil conservation practices generally were consistently implemented including silt pits to avoid surface run-off.

Road maintenance programme for FY 2014 was prepared on January 2014. Example of programme checked at LU1 and LU10 estates shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface.

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

Both estates assessed has prepared map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection at LU1 and LU10 Estates confirmed that the buffer zone beside the stream has been demarcated clearly and maintained.

LU 04 Mill monitors water quality of Sungai Lepar and Sungai Rami upstream and downstream to identify any adverse effect from the mill activities. The laboratory analysis results indicate no significant difference in quality between upstream and downstream locations.

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.

The Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB, and put into the graph against target value of 1.5Mt water/Mt FFB processed. The average water usage for 2013 was 1.67m³/Mt FFB. As for 2014, average of 1.75m³/Mt FFB was used from Jan – May 2014.

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

Integrated Pest Management Programme (IPM) for specific pests are documented in FELDA Sustainable Oil Palm Management Manual (Operasi Ladang Sawit Lestari). There is a measurement of the amount of each pesticide used and type for each specific pest. There are no outbreaks of leaf eating pest noted. 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 traps for rhinoceros beetle is implemented. At LU 1, a total of 48 barn owl boxes have been placed. Occupancy rate was relatively low at 46% due to the replanting area the barn owl boxes has been removed to facilitate recent replanting.

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. Inspection of the Pesticide Stores confirmed only pesticides registered by the Pesticides Board were held. All chemicals were labelled in Bahasa Malaysia. MSDS's were displayed in the Pesticides Store for each of the chemicals held in both Bahasa Malaysia and English. FELDA has developed Pictorial Work Instructions with text in Bahasa Malaysia for chemical mixing and spraying.

However visit to the store found that the agrochemical and pesticide were not stored as required. Therefore, Major Non conformity was raised as follows:

NC Ref: 1071994M0: Major nonconformity against indicator 4.6.3: Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. At LU 1 estate, Visit to the chemical store and fertilizer store on 26/6/2014 found the agrochemicals and pesticides were not stored in accordance to the OSH Act 1994 as per below:

- 1.) Class 1b agrochemical (Paraquat) was stored together with other agrochemicals.
- 2.) No MSDS for all the chemicals stored inside the store.
- 3.) Carbofuran (Fudan 3G) (Class II pesticide) were stored together with fertilizers.
- 4.) Chemicals were stored together with old files and furnitures.
- 5.) No spill kit or containment for spillage.
- 6.) No safety signage.

Both estates and Mill have a programme of conducting annual medical surveillance of all pesticide operators as per CHRA done by DOSH approved occupational and health doctor (Registration number: JKPP 1H127/171-2(08) from Occumed Consultancy and Services Sdn Bhd. Latest medical check-up was done on 27 January 2014 at "Klinik Sulaiman Temerloh" by OHD Doctor (HQ/08/DOC/00/387) found fit for duty.

There is no female pesticide operator. However company has system whereby if a female pesticide operator engaged is confirmed pregnant and wishes to continue working she will be transferred to other duties and is not allowed to return to work as a pesticide operator until she has ceased breast-feeding.

Inspection of the pesticide stores and purchase documents confirmed there was no Class 1A or Class 1B chemical bought or held at the Pesticide Stores during this assessment period.

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

LU 04 Management has maintained Health and Safety Policy that is displayed prominently on notice boards in English and Bahasa Malaysia. The OSH Manual dated August 2010 has been reviewed on December 2012 and maintained. This manual is used as guidance documents to address all aspects of safety and health at work.

The Mill HIRAC was reviewed for each of the workstations and was last updated January 2014. Both mill and the estates have prepared a Training Matrix that lists the OSH core competency training for Staff and Workers. The Mill and Estates hold training records, including details of the topic, trainer, list of attendees and signatures.

All the workers are covered by the accident insurances where for Malaysian is covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial); while for foreign workers are covered under AXA Insurance by Master Policy LWX/93011879/26/12/SA valid till 25 January 2015. Inspections of the mill and estates visited indicated that safe work practices were being implemented and proper PPE's are in use by the workers. All operating units conduct quarterly Safety Committee Meetings. The OSH Committees discussed accident reports, workplace inspections and issues raised by representatives. The topics discussed are communicated to workers at muster briefing and by the OSH Committee representatives. No any pending issues.

First Aid Kits are available in the Office and at Work Stations in the Mill. The Estates have issued First Aid Kits to Supervisors and Mandors. A sample of First Aid Kits was inspected and was found to be appropriately stocked.

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

The Mill has prepared an annual training plan for 2014 that details the training to be carried out for each work station and work area. In addition, the Mill carries out informal on-the-job instruction to improve skill levels. The Mill and Estates maintain records of training for workers and staff. For example, Estate has conducted harvesting training on 29/3/2014, agrochemical handling training on 17 February 2014 that was done by the spray pump supplier, first aid training on 30/4/2013.

PRINCIPLE 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity

LU 04 mill and supply base estates continue to ensure that environmental improvements are implemented consistently towards the reduction of waste, such as oil losses at the Mill and the efficient use of natural resources such as water. Riparian buffer are being reinstated during replanting and the company continued to make employees aware of the need to protect biodiversity areas. Inspection at estate fields shows the riparian area has been demarcated. Scheduled wastes were well controlled.

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.

The Mill and Estates carried out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans. This was verified again during this assessment. The last review was conducted in October 2013 with no changes due to any changes in the operation. However, at Lepar Utara 1, the impacts and aspects review was not done since 2011. Major Non conformity was raised as follows:

NC Ref: 1071994M1: Major nonconformity against indicator 5.1.1: Documented aspects and impacts risk assessment that is periodically reviewed and updated. At LU 1 estate, during the document audit, it was found that the aspects and impacts risk assessment was last reviewed and updated on 15/04/2011 using form (No. Borang: RSPO-P5/C.5.1/5.1.1). Review and update for the current year (2014) was not available.

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.

As reported in the ASA1 assessment, University of Malaya undergraduate has carried out an assessment of the presence of HCVs within and adjacent to the Felda plantations assessment covering all operating units dated on 10th March 2012 (Document Number: ML-1A/L3-GP5(0)). Three HCVs are identified during the assessment e.g. HCV 2, HCV 3, and HCV 4, surrounding HCV is found in the adjacent Berkelah Reserve Forest. All HCV located outside the concession area. The report format includes location and general description, action to be taken with regard to the identified HCV, timeframe for action.

Staff and workers were given briefing on company policies that prohibit disturbance of designated protected areas. Signages are maintained at the entrance to the estates prohibiting illegal hunting,

fishing and the use of fire. Posters are displayed on the notice boards at muster areas.

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

Scheduled waste stores and stored materials well managed with appropriate label, segregation and the inventory is up-to-date. Authorised and licensed schedule waste collector engaged to dispose the schedule waste. For example, mill has send schedule waste through consignment Note: 100082-004 dated 4 October 2014 for Spent Hydraulic and Lubricant oil, Rags and Electrical waste by Kualiti Alam. As for Lepar Utara 10, the schedule wastes are sent to PPPT (Tun Razak Agriculture Research Centre) centralized schedule waste store for disposal. The records are available at the estate in file "No. 20: Disposal". Empty chemical containers are being recycled as premix containers.

However, there was lapse in operational plan to avoid pollutions. Therefore, minor nonconformity was raised as below:

NC Ref: 1071994N2: Minor nonconformity against indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. At LU 10 estate, during the site visit to the fertilizer store on 25/6/2014 found fertilizer spillage at the entrance to the store and inside the drain. There is no operational plan developed and implemented to avoid the spillage from falling into the grass surface.

Domestic wastes are collected and send to municipal council landfill through JKKR cooperative contractor twice a week.

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.

The Mill reports total renewable energy use monthly to Head Office. Electric power consumption was 0.30kwh/Mt of FFB for 2013. Shell and Fibre used for boiler have been recorded as renewable energy used. For 2013, average of 0.69Mt/ CPO Mt was used. Slight reduction is expected due to incorporating the lower crop season.

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, as identified in the ASEAN guidelines or other regional best practice.

LU04 operating units avoid using fire for waste disposal as per company policy on zero burning. Recently replanted areas confirmed palms were felled, chipped and windrowed. No evidence of fire used for domestic waste found during the visit to the line site at all the operating units.

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

Pollution prevention plan has been updated on December 2013. It includes planting of vetiver grass to protect slope earth erosion and to avoid sediments from going into waterways. Mill is focusing on improving the storage area for fibre and ash to avoid any leaching. The mill is consistently controlled water usage for processing to ensure waste water is reduced.

PRINCIPLE 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers

The Mill and Estates are continuously maintaining good relationship with internal and external stakeholders. During this assessment it was noted that neither complaints nor disputes was raised. Anti-discrimination policy and equal treatment of male and female employees are well implemented. Interview with workers reveal that there is no any form of discrimination. Freedom to join workers union of their choice is implemented. The company makes contributions to local stakeholders such as mosque, temple, schools and local community activities.

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.

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.

Communication with local communities and other effected parties are carried out through JKRR meetings and informal gatherings at worshipping places. Stakeholder list is available and updated. This list includes local community leaders, representatives, suppliers, contractors, government departments and contacts details. There was a survey conducted on 17/3/2014 by the Felda sustainability department executives involving 250 stakeholders. The summary of the responds found no negative comments were received. Interview with stakeholders confirm that there are regular meetings were conducted. Settler's leader were also attended the JCC meetings. Last Settler Community Development Committee "JKKR" meeting was held on 21/1/2014 which involved local community

and government departments attended by 24 stakeholders.

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.

Complain procedure available and similar to the previous assessment procedure. No formal complaints noted. Most of the communication records shows request for assistance such as request for permission to use community hall. These records are written and maintained by all operating units.

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.

No any kind of disputes noted during this assessment. Stakeholder interview and meeting did not highlight any disputes as well.

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.

Pay and conditions are documented in accordance to agreement between Felda Palm Industries Sdn Bhd and Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd (Semenanjung) Collective Agreement 2010 for the period of 01 January 2013 until 31 December 2015. The Collective Agreement is revised every two years. Agreement book is distributed to all workers. For foreign workers, every worker has to signed up "Surat Perjanjian Kontrak Pekerjaan, between Felda and Foreign Workers" prior to employment. The contract detail term and condition of the employment, such as wages, paid leave, etc. Sample payslips checked (Employee No.: 1201160009) for the month of May 2014 found the worker had been paid more than the minimum wage of RM 900.00 set by the government.

Housing is provided for free to the workers; Felda are in an on-going process to replace old wooden houses with new brick houses that meet government regulation. Free medical treatment for workers is available. 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 are available from government supply.

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.

Mill workers have their union namely “Kesatuan Pekerja – Pekerja FELDA Palm Industries”. Latest meeting was conducted on 23 June 2014 attended by 7 people. No disputes were recorded. As for the Estates, although there were no Labour Unions, workers and staff are represented in Joint Consultative Committee (JCC) which was established since September 2007. Members are elected from representatives of every division including foreign workers. Regular meetings are held every three months. Latest meeting was held on 14/2/2014. The JCC representatives were elected to represent each workers category such as sprayers, fertiliser applicators, sprayers, mandor, and harvesters.

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 the Malaysian Labour Ordinance 1969. At time of hire age is checked by examination of ID card for local persons. Check of Passports of foreign workers is carried out prior to hire. Children and under-age workers were not observed at any of the Mill or Estate operational areas during the field visit.

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.

Inspection of pay record and contract of local workers and foreign workers together with interviews at the Mill and Estates did not identify any issues related to discrimination.

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. Similar to the initial assessment, interview of female Staff and Workers confirmed their knowledge of the Policy and as advised there were no outstanding issues. Latest (KKD - “Kelab Keluarga Dayabudi”) Gender committee meeting was conducted on the 8 January 2014 at the Mill attended by 39 people. Settler’s Development Assistant (SDA) is the person in-charge for social matters and gender related issues. At Lepar Utara 1, latest gender committee meeting was done on 24/2/14 attended by 23 members. Social activities, Committee T-shirt printing and committee fund raising are the issues discussed.

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

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.

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),
- (3) Encourage the development of a progressive, productive and disciplined settler’s community.

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.

Principle 7: Responsible Development of New Plantings

Supply base under LU 4 certification unit has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is therefore not applicable to this assessment.

PRINCIPLE 8: Commitment to Continuous Improvement in Key Areas of Activity

All operating units committed to continuously improve the efficiency of its performance as a grower and producer of palm oil. Pollution prevention plan has been reviewed to mitigate all the negative impacts for environment.

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 Mill has continued to look for ways to increase processing efficiency and reduce water usage. Similar to previous assessment, recycling efforts are carried out wherever possible.

3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA2)

There were two nonconformities assigned to Major Compliance Indicators 4.6.3 and 5.1.1. One nonconformity was assigned against Minor Compliance Indicators 5.3.2 during this assessment.

Corrective action plans with respect to the major nonconformities raised during the ASA2 have been reviewed and found to be sufficient to address the nonconformity.

The audit team has reviewed and accepted the objective evidence provided by the company. The major NCs were closed on 25/8/2014.

Implementation of corrective actions and closing out the minor nonconformities will be followed up during the next Surveillance Assessment.

The details of the nonconformities are listed below.

Major Nonconformity

Two major nonconformities were raised during the ASA2. Corrective Actions and closing out evidence for the major nonconformity identified during the ASA2 has been effectively implemented and the nonconformity is closed. The detail as follows:

NC Ref: 1071994M0: Major nonconformity against indicator 4.6.3: Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. At LU 1 estate, Visit to the chemical store and fertilizer store on 26/6/2014 found the agrochemicals and pesticides were not stored in accordance to the OSH Act 1994 as per below:

- 1.) Class 1b agrochemical (Paraquat) was stored together with other agrochemicals.
- 2.) No MSDS for all the chemicals stored inside the store.
- 3.) Carbofuran (Fudan 3G) (Class II pesticide) were stored together with fertilizers.
- 4.) Chemicals were stored together with old files and furnitures.
- 5.) No spill kit or containment for spillage.
- 6.) No safety signage.

Detail of close out evidence and implementation: The operating units analyzed the root cause. This was caused by the management decision to store agrochemical in the storage area which was not carried out previously where the spraying operation has been carried out by settler or contactors. The management has immediately shifted all the pesticide and agrochemicals to Lepar Utara 14 chemical store which is in accordance to OSH requirement. There were also a budget has been allocated to build a new chemical store at LU1. Audit team conducted document assessment together with photo evidence and reviewed the corrective action and implementation. The evidence of implementation was accepted. The Major NC was closed on 25/8/2014.

NC Ref: 1071994M1: Major nonconformity against indicator 5.1.1: Documented aspects and impacts risk assessment that is periodically reviewed and updated. At LU 1 estate, during the document audit, it was found that the aspects and impacts risk assessment was last reviewed and updated on 15/04/2011 using form (No. Borang: RSPO-P5/C.5.1/5.1.1). Review and update for the current year (2014) was not available.

Detail of close out evidence and implementation: The operating unit analyzed the root cause and found that the management did not review the aspects and impacts risk assessment due to no specific person to update the documents since the resignation of the earlier responsible person. The management has immediately appointed the assistant manager as a responsible person and updated the risk assessment. BSI Audit team conducted document assessment and reviewed the corrective action and implementation. The evidence of implementation was accepted. The Major NC was closed on 25/8/14.

Minor Nonconformities

A nonconformity was assigned against Minor Compliance Indicators. The management at LU 4 Certification Unit operations has prepared corrective action plan for addressing the minor non-conformity which BSI audit team has reviewed and accepted. Progress towards closing out and the action taken will be followed up at the subsequent surveillance assessment.

The detail of the nonconformity is as follows:

NC Ref: 1071994N2: Minor nonconformity against indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. At LU 10 estate, during the site visit to the fertilizer store on 25/6/2014 found fertilizer spillage at the entrance to the store and inside the drain. There is no operational plan developed and implemented to avoid the spillage from falling into the grass surface.

Observations/Opportunities for Improvement (ASA2)

There were no new observations or opportunity for improvements identified during this ASA2.

Noteworthy Positive Components

- The maintenance and upkeep of the oil palm was well implemented and consistent with the FELDA internal standards.
- LU 4 palm Oil Mill has installed Single Element Boiler/ Fuel Balance for improving the mill efficiency.

3.3. Status of Nonconformities (Major and Minor) Previously Identified

Corrective Actions for Nonconformity (935933M0 and 935933M1) assigned to Major Compliance Indicator during ASA1 were found to be consistently implemented and the nonconformities remain closed. Five Minor nonconformities identified during the ASA1 were followed up and found that minor nonconformities were effectively and consistently implemented and the minor nonconformities were closed during ASA2.

Minor Nonconformities

NC Ref: 935933N2 (Minor): Minor nonconformity was assigned against indicator 4.2.2: Evidence of periodic tissue and soil sampling to monitor changes in nutrient status. At LU 2/4 estate because, it was informed that leaf and soil sampling conducted to monitor nutrient status. Agronomist visited on 18/10/2012 to the site for field observation. However, there is no documented Agronomist report to show the field observation status and comments on the status of the palms.

ASA2 findings: Latest Agronomist report is available on-site. Latest visit was conducted in January 2014. The minor nonconformity is closed on 24 June 2014.

NC Ref: 935933N3: Minor nonconformity against indicator 4.2.3: Monitor the area on which EFB, POME and zero-burn replanting is applied. At LU 2/4 and LU 5 estates, EFB application records did not contain any details of area where the EFB was applied and total hectare applied. There is no detail of total quantity applied per hectare. No evidence whether EFB is applied 40mt/ha as per briefing by the executives.

ASA2 findings: EFB application records were updated in "Rumusan Penaburan Tandan Kosong". Sample record checked found 40mt FFB had been applied at field PM05J on May 2014. The minor nonconformity is closed on 24 June 2014.

NC Ref: 935933N4: Minor nonconformity against indicator 4.5.4: Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil. At LU 2/4 estate it was noted "Butik" rat bait was applied on 22/7/2012 only show area applied. No calculation of a.i used per hectare.

ASA2 findings: All operating units are keeping records of "Butik" application on the daily costing book. A.i. calculation is prepared and recorded in the "Butik" application book. The minor nonconformity is closed on 24 June 2014.

NC Ref: 935933N5: Minor nonconformity against indicator 6.1.3: A timetable with responsibilities for mitigation and monitoring is reviewed and updated as

necessary. At LU 2/4, LU 5 Estates and Mill, during document audit noted that Initial Social Impact Assessment dated May 2011 and reviewed in January 2013. The assessment includes recommendation for monitoring and managing the impacts. However, the management did not prepare the required timetable and responsibility including the status of the action taken. This was highlighted during last assessment as an area for improvement but no improvement was noted.

ASA2 findings: Timetable with responsibility including timeframe and action taken has been updated on May 2014 using form ML-1A/L3-GP7(0) as per Felda Sustainability Manual. The minor nonconformity is closed on 24 June 2014.

NC Ref: 935933N6: Minor nonconformity against indicator 6.5.2: Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit. At the mill, inspection of the payslip of Staff ID: 01207086) and Staff ID 01210099) reveals that deduction was made but without consent letter (Surat Persetujuan) as per internal memo dated 16/1/2005 No. PP3/34/1013. At Lepar Utara 2/4, inspection on the employment contract for local and foreign workers reveal that copy of the employment contract was not available.

ASA2 findings: Workers concern letter was obtained on 1 March 2014. Interview with the workers found they agreed and understand the deductions being made. The copy of all the foreign workers was available during the visit. The minor nonconformity is closed on 24 June 2014.

Review of Progress with Observations/ Opportunities for Improvement Previously Identified

4.6.4. Chemical mixing drums should be considered to be marked with permanent warning sign/label rather than using marker pen which will be faded very fast.

ASA 2 Findings: Visit to the LU1 and LU10 estates found all the containers used for premix were clearly marked with permanent warning signs.

3.4 Issues Raised By Stakeholders

Stakeholders interviewed, both internal and external, had mainly positive comments. There were no issues raised during the ASA2 stakeholder interview process. Local communities highlighted that the operating units always assist when any request for donation are sent to the management.

Interview with the union representative reveal that there is no any dispute or pending issues between management and workers.

During this ASA 2, the majority of stakeholders had positive comments about LU 4 Certification Unit. The detail of stakeholders comment has provided in each criterion above as part of this summary report.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next annual surveillance Visit (ASA3)

The next Surveillance Assessment (ASA3) will be scheduled within 9 – 12 months of RSPO Certificate anniversary.

4.2 Date of Closing Nonconformities (Major and Minor)

NC Ref.	CLASS	ISSUED	STATUS
A605202/1	Major	6/7/2011	Closed on 17/7/2012
A605202/2	Major	6/7/2011	Closed on 17/7/2012
A605202/8	Major	6/7/2011	Closed on 17/7/2012
A605202/3	Major	6/7/2011	Closed on 17/7/2012
A605202/4	Major	6/7/2011	Closed on 17/7/2012
A605202/5	Major	6/7/2011	Closed on 17/7/2012
A605202/6	Minor	17/7/2012	Closed on 14/6/2013
A605202/7	Minor	17/7/2012	Closed on 14/6/2013
A605202/9	Minor	17/7/2012	Closed on 14/6/2013
A605202/10	Minor	17/7/2012	Closed on 14/6/2013
A605202/11	Minor	17/7/2012	Closed on 14/6/2013
A605202/12	Minor	17/7/2012	Closed on 14/6/2013
A605202/13	Minor	17/7/2012	Closed on 14/6/2013
935933M0	Major	14/6/13	Closed on 3/7/2013
935933M1	Major	14/6/13	Closed on 9/8/2013
935933N2	Minor	14/6/13	Closed on 24/6/2014
935933N3	Minor	14/6/13	Closed on 24/6/2014
935933N4	Minor	14/6/13	Closed on 24/6/2014
935933N5	Minor	14/6/13	Closed on 24/6/2014
935933N6	Minor	14/6/13	Closed on 24/6/2014
1071994M0	Major	27/6/14	Closed on 25/8/2014
1071994M1	Major	27/6/14	Closed on 25/8/2014
1071994N2	Minor	27/6/14	"Open"

4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

Lepar Utara 4 Certification Unit acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. Lepar Utara 4 Certification Unit accepts the responsibility for implementing the corrective actions and addressing the opportunities for improvement detailed in the Assessment Report.

Signed for on behalf of
FELDA Lepar Utara 4



.....
Mr. Anthonius P. Sani
Sustainability Manager

Signed for on behalf of
BSI Group Singapore Pte Ltd



Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: FELDA Time bound Plan

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	Jengka 21 Status: Certified	Adela Status: Certified	Bukit Sagu Status: Audited. Pending report approval.	Baiduri Ayu Status: Audit planned on Oct. 2013	M. Puspita	Selancar 2A	Chalok	Sampadi
2	Lepar Utara 6 Status: certified	Jengka 3 Status: Certified	Lok Heng Status: Certified	Triang Status: Certified	Embara Budi	N. Permata	Selancar 2B	J. Barat	Aring
3		Jengka 8 Status: Certified	Semencu Status: Certified	Belitong Status: Audited. Pending report approval.	Kembara Sakti	Tersang	Pasoh	J. Baru	Aring B
4		Lepar Utara 4 Status: Certified	Waha Status: Certified	Bukit Besar Status: Audited. Pending report approval.	Lancang Kemudi	Besout	Serting	Kertih	Ciku
5		Seroja (J 18) Status: Certified	B. Kepayang Status: Certified	Kahang Status: Audited. Pending report approval.	Palong Timor Status: Sourcing Certification Body	Sg Tenggi	Serting Hilir Status: Sourcing Certification Body	-	Kechau A Status: Sourcing Certification Body
6		Padang Piol Status: Certified	Bukit Mendi Status: Certified	Kulai Status: Audited. Pending report approval.	Lepar Hilir Status: Audited. Pending report approval.	Trolak	Kerau	H.Badai	Kechau B Status: Sourcing Certification Body
7		Felda Segamat Status: Certified (Group Scheme)	Kemasul Status: Certified	Nitar Status: Certified	Neram	Keratong 2	Mempaga	J.Bistari	Kemahang
8			Tementi Status: Certified	Penggeli Status: Audited. Pending report approval.	Pancing	Keratong 3	Maokil Status: Sourcing Certification Body	Kalabakan	Cini 2
9					Fajar Harapan Status: Audit planned on Oct. 2013	Keratong 9 Status: Sourcing Certification Body	Selendang	Umas	Cini 3
10							Tenggaroh Status: Sourcing Certification Body		
11							Tenggaroh Timor Status: Sourcing Certification Body		
Total	2	7	8	8	9	9	11	8	9

Appendix B: FELDA – Lepar Utara 4 Palm Oil Mill Certification Unit’s RSPO Certificate Details

**Lepar Utara 04 Palm Oil Mill,
Jengka, Pahang,
Malaysia
Website: www.felda.net.my**

BSI RSPO Certificate No: SPO 571230

Date of Initial Certificate Issued: 12 September 2012

Date of Expiry: 11 September 2017

Applicable Standards: RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance Assessment; RSPO P&C MY-NIWG 2010; and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation.

Felda Lepar Utara 04 Palm Oil Mill and Supply Base		
Location	Bandar Pusat Jengka, Pahang, Malaysia.	
Address	Kilang Sawit Lepar Utara 04, Peti surat 55, Pejabat Pos Bandar Pusat Jengka, 26400 Bandar Pusat Jengka, Pahang	
GPS	102° 48.928' E ; 3° 52.738 N	
CPO Tonnage	27,588	
PK Tonnage	6,270	
Plantations FFB Tonnages	Lepar Utara 1:	3,200
	Lepar Utara 2:	2,700
	Lepar Utara 4:	2,620
	Lepar Utara 5:	40,500
	Lepar Utara 10:	1,330
	Lepar Utara 14:	45,050
	Lepar Utara 9*:	30,000
	Total:	125,400

* Lepar Utara 9 Estate (RSPO Certificate # CU-RSPO-820682 since 2nd July 2010) send 30% certified FFB to Lepar Utara 4 Palm Oil Mill.

Appendix C: ASA2 Assessment Program

Date	Time	Subjects	Senniah	Muhd Haris	Kelvin Lim
Monday 23/6/2014	Noon	Audit Team travelling to the site.	√	√	√
Tuesday 24/6/2014 Lepar Utara 04 Palm Oil Mill	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√	√
	09.00 – 12.00	LU04 Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.30	LU04 Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
Wednesday 25/6/2014 Lepar Utara 09	08.30 – 12.00	LU9 Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	√
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.30	LU9 Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Thursday 26/6/2014 Lepar Utara 01	8.30 – 12.00	LU 1 Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store, mixing, etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.30	LU 1 Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, review pay documents etc).	√	√	√
Friday 27/6/2014	8.30 – 10.00	Verify any outstanding issues & Preparation for closing meeting	√	√	√
	10.00 – 12.00	Closing Meeting	√	√	√
	12.30	Audit team travel back to KL	√	√	√

Appendix D: List of Stakeholders Contacted

<u>Internal Stakeholders</u>	<u>External Stakeholders</u>
Managers and Assistants Male Mill Staff/Workers Female Mill Staff/Workers Foreign Worker Male and Female Estate workers Joint Consultative Committee Gender Committee Secretary	Head of the Village Mosque Committee JKKR – Scheme Settlers committee JKKR members
Electrical Contractor General Supplier	
<u>Government Departments</u> School Headmaster Labour Department Department of Environment Officer Government Clinic	

Appendix E: LU 4 Palm Oil Mill Supply Chain Assessment (Module D: Segregation)

Requirements	Compliance
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	Lepar Utara 4 palm oil mill have written documented procedures for the chain of custody with SG and MB model covering certified and non-certified FFB. The mill manager has the responsibility to ensure implementation. The SG model used at the moment because only certified FFB is processed at the moment. However, the palm oil mill also have the system in place to use Mass Balance model through either down grading the SG to MB or through purchasing non certified FFB in the future (which was used previously). The mill manager and assistant have the overall responsibility to ensure the implementation of the Segregation Module.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Lepar Utara 4 mill has documented procedures Felda Group procedure No. RSPO SCCS FGVPM – RSPO SCCS, issue 1.0, revised on 1/12/2012 (Segregation) for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received. The weighbridge Standard Operating Procedure FPI/L3/2-01 covers all the relevant work instruction as an additional guideline beside the supply chain procedure page 4, section “Weighbridge Clerk”.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit. Weighbridge ticket was checked and verified. Daily summary of FFB received records (Rumusan Harian) are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. All consignment of FFB received from the estates are accompanied by Delivery Note (Nota Penghantar) with unique running numbers which includes details whether certified source or non-certified, field number, block, total FFB, date harvested, estimated tonnage, transport vehicle number and driver’s details.
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
D.3. Record keeping	
D.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.	Daily records (Rumusan Penerimaan BTS Harian) are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified in the Supply Chain Procedure (No. RSPO SCCS FGVPM – RSPO SCCS, issue 1.0, revised on 1/12/2012) page 1 as ten years and financial documents retained longer based on the local regulation requirement.
D.3.3 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 and monthly report shows monthly inventory on the “Reporting Spreadsheet”. The “Reporting Spreadsheet covers the FFB received, CPO and PK produced and despatched or sold on a three monthly basis. Since there is no kernel crushing activity at the Lepar Utara 4 Palm Oil Mill, no PKO and Palm kernel meal produced at Lepar Utara 4 Palm Oil Mill.
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	System in place to indicate RSPO CPO/SG and RSPO PK/SG on the documents related to the supply chain.
D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There are sales of certified palm product. A total of 12, 694mt certified CSPO sold. The information on the documents are as per below.
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice. i.e. CSPO sold to FVOP, Kuantan, Pahang. CSPK sold to KCP Semambu.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents.
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written. RSPO CPO/SG and RSPO PK/SG are written.
(d) The quantity of the products delivered	Quantity in tonne.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references.
D.5. Processing	
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that	During this assessment it was confirmed that only certified source of FFB from own plantation is processed. This ensures that there is no possibility of mixing during processing.

contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed	
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Processing and storage records can trace back to only certified segregated raw material (FFB) and finish product (CPO and PK). Externally, Felda Palm Industries representative conduct internal audits to verify the accuracy of the records. Evidence is maintained through daily, monthly and three monthly spread sheet.
D.5.3 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: <ul style="list-style-type: none"> The crush operator conforms to these requirements for segregation The crush is covered through a signed and enforceable agreement 	There is no outsourcing activity directly handled by the mill. The kernel is sold to a subsidiary kernel crushing plant belong to FELDA (KCP SEMAMBU).
D.6 Training	
D.6.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Interview with management team and weighbridge clerk reveal that they are aware of the supply chain model – Segregation.
D.7. Claims	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Actual Certified Palm Production - 01 January 2013 - 31 December 2013 (ASA2)

Mill	Processing Capacity	CPO	PK
LU 4 Palm Oil Mill	40 mt/hr	23,604	5,459

Actual Sales of Certified Palm Products - 01 January 2013 - 31 December 2013 (ASA2)

Month	CPO (Certified)	Buyer	PK (Certified)	Buyer
Jan. – Dec. 2013	12,694	Felda Marketing	0	N/A

Actual Certified FFB Received Monthly - 01 January 2013 - 31 December 2013 (ASA2)

Month	LU 1	LU 2	LU 4	LU 5	LU 10	LU 14	LU 9*	Total FFB/Month
Jan'13	25	0	0	2,648	40	3,353	1,817	7,883
Feb'13	24	0	0	2,583	17	2,441	1,275	6,340
Mar'13	28	0	0	2,448	4	2,308	1,112	5,900
Apr'13	27	0	0	2,764	0	2,542	1,199	6,532
May'13	29	0	0	2,813	35	2,782	1,344	7,003
Jun'13	33	0	0	2,775	110	2,587	1,696	7,201
Jul'13	29	0	0	3,491	162	4,058	1,778	9,518
Aug'13	41	0	0	3,989	123	4,424	2,212	10,789
Sep'13	57	0	0	4,287	136	5,545	2,502	12,527
Oct'13	56	14	9	4,382	150	6,467	2,621	13,699
Nov'13	53	19	7	3,748	137	5,583	2,639	12,186
Dec'13	33	12	12	3,052	128	3,947	1,764	8,948
Total	435	45	28	38,980	1,042	46,037	21,959	108,526

* Lepar Utara 9 Estate (RSPO Certificate # CU-RSPO-820682 since 2nd July 2010) send 30% certified FFB to Lepar Utara 4 Palm Oil Mill.