



PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

FELDA

(Federal Land Development Authority)

Lepar Utara 04 Palm Oil Mill

Jengka, Pahang, Malaysia

Report Author

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the Initial Certification Assessment of FELDA Operating Unit Lepar Utara 04 (LU04) comprising Lepar Utara 04 Mill, supply base, support services and infrastructure on 4 – 6th July 2011. During the initial assessment BSi concludes that LU04 operations and its supply bases 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 nonconformities raised once the management unit is ready.

A special audit took place on 16-17th July 2012 to verify the evidence of the close out of the major nonconformities and its implementation on site. 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 and implementation of the corrective action, BSi recommends that FELDA Lepar Utara 04 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
DO	Dissolved / Oxygen
DOE	Department of Environment, Malaysia
DOSH	Department of Safety and Health
ECC	Employees Consultative Committee
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
HDPE	High Density Polyethylene

INWQS	Interim National Water Quality Standards
IPM	Integrated Pest Management
IPMP	Integrated Pest Management Plan
IRCA	International Registration of Certified Auditors
IUCN	International Union for Conservation of Nature and Natural Resources
JCC	Joint Consultative Committee
Kg	Kilogram (s)
kW	Kilo Watt
LTI	Lost Time Injury(ies)
MSDS	Material Safety Data Sheets
MSGAP-OP	Malaysian Standard Good Agriculture Practices-Oil Palm
NCR	Non Conformance Report
NGO	Non Government Organisation
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PCD	Pollution Control Device
PMP	Pest Management Plan
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Round Table on Sustainable Palm Oil
SA	Social Accountability
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

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the 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 one (1) palm oil mill (Lepar Utara 04 mill) that is sources from 7 (seven) company-managed supply base estates and smallholders.

1.3 Location and Maps

The Lepar Utara 04 Management Unit is consists of the Lepar Utara 04 Mill and supply bases are located in the State of Pahang, Malaysia (**Figure 1**). An additional map showing detail of the supply base is included in **Figure 2**. The GPS location of the mill is shown in **Table 1**.

Table 1. Mill GPS Location

Mill	Easting	Northing
Lepar Utara 04	102°48.928' E	3°52.738'N

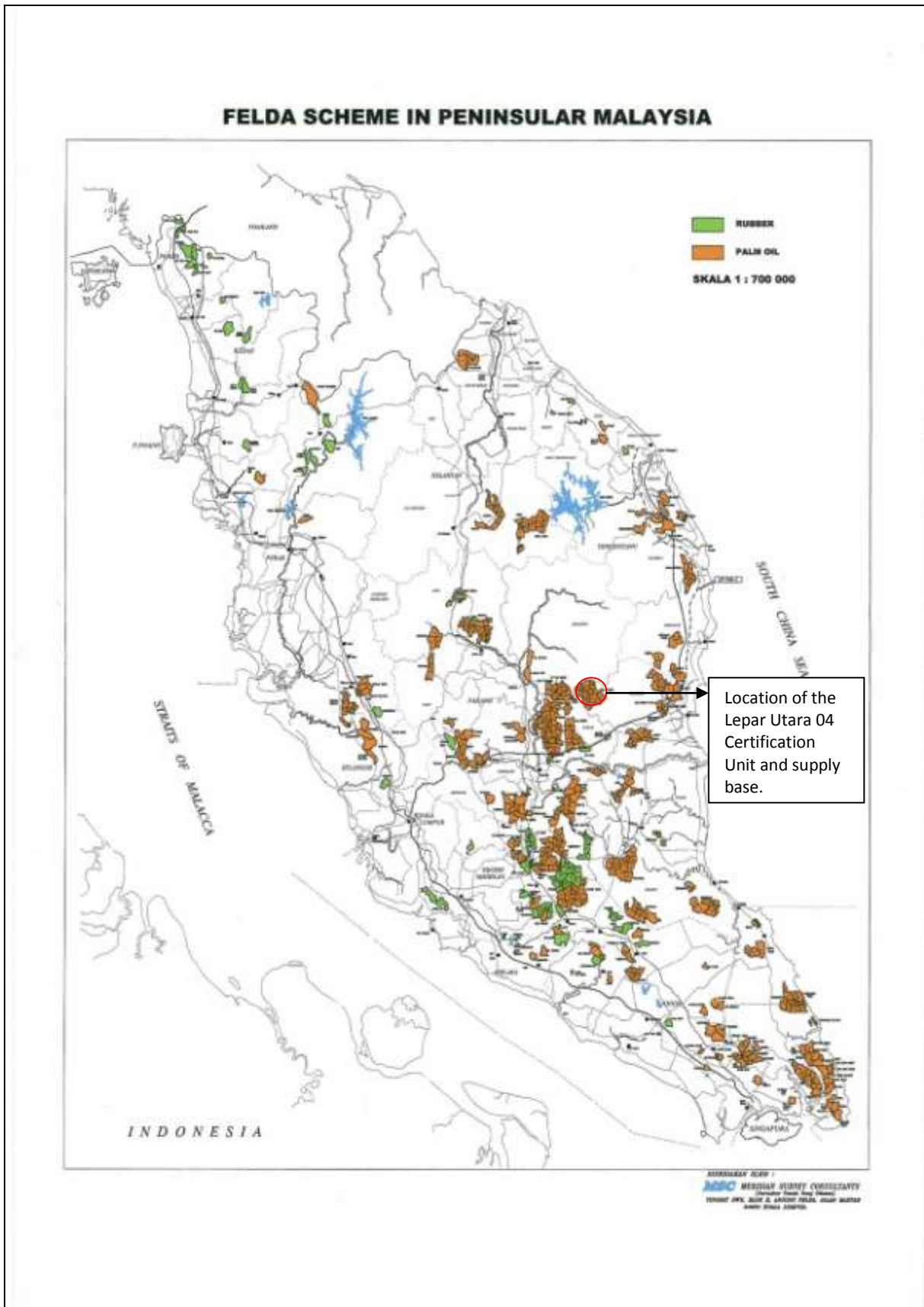


Figure 1. Location Map of FELDA Plantation in Peninsular Malaysia and LU04 Certification Unit

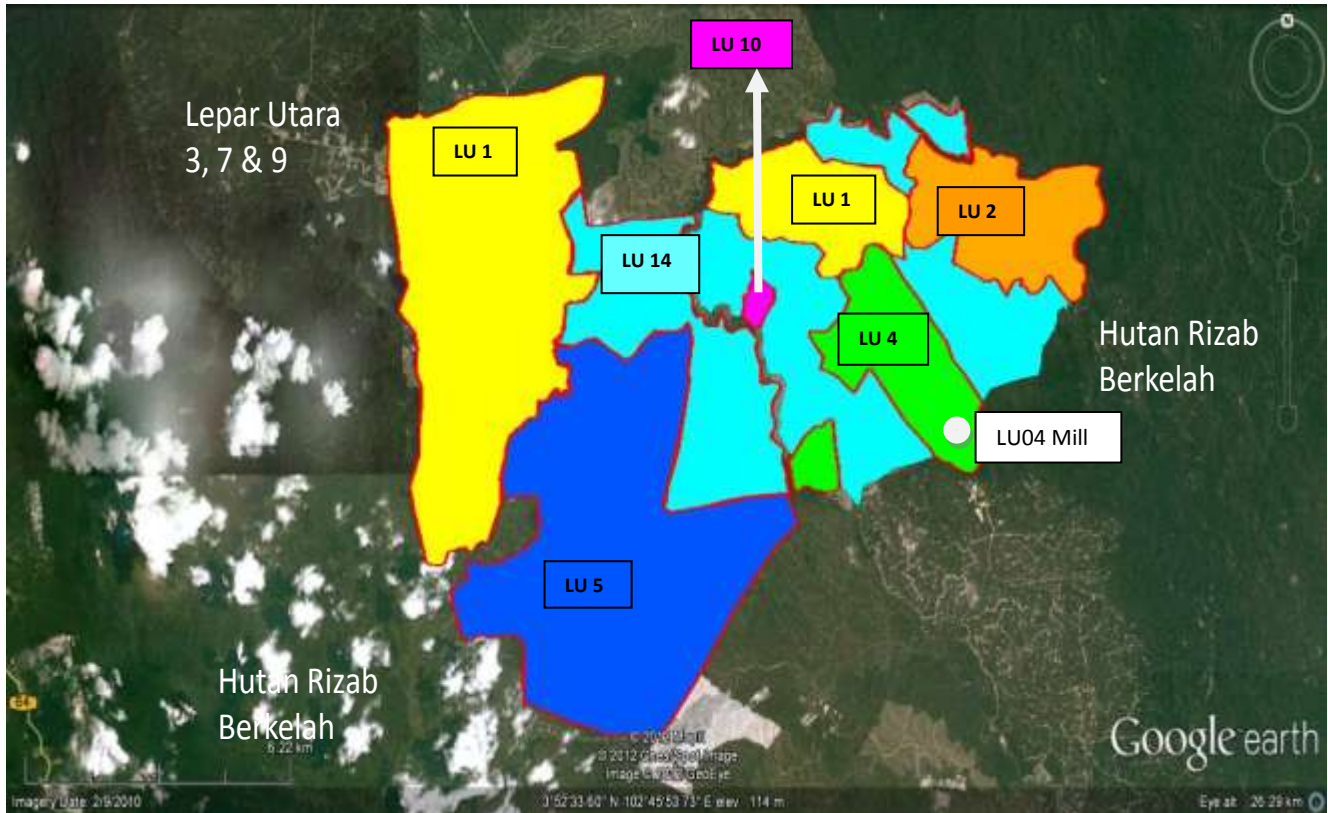


Figure 2: Location of the LU04 Palm Oil Mill and FFB Supply Base

1.4 Description of Supply Base

FELDA managed smallholder plots through Felda Techno Plant and a scheme manager, in some cases “the Peneroka” manage their plots and delivering the FFB to LU04 palm oil mill. Although 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.

Fresh Fruit Bunche is sourced from Felda owned estates and smallholders under FELDA scheme. The FFB production from the supply base is listed in **Table 2**.

Table 3 shows the trend of FFB production since 2009 until 2011.

Table 2: Projected FFB Production for 2012

Supply Base	FFB (Tonnes)
Lepar Utara 1	0
Lepar Utara 2	0
Lepar Utara 4	0
Lepar Utara 5	38,578
Lepar Utara 10	830
Lepar Utara 14	49,029
Lepar Utara 9*	48,626
Total	137,063

* 30% certified FFB from Lepar Utara 9 is delivered to LU04 Palm Oil Mill to fulfil the mill processing capacity of 40mt/hour which was affected due to immature area at LU04 management unit. This diversion of FFB is to ensure that the LU04 mill can operate to fulfil the processing capacity of 40mt/hour.

Table 3: Trend of FFB Production 2009 - 2011

Year	2009	2010	2011
Total Company FFB	140886	119982	110487
% increase (+) or Decrease (-)	-	- 14.84%	- 21.57%

Note: Replanting started from 2001 and continued until 2011. Due to this reason the FFB production gradually on reducing trend (compared to the year 2009). The Felda management took a decision to divert 30% of the FFB from Lepar Utara 9 to the LU04 palm oil mill to ensure the mill can operate to its processing capacity of 40mt/hour.

1.5 Date of Plantings and Cycle

It is noted that FELDA LU04 management unit supply base undergone vast replanting program since 2005. This replanting was carried out through FELDA's subsidiary company, Felda Techno Plant Sdn Bhd.

Table 4: Age Profile of the supply base

Year Planting	LU01	LU02	LU04	LU05	LU10	LU14
1996-2000	-	-	-	-	-	-
2001-2005	-	-	-	2,289.59	-	2,782.84
2006-2010	-	828.54	828.97	934.69	103.91	-
2011	1,646.08	-	-	-	-	-
Total	1,646.08	828.54	828.97	3224.28	103.91	2,782.84
Grand Total	9,414.62					

1.6 Other Certification Held

The Felda Lepar Utara 4 Palm Oil Mill holds three 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), Malaysian Society for OSH achieved since 23 November 2005.

1.7 Organization Information/Contact Person

The contact detail of the company as follows:

Contact Person: K. Ilangovan
Associate Research Principle
Sustainability Department,
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 two palm oil mills certified in 2010. There are 10 palm oil mills and supply base going for certification in 2011. The time bound plan and progress is shown in Appendix H.

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 dispute being 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 lead auditor has reviewed Feldas Time Bound Plan and considers this to conform to the RSPO requirements for Partial certification (See appendix H).

1.9 Area of Plantation

The hectare statement for the supply base is shown in Table 4. This statement includes mature and immature area at the LU04 supply base.

Table 5: Supply Base Hectare Statement

Estates	Mature	Immature
Lepar Utara 1 Estate	0	1,646.08
Lepar Utara 2 Estate	0	828.54
Lepar Utara 4 Estate	0	828.97
Lepar Utara 5 Estate	2,289.59	934.69
Lepar Utara 10 Estate	103.91	0
Lepar Utara 14 Estate	2,782.84	0
Total	5,176.34	4,238.28
Grand Total	9,414.62	

1.10 Approximate Tonnage Certified

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

Table 6: Approximate CPO and PK Tonnages Certified

Lepar Utara 04 Mill	Actual 2011	OER and KER	Projected 2012	OER and KER
FFB	110,487	-	137,063	-
CPO	24,329	22.02	30,200	22.03
PK	6,042	5.47	7,000	5.11

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is the CPO and PK production from the Lepar Utara 04 palm oil mill (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
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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 Management Systems provides independent, third party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur, Jakarta and Thailand.

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 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 Lepar Utara 04 management unit has made towards certification. The

Stage I Assessment scope included the Lepar Utara 04 palm oil mill, supply base and support infrastructure.

Stage II Assessment Visit (Initial RSPO Certification) for “FELDA – Lepar Utara 04 Palm Oil Mill and Supply Base” was conducted between 04 and 06 July 2011. The assessment plan is included as Appendix B.

There was a special audit conducted on 16 – 17th 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 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 between 16 and 17 of 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.

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 Lepar Utara 04 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 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 five (5) Nonconformities against Major Compliance Indicators and Eight (8) Nonconformities against Minor Compliance Indicators were identified. Thirty (30) Observations/Opportunities for improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2.

Felda Lepar Utara 04 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 Lepar Utara 04 certification unit operations, comprising one palm oil mill, estates,

infrastructure and support services, concludes that Felda Lepar Utara 04 operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NIWG Indicators and Guidance: November 2010.

BSi recommends that Felda Lepar Utara 04 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. 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.

On the whole the only documents, which are not released, are not related to environmental or social issues and are mainly of a confidential financial nature. Senior management has determined which documents are to be made available to the public. These are in the form of a register which will be updated as more documents are requested and made available. If information cannot be made available, the reason is recorded in an appropriate and relevant register.

All information made available is in the local language and is available in hard copy if required and the inquirer does not have access to the electronic media. Example of management documents at each estate is detailed below.

Lepar Utara 04 Mill: Receiving and handling request is the responsibility of Chief Clerk. All incoming letters were stamped and dated for distribution to appropriate officer for further action/implementation. For example, on 07 February 2011, MPOB requested mill to fill out "Biomass in Oil Palm Sector" questionnaire on 11 March 2011 at the latest. Inspection to the mill record confirmed that company had filled out and sent the filled questionnaire to MPOB at 12 February 2011. Record held on file "MPOB". It is stated that the record maintained indefinitely.

Lepar Utara 10 Estate: Estate received no request of information, so that the promptness of the response cannot be determined.

Lepar Utara 14 Estate: MPOB carried out survey on Buffalo Assisted Collection (BAC) in the estate on 08 May 2011. The surveys to be filled out and sent back to MPOB no later than 14 days from the date of the letter. Inspection to the document indicated that estate responded at 25 May 2011 or 3 days than the required date.

Lepar Utara 01 Estate: MPOB requested "the Rancangan" to fill out questionnaire on labour usage received by the "the Rancangan" at 21 August 2010 to be filled on 20 November 2010 at the latest. Estate responded by filling out the questionnaire and sent to MPOB on 22 November 2010.

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 released are not related to environmental or social issues and are mainly of a confidential financial 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.

The list of documents that can be made available 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 (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

The manager and other nominated staff are the sole authorities for the release of these documents.

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

LU04M: Mill holds Leased Land Title" No. Lot PT 1427 dated 10 December 1999 for duration of 66 years from Land Registrar (Pendaftar Hak Milik), Pahang, Malaysia. Record held on file "Law and Regulation".

LU01E: All land under Felda plantation are governed by Land (Group Settlement Areas) Act 1960 (Act 530). Estate holds copy of Register Holding (temporary land title) for every settler. Inspection to the record confirmed the availability of the record on site, e.g. Register No. 173401 owned by Abu Sayuti bin Miron. Currently, Felda is on the process of getting land title for each of settler. Field survey to delineate ownership boundary of each settler have been completed by Survey Department in August 2010, which later Land Department will issue permanent land title.

LU10E: FASSB rent the land from the Felda. Felda issued the agreement to extend land rent (letter number (34) 1450/3356/1. FASSB is on going process of rent renewal from Felda. LU14E: According to Land (Group Settlement

Areas) Act 1960 (Act 530), all land under Felde is owned by government, which is managed by the Felde as the managing agent.

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.

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.

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.

The Company holds details of complaints and grievances including grievance of female workers and staffs. Detail of female workers grievances is categorised as confidential information.

Felde 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 Felde grievance procedure and mechanism.

The Social Impact Assessment & Management Action Plans for Lepar Utara 04 Oil Mill and its supply base was initially prepared in July 2007. The plan is updated and reviewed with improvements made and actions taken each year and the status of these action updated. This was last reviewed in June 2011. This latest review was made available upon request.

An Improvement plan with objectives and targets is detailed in Environmental Impact Assessments, Management Action Plans and Continuous Improvement Plan prepared and is continuously updated with the latest update issued in June 2011.

Continuous improvement for the mill and supply base was prepared. However review to the plan indicated some future improvement for POME post treatment was not included in the plan as well as plan for reduction for the estate.

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 as follows:

LU10M: Internal legal audit carried out every six months. The last audit was carried out on 20 May 2011, indicated full compliance to regulation. LU10E: Main research station office at Gelanggi 5/6 carry out regular check to ensure all research station complies with all applicable regulations. The last legal audit was done at 08 January 2010. No update to the list since there was any recent changes in laws and regulation. Record held on file related to compliance to law (Pematuhan Undang-Undang). LU01E: Internal audit has not been carried out. LU14E: Estate has assigned officers to track and update the relevant regulation.

There is list available of all laws and legal requirements to which the organisation subscribes to and this includes dates any licenses and permits expire. Although many current licences and permits are displayed on the office walls a number were found to be out of date and expired. Current permits for a large number of pressure vessels displayed were current. Applicable Licenses and Permits are displayed at both the Mill and the Estate.

Mill holds copies of relevant regulations, a list of applicable international, national, and regional regulation have been prepare on 27 May 2011. Record held on file “Dokumen 2: Perundangan dan Lain-Lain Keperluan”. LU01E hold a list of applicable laws and regulation on site. Record held on file “Pematuhan Undang-Undang”.

LU04M holds MPOB license No. 500200404000 valid until 31 March 2012. Lesen Bekalan Elektrik No. 463 from Suruhan Jaya valid until 11 April 2012. Lesen from Ministry of International Trade and Industry Malaysia for bulk fuel station No. 20/96(P/D) expired on 11 January 2012. Jawatan Alam Sekitar Lesen No. 004393 valid until 30 June 2012. Record held on file “Perundangan dan Lain-Lain Keperluan”.

LU10E: MPOB license No. 502665502000 valid 31 March 2012, all license are listed and sighted during the audit. Diesel fuel storage permits No. PPDNKK.JRT.003/03/117/11(SKK)P/D dated 26 May 2011, expired on 26 May 2012. LU01E: MPOB License No. 500815102000 dated 01 April 2011 expired on 31 March 2012.

LU14E: Estate holds a list of relevant regulations; a relevant regulation been displayed in public area, such as MPOB license No. 513913002000 expired on 31 July 2011.

Even though internal legal audit to monitor legal compliance have been carried out regularly, however, some legal compliance failures were noted during the Assessment:

- (1) The Mill has to comply with License of DOE (Jabatan Alam Sekitar) where the Mill required monitoring of Palm Oil Mill Effluent (POME) between 30 June 2010 and 31 December 2010. Due to unsatisfactory

result during monitoring, the requirement was extended to the period between 01 January 2011 and 30 June 2011 and later this requirement was extended once again between 01 July 2011 and 31 December 2011. DOE permit require separate drainage system for mill waste water and rain water. Mill waste water drainage is connected to the effluent pond with a flow meter fixed to monitor the amount of waste water generated. The flow meter reading should be done daily and reported monthly not exceeding 14 days. Tri monthly monitoring report should be prepared not later than 14 days and approved by registered chemist. At the time of audit, POME outlet flow meter has been broken since four months ago. It is against the government regulation on continuous monitoring of effluent discharge.

- (2) 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. Ringelman 2 manual monitoring system already in place and reported to DOE on monthly basis. Equipment for Continuous Emission Monitoring System (CEMS) for air quality recording and alarm system on particulate concentration and emission load (max 0.4 gr/Nm³) are operated and reported. The ringelman 2 reading sometimes exceed the limit.
- (3) Mill temporary store hazardous waste separated from the chemical store. Inspection indicated that use batteries were stored in maintenance warehouse instead of hazardous store. The temporary store is almost full. The mill has just applied to the schedule waste collector to transport out the schedule waste.
- (4) Symbol of the hazardous chemicals and wastes are not follows the latest regulation on hazardous waste symbol issued by Occupational Health and Safety.

A Non Conformity was assigned against Major Indicator 2.1.1., since at the time of audit; POME outlet flow meter has been broken since four months ago. This is against the government regulation on continuous monitoring of effluent discharge.

A mechanism of the tracking of law changes has been developed. There is a documented system with regards to the controlling of information on legal requirements – this documentation ensures that all applicable legal requirements are implemented. A Management staff member is also allocated the task of ensuring the legal and other requirements and available in each relevant area. Further HQ has prepared a flow chart (Mekanisme Pengesanan Perubahan Undang-Undang), and is in place to allow tracking of any legal changes. HQ provides legal updates on all applicable legislation throughout FELDA operations. HQ Legal Department updated every new regulation to regional offices. Regional office subsequently distributes the regulation to all operating unit. At field level manager is responsible to ensure legal compliance being met, which later delegated to

officer if necessary. There was no change in regulation in recent years.

A Non Conformity was assigned against Minor Indicator 2.1.3. for Lepar Utara 14 Estate, since even though the estate has assigned officers to track and update the relevant regulations, however, inspection to the record indicated that check to the legal compliance has not been carried out.

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 Government owned, which 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 “settler” land.

LU04M: Mill holds “Temporary Land Title” No. Lot PT 1427 dated 10 December 1999 for duration of 66 years from Pendaftar Hak Milik Pahang. Record held on file “Law and Regulation”. Inspection to the document of land title confirmed term condition of the land is for palm oil mill.

LU01E: All land under Felda is governed by Land (Group Settlement Areas) Act 1960 (Act 530). Estate holds copy of Register Holding (temporary land title) for every settler, e.g. Register No. 173401 owned by Abu Sayuti bin Miron. Currently, Felda is on the process of getting land title for each of settler. Field survey to delineate ownership boundary of each settler have been completed by Survey Department in August 2010, which later Land Department will issues permanent land title. Inspection to the sample of land title confirmed that term and condition of the land is for “agriculture”.

LU10E: FASSB rent the land from the Felda. Felda issued the agreement to extend land rent (letter number (34) 1450/3356/1 valid until 30 April 2011. FASSB is on going process of rent renewal from Felda. T&C is for Agronomy research station.

LU14E: According to Land (Group Settlement Areas) Act 1960 (Act 530), all land under Felda is owned by government, which is managed by the Felda as the managing agent. Inspection to the land title confirmed that he land title term and condition is for oil palm planting.

Observation 2.2.1: In Lepar Utara 10 estate, the land is regulated by GSA 1960 and opened by Felda in 1973. FASSB rent the land from Felda, which currently entering the second term of lease. However, the extension of the rent has not been approved by Felda Land Department.

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 Felदा comply with all terms of their land title.

Boundary markers have not been checked consistently across the properties. Inspection indicated the boundary stones have not been consistently maintained for easy visibility.

LU10E: Most of the boundary stone were missing and there has been no plan of survey to reinstate the missing boundary stones.

LU01E: is surrounded by other Felदा estates. Inspection to the block indicated almost all boundary stones were missing. Survey carried out to delineate boundary stone was expected to be completed and followed by instalment of boundary stone by Land Department early next year.

A Non Conformity was assigned against Minor Indicator 2.2.3., because inspection indicated no boundary stones were identified and mapped in all estates. Inspection to Lepar Utara 14 estate boundary along perimeter adjacent to Bukit Berkelah forest reserves indicated that some boundary stone was cannot be located either missing or not visible.

There are no documented land disputes at present. An interview with community around the estate operation and government officials confirmed there was no outstanding land dispute inside both estates and mill land.

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 Felदा did not acquire land from landowners, but leased it directly from the government or just managing settlers land. Interviews with the local kampong head confirmed that no customary land had been used. Available data shows no claim against Felदा in relation to customary land. Felदा 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 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 cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne.

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.

The Mill has an annual budget with a two years projection and five years projection for business plan. Felदा Palm Industries Sdn Bhd data bank online systems accessible to all mills. The budgets include performance objectives and targets related to production, including efficiency and quality e.g. OER, KER, cost, quality of FFB, price, backlog and mill losses. Beside online systems, Felदा also prepared hard copy of the plan on site.

LU10E: Budget has been prepared for the estate for FY 2011 – 2015, however, it can be improved by adding FFB yield/ha, OER, and CPO yield/ha.

LU01E: the estate has just being replanted this year. Budget have been prepare projected for two years. Since the estate just underwent replanting, budget was mainly for replanting related programme.

LU14E: Budget for 2011 – 2016, including cost per ha and cost per ton however it was not been completed with FFB yield/ha.

Replanting program is part of five years plan. For Lepar Utara 10 Estates, replanting has been completed between December 2008 and January 2009. Second replanting not due until next 25 years, as such there is no need of replanting program at the moments. Lepar Utara 14 Estate, The oldest palm planted in 2001; replanting will not due until 2025.

As for Lepar Utara 01 Estate, all of 1,646 ha planted area undergone replanting in 2011. Currently all the palms have been felled, windrowed, and stacked. Topography is mostly flat to undulating. Terracing was carried out for areas with slope of 6 degrees and above which covers about 30% of the total area. LCC will be planted accordingly. Inspection to the field confirmed that estates have followed best practice for replanting.

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

Felदा have general Standard Operating Procedure (SOP) “Felदा Manual Procedure of Quality, Safety, Health, 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. 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 Lestari, 2007” and “Manual Pengurusan Rancangan, 2010”) which are readily available in all areas. Worked Instruction is posted in appropriate areas such as in Pesticide stores, Fuel Depots and Workshops on signboards and are in Bahasa Malaysia.

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 log book, 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 log books for each area and in the maintenance records.

Mill Advisor visits the mill regularly; the most recent visit was between 22 and 23 September 2010. Report received by mill on 09 December 2010. Inspection to the record confirmed measure action taken promptly following finding. For example by 11 December 2010 five out of seven finding have been rectified. Mill kept the copy of the report for 12 months.

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.

The estates are also covered by SOP's 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. Further monitoring was carried out by Felda HQ, for example in LU10E, Plantation Inspector carry out yearly monitoring to the estate performance. The last Inspectorate visit was held on 12 August 2010, report available by 21 October 2010. Copy is now available on site for inspection. LU01E, Audit Dalam Felda (HQ Felda Internal Audit), carried out monitoring of estate performance each year. The last audit held at 17 – 18 March 2011, report completed by 29 March 2011. Report received by the manager on 05 April 2011; Manager reply to the result three days later. Record held on file "Fail Audit".

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.

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.

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.

Regular annual tissue and soil sampling are carried out by Felda Agricultural Services Sdn Bhd. The results of the analysis of the samples are used to optimise fertiliser requirements. Pusat Penyelidikan Petani Tun Abdul Razak issued regular recommendation. The Soil Sampling survey is 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. 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 spreadsheet for each block.

LU10E/LU01E: Currently, the oldest planting is just 2 years old, no soil sampling was carried out; fertilizer application was based on known dosage of immature plant.

LU14E: At the time of soil sampling FAS also carried out annual inspection of the palms and leaf sampling to monitor nutrient status Soil nutrient status is assessed by review of the leaf tissue analysis results. Soils are sampled and analyzed for fertilizer requirement.

LU10E: Pusat Penyelidikan Petani Tun Abdul Razak issued regular recommendation. Currently, the oldest planting is just 2 years old, no soil sampling was carried out, fertiliser application was based on known dosage of immature plant.

All palm by-products including fronds, EFB, and expeller are recycled. EFB is applied at the rate of 25mt/ha on selected area close to the mill. Semi-mechanised application system is used. This includes smallholders' plots. EFB compost plant is under construction. EFB compost will be available in the future. There is no POME recycling due to logistic constraints and difficulty to build piping through the smallholders' plots. Lepar Utara 04 mill's DOE permit allows discharge to stream with BOD limit of 50ppm. Latest BOD records show that the BOD is below 50ppm. DOE regular onsite inspection records shows that POME discharged are within limit. 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.

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.

LU14E: Topography is hilly, with 5 percent of the slope between 5 – 12 degree and the remaining 95 percent is more than 12 degree. Map on the gradient has not been prepared; practice to avoid erosion includes LCC establishment for all new plantings. Good cover crops. LU10E: rolling area, LCC during replanting is evident. Map has not yet been mapped. LU01E: around 30% are undulating, the remaining land is flat.

Through effective ground cover Lepar Utara estates attempt to avoid bare and exposed soils as far as possible. Inspections in the field reveal that the natural ground cover established. Plantings on the steep areas were well established with cover crops to reduce and eliminate possible risk of erosion. Effective frond stacking is also instrumental in preventing erosion in steeper areas.

In all estates there is terracing in steep areas to reduce soil erosion. Recently replanted steep areas were constructed with terrace. Where slopes are not in excess of 15°, platforms were constructed to facilitate field operation and to reduce surface run-off during rain. Any terraces that require remedy are being repaired during the replanting. 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 Felde 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 Felde has implemented practices for minimising soil erosion. These include stop bunds on terraces and maintenance of adequate groundcover vegetation.

A Non Conformity was assigned against Minor Indicator 4.3.1. at Lepar Utara 14 Estate because documented evident of practises to minimise soil erosion and degradation was not available. Topography of the estate area mostly hilly, for example at Lepar Utara 14 estate only 5 percent of total area with slope between 5 – 12 degree and the remaining 95 percent is more than 12 degree of slope. Gradient Map is not available; inspection to replanting area found evident of landslide at the slope of more than 25 degree, even though LCC have been planted.

4.3.1. Observation. Inspection to the estate in Lepar Utara 14 Estate, indicated small area of bare soil resulted from mechanized weeding in the Block 70 close to the buffer zone of Sg Lepar.

Sprayers follow the spraying guidelines as set out in the StOP's. The sprayers are constantly being monitored by

the supervisors and estate managers to ensure pesticide spraying is effective.

There is a road-grading programme in place that ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads. Scupper drains are also constructed if required. This programme has been considerably improved in all since the original assessment.

Estate has prepared a road maintenance programme for 2011. Inspection to the field indicated good road. The road management plan for Lepar Utara Estates does now show details of actual roads to be graded and maintained in the road management plan. It also indicates dates and roads to be maintained as well as whether the plan has been followed.

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

Techniques used to minimise soil erosion are described in a SOP and include best management practices.

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-planted at the next replanting. It is also ensure that native species of trees are used in all areas where buffer trees are planted.

Bird life was observed in abundance at riparian areas. Stream bank areas are planted with plant species to prevent erosion on steep natural banks and on the sides of drains. LU10E: Estate ensures 3-meter wide river buffer zone is maintained consistently.

Observation 4.4.1: In LU14E, the estate is passed by Sungai Lepar. Buffer zone have been delineate along the river and mapped; however riparian buffer zone has not been marked consistently for future replanting.

Monitoring of the buffer zone condition is undertaken as part of the overall estate inspection regime so it is virtually ongoing.

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

Lepar River is passing through LU14. Water sample is collected and analyzed at Felda laboratory. Last report number 780/2011 dated 27/6/2011 shows BOD level is 1.1m/L.

A Non Conformity was assigned against Minor Indicator 4.4.3 because mill wastewater (POME) was treated by facultative system before discharging to the nearby small river. POME is monitored weekly in accordance to the DOE requirement. Inspection to the filed monitoring form indicated dilution factor in the river is too small during dry seasons. Mill to ensure wastewater quality always-meet DOE requirements, by implemented documented programme to mitigate this situation. Priority should be given in Aspect and Impact Register so that the issue can be properly mitigated.

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 1.48 mt water/mt FFB processed. Inspection to company record indicated slight increase of water usage in May (2.04) due to overhaul of Boiler No. 01. Record held on data analysis file (Analisa Data).

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

4.4.7. Observation. There is a plan for the Mill to improve wastewater treatment system but the plan is deferred until the amount of FFB processed is substantially increased (at the moment is under capacity).

Water runoff on the roads is managed through road side drains and silt pits. The road-grading and maintenance work ensures that drains are clear of any debris and properly formed to channel run off into these drains. The silt pits ensures that surface runoff is not going into main filed drains.

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 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. At the present time there are no outbreaks of Leaf Eating Caterpillars. 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.

4.5.1. Observation. Even though IPM have been implemented LU01E by planting beneficial plant however there are no IPM records/documentations yet that explained pesticide uses, barn owl and rhinoceros beetle, etc.

Felda has implemented SMART (Simple, Measurable, Achievable, Realistic and Transferable) Programme for herbicide management. Even though the purpose of this programme is quite good, however, interview and inspection indicated low level of understanding at the operational level. Monitoring did not reflected HQ required data to 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.

LU10E: Summary record show 9 barn owl nest boxes were installed in 2009, none in 2010. Beneficial plants were planted in 2009 for 1,225 ha; but no planting was carried out in 2010.

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.

IPM training was conducted internally by qualified Felda agronomist from Felda's Tun Razak Research Station. IPM training was attended by the estate field staff, scheme field staff and smallholder representatives. Latest training was conducted on 20/6/2012.

Even though the monitoring of IPM is present however it was lacking of data on chemical use reduction. Detail of each estate is as follow, indicated inconsistent implementation of IPM at each estate, e.g. LU 01E: There is no record of IPM implementation, LU 10E: graph is available to show pesticide reduction, and LU 14E: There is data of pesticide implementation on form No. RSPO-P4/C.4.5/4.5.3.

The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use. There is in place justification for the use of the following chemicals in Lepar Utara Estate.

The amount and type of pesticides used and the locations where they are used are recorded for each chemical.

The Estate commenced monitoring pesticide usage units per ha. However, there is insufficient information for a trend of usage and need to put into graph.

4.5.2. Observation. In LU01E, Implementation of IPM has not been recorded, e.g. explained pesticide reduction, barn owl and rhinoceros beetle, etc. LU14E, There is no monitoring data on pesticide reduction in relation with the IPM implementation.

Felda are monitoring and measuring pesticides used per hectare and per tonne.

4.5.4. Observation. Active Ingredient for pesticide is available. However, the usage record can be improved by precisely recording the quantity used. This record can be used to monitor the decreasing trend of pesticide used.

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 develop 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 Tun Razak Agriculture Research Centre (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 1974 in accordance with USECHH Regulations (2000).

4.6.1. Observation. Used chemicals collection procedure and collection/storage system for used in laboratory can be improved to meet the safety standard.

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.

Paraquat is used only for selective spraying of volunteer oil palm seedlings and for situations where continuous rain precludes use of alternatives. Paraquat use is being slowly reduced while the industry comes up with a viable alternative and will be completely eliminated as part of a plan from 31st December 2012. As with all chemicals, records are kept of any paraquat applications.

At LU 01E, no pesticide monitoring for this estate but there is a policy (FELDA) to minimize use of class 1 pesticide including paraquat. LU 10E, a policy (FELDA) to minimize use of class 1 pesticide including paraquat, there is evident showing progressive improvement of pesticide use reduction by replacing with basta. There is yearly data on chemical uses as Basta, Glyphosate, Garlon and Paraquat.

4.6.3. Observation. Chemical store and mixing area has a containment and PPE available; however, sign and symbol can be improved to follow the latest regulation.

There is no aerial spraying of pesticides.

Records of training are kept in each estate office for the following:

- Pesticide Mixers
- Pesticide Sprayers

The training records also show the training topics covered.

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.

There is a minimum requirement of PPE that must be worn/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 no uses of Methaidophos or Monocrotophos during previous twelve months.

Material Data Safety Sheets (MSDS) are held for all chemicals used and are available at the areas of mixing. Almost all MSDS are translated into Bahasa Malaysia with the exception of LU14E where all of the MSDS is still in English which might not be understood by the workers. No concentrates are taken into the field, as all spray solutions are pre-mixed in a designated area.

Felda has purpose built pesticides stores. Storage of chemicals is in specially locked areas with restricted access. 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 to LU01E and LU10E confirmed that chemical store and mixing area has containment and PPE available for mixing person in-charge, sign and symbol need improvement accordance to the latest regulation but some emergency shower/spray water not functioning with some reason (pump is shut off since the central water storage was full, but the emergency shower directly connected to the pump).

4.6.4. Observation. Chemical sign and labels in the mill chemicals store need improvement in order to meet government standard.

All chemical containers are triple rinsed and if not recycled are placed in the Scheduled Waste storage area for disposal by contractor.

Methods of storage and disposal of chemicals (pesticides) are included in training provided. Felda is using only chemicals that are officially registered under the Pesticides Act 1974 in accordance to USECHH Regulations (2000). Inspection to the estates confirmed that Class 1 chemical has not been used since mid 2005.

4.6.7. Observation. Paraquat still used only for young palm the trend is increasing in recent years, for example in LU14E the use of paraquat (13% a.i.) was increase from 936 l in 2009 to 1,760 in 2010 due to replanting area.

Female pesticide handlers may be employed by Felda Group as long as not pregnant or breast-feeding— however at the time of audit, Felda did not employ any female applicator.

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.

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

The control of OHS within the estates has improved steadily since the previous audit – with issues previously raised being adequately addressed. There are improvement in storage and management of hydrocarbons as well as control of pesticides.

Although Hazards and Risks have not been thoroughly identified for all operations and in all areas as above control is not effective in the mill.

A Non Conformity against Major Indicator 4.7.1. because Hazard identification for Lepar Utara 01 Estate is incomplete. Internal HIRAC form “Penilaian HIRAC” was not filled out properly. The OHS Plan has not been properly implemented within the mill. A number of identified hazards and risks were not well controlled. This include the workers fail to use appropriate PPEs. Mill provided the PPEs but sometimes workers are reluctant to wear them. At the mill boiler site, there was evidence of incorrect use of PPEs where workers did not use full face goggles and long gloves for hot working condition though they were duly supplied with these appropriate PPEs. Furthermore signage was not displayed with OHS requirements.

A Non Conformity was assigned against Major Indicator 4.7.2. since inspection found that JKPP 8 form was not consistently filled out or not filled out. For example, in LU 01E, there is no filled JKPP8 forms for 2009 and/or 2010; LU 10E, Report on JKPP8 2009 the report was combined with Kota Gelanggi 5/6 Report, where requirement is both reports should be separated, and in LU14E, no accident was reported on JKPP 8 for the year of 2010.

4.7.2. Observation. Records of JKPP8 have been reported to HQ monthly and to government annually, but there is no quarterly review yet.

There are emergency procedures in each estate and these are tested to a large degree. Each estate has regular evacuation drills which are recorded to determine the level and efficiency of response. There is emergency procedure and evacuation point. 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.

There is no company clinic on all plantation divisions and at the mill however government clinic and hospital are available nearby.

The company has first aider on the facility and HSE Officer trained first aiders and first aid kits in all field and mill work 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.

There is accident records at the mill involving on hot work accident on boiler burning chamber door, is being

follow up by JKPP8 and mitigation form and improving SOP. The records reported to HQ monthly and to government annually, but there is no quarterly reviewing. While in estates, accident was recorded but mitigation report (Siasatan) not yet filled out properly.

LU10: Record monthly as evidence showed the form Laporan Keselamatan, Kesehatan dan Alam Sekitar for every month including fire drill.

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.

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.

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.

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.

All potentially hazardous operations are identified and if required PPE is provided.

All workers are covered by workers compensation accident insurance—Asuransi Takaful Berkelompok.

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.

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.

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.

A training needs analysis is completed for most of operations at the start of each year to ensure training is carried out and skills and competencies are re-enforced.

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.

Training needs are assessed on an annual basis. There is a training plan in place for each area of operations of Lepar Utara 04. The records of training completed for 2011 comply with the training plan for that year.

This plan includes training to be undertaken and who are the targeted staffs to undergo this training.

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 attendance is also kept along with photographic records of all training run within each area of operations.

4.8.1. Observation. Training was provided to all workers; however, training need assessment and records was not appropriately maintained. The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2011, for workers and contractors workers prepared on 02 January 2011. The mill has maintained records for individual employees (Rekod Latihan Petugas/Kontraktor), however, the mill has not maintained record of the training.

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 Lepar Utara Mill and Estates.

This Environmental Aspect and Impact Register is later being detailed in another individual Aspects and Impact Registers for every management unit, e.g. Lepar Utara 04 Mill, Lepar Utara 01 Estate, Lepar Utara 10 Estate, and Lepar Utara 14 Estate and other operational areas.

Having environmental management plans is part of the environmental management process for the operations

of the Lepar Utara 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.

The plans are in the form of a five-year plan and was recently reviewed however the review did not clearly indicate improvements which have been made. Mill: Mill has an Environmental Aspects and Impacts Register, and there is 289 significant impacts, however the priority was given to the impact of used chemicals at the laboratory that only having small quantity. This aspect impact should be reviewed to reflecting real situation and consider the quantity of waste or magnitude of impact.

5.1.1. Observation. Mill has an Environmental Aspects and Impacts Register (updated on 02 June 2009), covering all aspect and impact of its operations. Record held on file "FPI/L2/QOHSE-1.0". This aspect impact was updated on 2011, Register No. FPI/L4/QHSE-1.8 Pind 0, however, the plan did not detailed priority of action to be carried out in relation to the identified environmental impacts.

5.1.1. Observation. Estates has prepared aspect and impact of it operation but the mitigation measure was not related to the environment and there is no pollution prevention and continual improvements consideration. Aspect impact was not well prepared, since environmental impact management plan was mixed up with safety measure (which lead to the use of PPE to remedy environment impacts identified).

5.1.2. Observation. Estate has developed pollution prevention plan needs, however, it was not consistent and relevant to the finding of 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.

University of Malaya undergraduate has carried out an assessment of the presence of HCVs within and adjacent to the Felda plantations assessment covering Lepar Utara 06, Lepar Utara 04, and Lepar Utara, report completed on 10th May 2008. 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. The report format includes location and general description, action to be taken with regard to the identified HCV, timeframe for action.

LU01E: HCV assessment indicated there was no HCV inside the estate. The closest HCV area is Berkelah Reserves Forest, approximately 3 km from the estate border.

5.2.1. Observation. In Lepar Utara 14 Estate, an HCVs assessment carried out internally, however, inspection to the report indicated some HCVs has not been included, for example area of more than 25 degree inside the estate has not been assessed of the possibility of HCV. Also, buffer zone along Sg Lepar has also not been assessed for the possibility of HCV. Inspection to the report indicated that inconsistent of HCV preparation date as written in preface (01 July 2010) instead of 01 July 2011.

HCV assessment identified Elephants (*Elephas Maximus*), Harimau Kumang (*Panthera tigris*), Tapir (*Tapirus indicus*), Civet (*Viverra zibethica*), Wild Boar (*Sus scrofa*), Horn Bill (*Anthracoceros malayanus*), memering (*Aonyx cinereus*). Felde has prepared and implemented measure action taken such as installed signage, installed electric fence.

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. HCV plan have been prepared however it did not comprehensively cover all possible HCV in the estate, for example there was no management plan for buffer zone.

Inspection during the audit indicated there was no inappropriate hunting, fishing or collecting activities in the Felde areas that were visited. Felde 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. Felde 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.

LU10E: Signage has been posted at the entrance to the Estate, close to kampong and awareness has been conducted to stakeholders to block head, and letter been sent to all local communities. In LU10E, Gelanggi main research station issued letter on 02 June 2009 on forbidding capture and hunt of wildlife. There is a regular occurrence of elephant attack; the last attacks occur at 10 April 2011; three palms in the Block 5.2 was destroyed. To resolve human-wildlife conflict, estate has installed 6.7 km of electric fence since May 2011 as well as carried out regular monitoring by guard every night to the presence of wild life by trained guard. The training was carried out by HQ at 04 May 2011. LU14E; 14 km of electric fence.

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.

5.3.1. Observation. Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Register for the mill and estates. Documentation of waste have been carried out however it did not clearly identified types of waste, source of waste, as well as annual quantity of the wastes.

The control of household and other waste at all line sites is now under better control and this was demonstrated by the each line site being in a tidy condition – this is a considerable improvement since the previous pre assessment.

A Non Conformity was assigned against Minor Indicator 5.3.2. because even though a Waste Management Plan has been prepared in accordance to significant impact assessment, however, the pollution prevention plan and continuous improvement plan did not consistently relate to the assessment finding. Domestic waste handling on estates not sufficient carried out; LU 01E: Management plan has no relationship with aspect impact identification; LU 10E: Estate has Management

Plan that not directly related to the environment, and only mentioning SOPs and PPE.

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 and disposed to landfill.

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. Data on fibre and shell usage available need to calculate per tonne CPO, since January 2011 and have been put into graph. Fossil fuel usage have been monitored and put into graph to show trend since January 2011; indicated steady decrease, from 2.56 to 1.43.

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 is in place.

A Non Conformity was assigned against Major Indicator 5.5.1. because inspection of the Estate confirmed no evidence of open burning. However, evident of burning found at Felda Lepar Utara 05; for example at block P – 05 bordering to Lepar Utara 10 Estate. Inspection to the replanting area, found evident of uncontrolled fire usage in the estate.

Inspection to the estate confirmed that oil palms were felled, chipped/shredded, and mulched. LU10E Last replanting was carried out in 2009. Next replanting will only be due in 2023. LU01E Replanting will be carried out between November 2011 and January 2012.

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.

A Non Conformity was assigned against Minor Indicator 5.5.3 since the inspection to all housing (mill and estates) found evident of burning waste. 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 which 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.

5.6.1. Observation. A mill a plan to improve POME quality is in place but pending with the production increased to the normal capacity, greenhouse gas reduction plan was also available at the corporate level that needs to communicate and understand by the mill staff.

A Non Conformity was assigned against Minor Indicator 5.6.2. because even though a plan to reuse pesticide containers and wastewater are available at all estates, however, not properly documented.

In the case of stack emissions the level of pollution can be determined through possession and keeping track of records and therefore reduction plans in this case are now meaningful. Recording and monitoring was started in 2004. There is an internal measurement of stack emissions and the Mill is continuously monitored using the "Ringlemann" method as well as six monthly governments testing of emissions. These latest tests in April and November 2008 indicated that emissions are within limits.

Note: The six monthly testing of stack emissions at the mill appear to differ in allowable limits to those set by the Government. This should be followed up with the testing company to ensure that the correct limits are recorded and to demonstrate the mill emissions are within allowable limits.

There is no peat land under cultivation in any Felda.

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.

Mill has an in house Environmental Aspects and Impacts Register (has not yet been endorsed), covering all aspect and impact of its operations. The mill has initiated survey to 50 respondents consist of workers, contractors, settlers, foreign workers, settler wife, and shop owner, for opinion against social impact of mill operation. Report has been prepared on 22 February 2011 indicated four issues arose from the assessment.

LU10E: SIA was prepared internally on 25 January 2011; stakeholders' survey has also been carried out to 15 respondents to get stakeholders view of the social impact of the plantation to local communities. An action plan have been developed includes issues, action plan, person(s) in charge, and target of completion.

LU01E: SIA available indicated 15 respondents were interviewed during the assessment. The result needs to

be strengthened to enable capture the issues that related to estate operation—replanting—than to outside impact, e.g. disruption of telephone signal.

LU14E: SIA was prepared on 28/05/2011 where 43 persons surveyed. Problem with water supply in foreign workers housing and cows wandered freely in the estate.

LU04Mill: Review of the SIA indicated that SIA preparation has sought affected parties, e.g. workers, contractors, settlers, foreign workers, settlers' wife, and shop owner. It is confirmed during interview with workers and settlers that their opinion has been sought during the SIA preparation.

6.1.1. Observation. SIA have been prepared internally. However, SIA can be improved by provide more detail of the process of SIA preparation, e.g. detail of public consultation, detail of SIA method, etc.

LU10E: Stakeholders input has been sought, as many as 50 respondents been interview for their input during the SIA preparation.

A Social improvement plan was prepared in the same year. The Mill updated the SIA on 26 July 2010, while estate updated the SIA on September 2010. Record of meeting and attendant list is available; however, it was not dated.

Available reports show that stakeholders participated during SIA preparation.

LU01E/14E: A management plan has prepared in accordance of the finding, program, and target of completion, however, it can be improved by adding person in charge to monitor implementation.

LU14E: action plan ok

6.1.2. Observation. Social Action Plan for mitigation of issues identified and raised by local communities has includes person in charge to monitor target and implementation of action plan and have been updated on 22 February 2011. However, the action plan has only cover two issues out of four as identified during the assessment.

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.

LU04M: the list can be improved by adding government officials, local communities, NGOs, and workers union; and updated as necessary.

LU01E: List available need to be completed with, suppliers, contractors, and NGOs. Update as necessary. Record “Maklumat Azas Rancangan”. LU10E: A comprehensive stakeholders list, including government officials, NGOs, suppliers, contractors, clinic, and local communities with contact number, address, and phone number was updated on 29 June 2011. LU14E: Good list of stakeholders; updated on 02 June 2011—need to be completed with NGO.

6.1.3. Observation. LU04M list can be improved by adding government officials, local communities, NGOs, and workers union; and updated as necessary. While in LU01E, the list need to be completed with suppliers, contractors, and NGOs and been updated as necessary.

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 Felda in relation to the communication policy.

In the mill, communication procedure is documented in SOP No. FPI/L2/QHSE-6.0 for internal stakeholders while external communications procedure is documented in Manual Prosedur: Komunikasi, Penglibatan, dan Rundingan (Communication, Participation, and Consultation) dated 02 January 2008, revised on 15 November 2010.

The same procedure is also available at every estate with the exception of Lepar Utara 01 Estate. For example Lepar Utara 10 Estate holds SOP of Komunikasi, Penglibatan, dan Rundingan (FAS-IMS/L2/6.0) prepared on 02 January 2009; and for LU14E, the procedure was prepared on 01 April 2010.

A Non Conformity was assigned against Major Indicator 6.2.1. because Consultation and Communication Procedure has not been prepared for Lepar Utara 01 Estate.

Social Liaison Officer or Estate Manager (or Estate Manager) is the person responsible for communications with communities and other 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.

Procedure of dealing with complaint is either in form of SOP or for internal dispute procedure is detailed in the contract agreement between Felda and workers.

In the mill, dispute resolution procedure is documented in Manual Procedure of Complaints, Nonconformity, Incidents Investigations, and Corrective Actions revised on 03 August 2009.

6.3.1. Observation. Stated by mill officials that the dispute resolution procedure has been socialized to workers during morning muster, however the socialization process was not documented.

At Lepar Utara 01 Estate, Internal dispute resolution procedure is documented in contract agreement; e.g. between foreign workers at point 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders has been prepared however it has not been formalized into SOP. While in Lepar Utara 10 Estate, a draft of procedure on “Rugutan, Keingkar, Siasatan Insiden, dan Tindakan Pembetulan” have been prepared. However, the procedure needs to be formalized into formal SOP. Record inspection indicated no dispute occurred during last year.

A Non Conformity against Major Indicator 6.3.1. because Dispute Resolution Procedure has not been prepared for Lepar Utara 01 Estate.

Beside that, 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.

LU10M: regular meeting between mill and JCC (Joint Consultative Committee). The last meeting was on 26 February 2010. A complaint box and grievances book was also been prepared and is accessible to external stakeholder. Record held on file Joint Consultative Council (Mesyuarat Jawatan Kuasa Kesepakatan Bersama). Previously, one case of grievance recorded, where a local people raised grievances on road damage close to weighbridge on 12 July 2010. Measure action taken immediately by the mill on 16 July 2010.

LU01E, Complaint Book (Buku Pengaduan) keeps the record of grievances from external parties. For example in 05 May 2011 one settler complaining to estate for missing of boundary store bordering to his holding. Estate explained to the settler that survey to delineate

boundary stone is on the process and preparation of the map is underway.

LU10E, Details of grievances are recorded in “Buku Aduan Lepar Utara 10/14” and stated open to public. The last complaint was made on 03 September 2010, complaining unavailability of landfill in the estate. Estate responded by providing two garbage bins for use before final disposal at the landfill.

6.3.1. Observation. At LU14E, in the early of February 2011 a group of Indonesian harvesters (Group 02G) complaining about seasonal low crops, which affected their monthly income. A meeting was carried out between the harvesters and management; it was advised that the workers are eligible for additional work to get more income. However, details of the grievances, meeting with the workers and dispute resolution outcome have not been recorded.

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 Felde 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).

The land dispute procedure refers the compensation assessment to the corporate land management department of Felde 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.

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 Felde and workers.

Mill pay and conditions are documented in accordance to agreement between Felde Palm Industries Sdn Bhd and Kesatuan Pekerja-Pekerja Felde Palm Industries Sdn Bhd (Semenanjung) Collective Agreement 2010 for the period of 01 January 2010 until 31 December 2012. 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 Felde and Foreign Workers” prior to employment. The contract detail term and condition of the employment, such as wages, paid leave, etc.

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.

Housing is provided for free to the workers; Felde are in an on-going process to replace old wooden houses with new brick houses that meet government regulation.

LU04M provides free housing for workers, water subsidized at RM 2 per person until maximum RM12 per household per month, electricity subsidy for RM10 per household per month, bus school available for free, and elementary school available close by. Inspection to the housing indicated the housing is sub-standard.

LU14E, free medical treatment 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 are available from government supply.

LU10E: good housing for workers, water supply from government. Water and electricity are available for free to all workers. Polyclinic is available Lepar Utara 04; around 12 km from the estate.

6.5.3. Observation. Mill housing has two bedrooms and did not meet government standard of three bedrooms. A programme is on the way to build additional room to meet new government standard of worker housing.

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.

Felde has published a policy on Freedom To Join Trade Union (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.

Although there were no Labour Unions at estates but mill only, workers and staff are represented in Employment Consultative Committee (JCC) which was established at 11 September 2007. Members are elected from representatives of every division including foreign workers. Regular meetings are held every three months. The ECC representatives were elected to represent each workers category such as sprayers, fertiliser applicators, sprayers, mandor, and harvesters.

Formal meetings between the Company and Union Officials are held at Zone Head level in Kuala Terengganu. Mill held incidental meeting with workers union. The last meeting was held on 05 May 2011 attended by 8 participants. Point discussed among other additional housing for workers. Record held on file "Fail Kesatuan".

At LU10E, only nine workers at the estate however, company permitted workers to join workers organization of their choice, however, interview indicated they are preferred not to join. As such there was no meeting between workers representatives, since the small number of workers permitted them to raise any issue directly to manager.

LU14E, JCC held monthly meeting; where all workers representative are invited to share their view of the certain issues. The last meeting was carried out at 28 June 2011 attended by 11 workers representatives. Record held on file "Minit Mesyuarat JKPP".

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. Felde 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 while Indonesia and other foreign workers provide passport. No children workers were observed in field. Record of the workers check confirmed no underage employed by Felde. Workers stated during assessment that no underage worker was employed in Felde.

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.

Felde has Equal Opportunity Policy (Polisi Kesetaraan Peluang) signed by Director General on 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.

Felde has prepared policy on Code of Conduct of their workers since 2007, including sexual harassment. It is confirmed 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, Felde 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 gender committee is established at mill land estate. Mill appoints gender committee representative at 18 July 2010. Confirmed during interview of female Staff and Workers awareness and statement was made that they would be comfortable to use the procedure if necessary.

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".

LU01E: gender committee. The last meeting held on 23 December 2010. No sexual harassment complaint had been lodge.

LU14E: Gender committee has been established at the estate. Interview of female workers indicated that they are aware and willing to use the mechanism if required.

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 keep 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 area of settler's village. 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.

Community assistance is related to the local situation. Examples of contributions include assistance with places of worship, donations to schools for activities, scholarship for local pupils. Record held on file "Employment & Communities".

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 assessed.

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.

8.1.1. Observation. LU 01/14E: There is no evident showing progressive improvement of pesticide use reduction.

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

LU01E : Significant Environment Impact not completed yet.

LU10E & 14E: Significant Environmental Impact has been identified but the mitigation measures still no relevant mitigation measures on that aspect identified.

The company has implemented best practices for management of pesticides and the improved controls associated with this program has reduced overall chemicals usage over the past 5 years.

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.

8.1.2. OBS Observation. Significant Environmental Impact has been identified but the mitigation measures did not relevant mitigation measures on that aspect impact identified.

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

Company assign consultant to carry out regular monitoring of the implementation of replanting area every four months.

8.1.4. Observation. 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.

8.1.4. OBS Observation

Mill improvements for pollution prevention are planned but have not yet been documented. Estate officials' are lack of understanding 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

Five (6) Non-Conformity were assigned to major non-conformance against indicator 2.1.1, 4.7.1., 4.7.2, 5.5.1., 6.2.1., and 6.3.1., detail as follows:

A605202/1 (2.1.1.) At the time of audit, POME outlet flow meter has been broken since for four months. It is against the government regulation on continuous monitoring of effluent discharge.

A605202/2 (4.7.1.) A Non Conformity against Major Indicator 4.7.1. because Hazard identification for Lepar Utara 01 Estate is incomplete. Internal HIRAC form "Penilaian HIRAC" was not filled out properly. The OHS Plan has not been properly implemented within the mill. A number of identified hazards and risks were not well controlled. This include the workers fail to use appropriate PPEs. Mill provided the PPEs but sometimes workers are reluctant to wear them. At the mill boiler site, there was evidence of incorrect use of PPEs where workers did not use full face goggles and long gloves for hot working condition though they were duly supplied with these appropriate PPEs. Furthermore signage was not displayed with OHS requirements.

A605202/8 (4.7.2) A Non Conformity was assigned against Major Indicator 4.7.2. since inspection found that JKPP 8 form was not consistently filled out or not filled out. For example, in LU 01E, there is no filled JKPP8 forms for 2009 and/or 2010; LU 10E, Report on JKPP8 2009 the report was combined with Kota Gelanggi 5/6 Report, where requirement is both reports should be separated, and in LU14E, no accident was reported on JKPP 8 for the year of 2010.

A605202/3 (5.5.1.) Inspection of the Estate confirmed evident of burning at Felda Lepar Utara 05; for example at block P – 05 bordering to Lepar Utara 10 Estate. Inspection to the replanting area, found evident of uncontrolled fire usage in the estate.

A605202/4 (6.2.1.) Consultation and communication procedure has not been prepared for Lepar Utara 01 Estate.

A605202/5 (6.3.1.) Dispute resolution procedure has not been prepared for Lepar Utara 01 Estate. Noteworthy Negative Observation

MINOR NONCONFORMITIES

Eight (7) Non-Conformity were assigned to minor non-conformance against indicator 2.1.3, 2.2.3., 4.3.1., 4.4.3., 5.3.2., 5.5.3., and 5.6.2., detail as follows:

A605202/6 (2.1.3.) Even though the estate has assigned officers to track and update the relevant regulations, however, inspection to the record indicated that check to the legal compliance has not been carried out.

A605202/7 (2.2.3) Boundary stones are not identified and mapped in all estates. Inspection to Lepar Utara 14 estate boundary along perimeter adjacent to Bukit Berkelah forest reserves indicated that some boundary stone was cannot be located either missing or not visible.

A605202/9 (4.3.1.) There was no documented evident of practises to minimise soil erosion and degradation. Topography of the estate area mostly hilly, for example at Lepar Utara 14 estate only 5 percent of total area with slope between 5 – 12 degree and the remaining 95 percent is more than 12 degree of slope. Gradient Map is not available; inspection to replanting area found evident of land slide at the slope of more than 25 degree, even though LCC have been planted.

A605202/10 (4.4.3.) Mill wastewater (POME) was treated by facultative system before discharging to the nearby small river. POME is monitored weekly in accordance to the DOE requirement. Inspection to the filed monitoring form indicated dilution factor in the river is too small during dry seasons. Mill to ensure wastewater quality always-meet DOE requirements, by implemented documented programme to mitigate this situation. Priority should be given in Aspect and Impact Register so that the issue can be properly mitigated.

A605202/11 (5.3.2.) A Waste Management Plan has been prepared in accordance to significant impact assessment, however, the pollution prevention plan and continuous improvement plan did not consistently relate to the assessment finding. Domestic waste handling on estates not sufficient carried out; LU 01E: Management plan has no relationship with aspect impact identification; LU 10E: Estate has Management Plan that not directly related to the environment, and only mentioning SOPs and PPE.

A605202/12 (5.5.3.) Inspection to all housing (mill and estates) found evident of burning waste. This indicated lack of awareness among Felda employees on Felda's zero burning policy.

A605202/13 (5.6.2.) Estates have prepared a Plan to reuse pesticide containers and wastewater however the plans were not properly documented.

OBSERVATIONS

2.2.1. In Lepar Utara 10 estate, the land is regulated by GSA 1960 and opened by Felda in 1973. FASSB rent the land from Felda, which currently entering the second term of lease. However, the extension of the rent has not been approved by Felda Land Department.

4.3.1. Inspection to the estate in Lepar Utara 14 Estate, indicated small area of bare soil resulted from mechanized weeding in the Block 70 close to the buffer zone of Sg Lepar.

4.4.1. LU14E estate is passed by Sungai Lepar. Buffer zone have been delineate along the river and mapped; however riparian buffer zone has not been marked consistently for future replanting.

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

4.4.7. There is a plan for the Mill to improve wastewater treatment system but the plan is deferred until the amount of FFB processed is substantially increased (at the moment is under capacity).

4.5.1. Inspection indicated no record of IPM implementation on LU01E. The estate needs to record/documents any IPM initiatives.

4.5.2. There is no monitoring data on pesticide reduction relation with the IPM in LU14E.

4.5.4. Active Ingredient for pesticide is available. However, the usage record can be improved by precisely recording the quantity used. This record can be used to monitor the decreasing trend of pesticide used.

4.6.1. Used chemicals collection procedure and collection/storage system for used in laboratory can be improved to meet the safety standard.

4.6.3. Chemical store and mixing area has a containment and PPE; however, sign and symbol can be improved to meet the latest regulation requirement.

4.6.4. Chemical sign and labels in the mill chemicals store need improvement in order to meet government standard.

4.6.7. Paraquat still used only for young palm the trend is increasing in recent years, for example in LU14E the use of paraquat (13% AI) was increase from 936 l in 2009 to 1,760 in 2010.

4.7.2. Records of JKPP8 have been reported to HQ monthly and to government annually, but there is no quarterly review yet.

4.8.1. Training was provided to all workers; however, training need assessment and records was not appropriately maintained. The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2011, for workers and contractors workers prepared on 02 January 2011. The mill has maintained records for individuals (Rekod Latihan Petugas/Kontraktor), however, the mill has not maintained record of the training.

5.1.1. Mill has an Environmental Aspects and Impacts Register (updated on 02 June 2009), covering all aspect and impact of its operations. Record held on file "FPI/L2/QOHSE-1.0". This aspect impact was updated on 2011, Register No. FPI/L4/QHSE-1.8 Pind 0, however, the plan did not detailed priority of action to be carried out in relation to the identified environmental impacts.

5.1.1. Estates have prepared aspect and impact of it operation but the mitigation measure was not related to the environment and there is no pollution prevention and continual improvements consideration. Aspect impact was not well prepared, since environmental impact management plan was mixed up with safety measure (which lead to the use of PPE to remedy environment impacts identified).

5.1.2. Estate has developed pollution prevention plan needs, however, it was not consistent and relevant to the finding of aspect impact register.

5.2.1. In Lepar Utara 14 Estate, an HCVs assessment carried out internally, however, inspection to the report indicated some HCVs has not been included, for example area of more than 25 degree inside the estate has not been assessed of the possibility of HCV. Also, buffer zone along Sg Lepar has also not been assessed for the possibility of HCV. Inspection to the report indicated that inconsistent of HCV preparation date as written in preface (01 July 2010) instead of 01 July 2011.

5.2.2. HCV plan did not comprehensively cover all possible HCV in the estate, for example there was no management plan for buffer zone.

5.3.1. Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Register for the mill and estates. Documentation of waste have been carried out however it did not clearly identified types of waste, source of waste, as well as annual quantity of the wastes.

5.6.1. Plan to improve POME quality is in place but pending with the production increased to the normal capacity, greenhouse gas reduction plan was also available at the corporate level that needs to communicate and understand by the mill staff.

6.1.1. SIA have been prepared internally. However, SIA can be improved by provide more detail of the process of SIA preparation, e.g. detail of public consultation, detail of SIA method, etc.

6.1.2. Social Action Plan for mitigation of issues identified and raised by local communities has includes person in charge to monitor target and implementation of action plan and have been updated on 22 February 2011. However, the action plan has only cover two issues out of four as identified during the assessment.

6.1.3. LU04M Stakeholders List can be improved by adding government officials, local communities, NGOs, and workers union; and updated as necessary. While in LU01E, the list need to be completed with suppliers, contractors, and NGOs and been updated as necessary.

6.3.1. Stated by mill officials that the dispute resolution procedure has been socialized to workers during morning muster, however the socialization process was not documented.

6.3.1. At LU14E, in the early of February 2011 a group of Indonesian harvesters (Group 02G) complaining about seasonal low crops, which affected their monthly income. A meeting was carried out between the harvesters and management; it was advised that the workers are eligible for additional work to get more income. However, details of the grievances, meeting with the workers and dispute resolution outcome have not been recorded.

6.5.3. Mill housing has two bedrooms and did not meet government standard of three bedrooms. A programme is on the way to build additional room to meet new government standard of worker housing.

8.1.1. In LU01E and LU14E no evident to show progressive improvement of pesticide use reduction.

8.1.2. Significant Environmental Impact has been identified but the mitigation measures did not relevant mitigation measures on that aspect impact identified.

8.1.4. 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.

Felda Lepar Utara 04 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 Lepar Utara 04 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 16 – 17 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 Lepar Utara 04 Management unit is approved as producer of RSPO Certified Sustainable Palm Oil.

The Lepar Utara 04 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*

Lepar Utara 04 management unit is up-keeping many roads in the areas surrounding the smallholder plots.

There are public infrastructures such as government water and electricity supply, government clinic, worshiping places, kindergarden, recreational facilities, shops, primary and secondary schools, community hall and good roads connecting major towns.

Employees and management team have good basic knowledge to manage estate and this knowledge is gradually is passed on to smallholders.

Felda Lepar Utara 04 management unit is also contributing to surrounding community development by extending cash and material contribution to schools, mosque and orphanage homes.

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 for employees.

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 with community indicated that good and positive relationship.

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 Felda, however, several issues were raised during assessment as the following:

Foreign workers raised issue on the prolong process of passport extension upon the expiration. A foreign worker stated that the process takes up to five months to complete which make travel difficult during renewal period.

Felda Response: the company contracted a Labour Agent for foreign workers' passport renewal, three months prior to the expiry date. Small number of workers sometime experiences a lengthy process due to the incomplete data and information. In this case company issues a travel pass so that they can travel freely.

Contractors and Suppliers

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

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 LHM-Management



Mr K. Illangovan
Associate Research Principle - Felda
Date: 27.07.2012

Signed for on behalf of
BSI Group Singapore Pte Ltd



Mr Iman K Nawireja
Lead Auditor
Date: 27.07.2012

Appendix A: FELDA Lepar Utara 04 RSPO Certificate Details

**Lepar Utara 04 Palm Oil Mill,
Jengka, Pahang,
Malaysia**

Website: www.felda.net.my

Certificate Number: 571230

Certificate Issue Date: Subject to RSPO Approval of the summary report.

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

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	30,200	
PK Tonnage	7,000	
Plantations FFB Tonnages	Lepar Utara 1:	0
	Lepar Utara 2:	0
	Lepar Utara 4:	0
	Lepar Utara 5:	38,578
	Lepar Utara 10:	830
	Lepar Utara 14:	49,029
	Lepar Utara 9:	48,626
	Total:	137,063

Appendix B: Initial Certification Audit Programme 04 – 06 July 2011

Stage 2 – Main Assessment Felda Lepar Utara 4 and Supply Base

AUDIT TEAM – IN: Iman Nawireja HW: Hendra Wijaya				
DATE	TIME	ACTIVITY	IN	HW
Sunday July 03		Travel KLIA – Felda Resident Tekam	√	√
Monday July 04 LEPAR UTARA 4 MILL	08.00	Pick up from Hotel to Mill	√	√
	09.00	Combined Opening Meeting (Mill and Estates)		√
	10.00	Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill	√	
		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 Mill Manager		
Tuesday July 05 Lepar Utara 10 Estate	08.00	Pick-up from Hotel travel to Lepar Utara 10		
	09.00	Opening Briefing	√	√
	AM	Physical Inspection Estate/Including buffer zone, Interview Fieldworkers	√	
		Physical Inspection Stores, Landfill		√
		Inspect Housing and Interview Residents		√
			√	√
	PM	Documents Review	√	
		Visit Lepar Utara 01	√	√
		Visit Local communities	√	√
	16.30	Closing Briefing for Estate Manager	√	√
Wednesday July 06 Lepar Utara 14 Estate	08.00	Pick-up from Hotel travel to Lepar Utara 14		
	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) – Lepar Utara 14	√	√

Appendix C: Special Audit Programme 16 – 17 July 2012

Special Audit at Felda Lepar Utara 4 and Supply Base to close out Major NC and Supply Chain Audit

DATE	TIME	ACTIVITY (AS: A. Senniah)	AS
Sunday July 15		Travel to Felda Resident Tekam	√
Monday July 16	08.30 09.30 10.00	Travel to Mill Opening Meeting (Mill and Estates) Physical Inspection at Mill to verify the implementation of the CAP to close out the major NC. Interview workers, staff and Manager.	√
LEPAR UTARA 04 PALM OIL MILL	PM	Supply Chain Audit and Document Review. Latest production data audit. Closing Briefing for Mill Manager.	√
Tuesday July 17	08.30 09.30 AM	Travel to Lepar Utara 01 Opening Briefing Inspection of documents related to close out evidence for the major NC. 1. Consultation and Communication Procedure. 2. Dispute Resolution Procedure. 3. Interview with the officer in charge of implementing this procedure. 4. Interview with the employees and staff about the above procedures. 5. Interview with the Manager.	√
Lepar Utara 01 and 10	PM	Visit to Lepar Utara 10 to verify the implementation of zero burning policy.	

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. 	On going all the time.
Efficient usage of electricity and office papers	<ol style="list-style-type: none"> 1. Awareness to staff to save 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

RSPO Indicator	NCR Ref	Details
2.1.1. Evidence of compliance with legal requirement	A605202/1	At the time of audit, POME outlet flow meter has been broken since for four months. It is against the government regulation on continuous monitoring of effluent discharge.
4.7.1. Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139).	A605202/2	Hazard identification for Lepar Utara 01 Estate is incomplete. Internal HIRAC form "Penilaian HIRAC" was not filled out properly. The OHS Plan has not been properly implemented within the mill. A number of identified hazards and risks were not well controlled. This include the workers fail to use appropriate PPEs. Mill provided the PPEs but sometimes workers are reluctant to wear them. At the mill boiler site, there was evidence of incorrect use of PPEs where workers did not use full face goggles and long gloves for hot working condition though they were duly supplied with these appropriate PPEs. Furthermore signage was not displayed with OHS requirements.
4.7.2 Records should be kept of all accidents and periodically reviewed at quarterly intervals	A605202/8	Inspection found that JKKP 8 form was not consistently filled out or not filled out. For example, in LU 01E, there is no filled JKKP8 forms for 2009 and/or 2010; LU 10E, Report on JKKP8 2009 the report was combined with Kota Gelanggi 5/6 Report, where requirement is both reports should be separated, and in LU14E, no accident was reported on JKKP 8 for the year of 2010.
5.5.1. No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.	A605202/3	Inspection of the Estate confirmed evident of burning at Felda Lepar Utara 05; for example at block P – 05 bordering to Lepar Utara 10 Estate. Inspection to the replanting area, found evident of uncontrolled fire usage in the estate.
6.2.1. There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.	A605202/4	Consultation and communication procedure has not been prepared for Lepar Utara 01 Estate.
6.3.1. Documentation of the process by which a dispute was resolved and the outcome.	A605202/5	Dispute resolution procedure has not been prepared for Lepar Utara 01 Estate.

Minor Nonconformities

RSPO Indicator	NCR Ref	Details
2.1.3. A mechanism for ensuring that they are implemented	A605202/6	Even though the estate has assigned officers to track and update the relevant regulations, however, inspection to the record indicated that check to the legal compliance has not been carried out.
2.2.3 Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.	A605202/7	Boundary stones are not identified and mapped in all estates. Inspection to Lepar Utara 14 estate boundary along perimeter adjacent to Bukit Berkelah forest reserves indicated that some boundary stone was cannot be located either missing or not visible.
4.3.1. Documented evidence of practices minimizing soil erosion and degradation (including maps).	A605202/9	There was no documented evident of practises to minimise soil erosion and degradation. Topography of the estate area mostly hilly, for example at Lepar Utara 14 estate only 5 percent of total area with slope between 5 – 12 degree and the remaining 95

		percent is more than 12 degree of slope. Gradient Map is not available; inspection to replanting area found evident of landslide at the slope of more than 25 degree, even though LCC have been planted.
4.4.3. Monitoring of water usage in mills (tonnage water use/tonne FFB processed).	A605202/10	Mill wastewater (POME) was treated by facultative system before discharging to the nearby small river. POME is monitored weekly in accordance to the DOE requirement. Inspection to the filed monitoring form indicated dilution factor in the river is too small during dry seasons. Mill to ensure wastewater quality always-meet DOE requirements, by implemented documented programme to mitigate this situation. Priority should be given in Aspect and Impact Register so that the issue can be properly mitigated.
5.3.2. Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.	A605202/11	A Waste Management Plan has been prepared in accordance to significant impact assessment, however, the pollution prevention plan and continuous improvement plan did not consistently relate to the assessment finding. Domestic waste handling on estates not sufficient carried out; LU 01E: Management plan has no relationship with aspect impact identification; LU 10E: Estate has Management Plan that not directly related to the environment, and only mentioning SOPs and PPE.
5.5.3. No evidence of burning waste (including domestic waste).	A605202/12	Inspection to all housing (mill and estates) found evident of burning waste. This indicated lack of awareness among Felda employees on Felda's zero burning policy.
5.6.2. Plans are reviewed annually	A605202/13	Estates have prepared a Plan to reuse pesticide containers and wastewater however the plans were not properly documented.

Observations / Opportunities for Improvement

OBSERVATIONS

Noteworthy Negative Observation

Thirty (30) observation/opportunities for improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked during the Surveillance Assessment.

2.2.1. In Lepar Utara 10 estate, the land is regulated by GSA 1960 and opened by Felda in 1973. FASSB rent the land from Felda, which currently entering the second term of lease. However, the extension of the rent has not been approved by Felda Land Department.

4.3.1. Inspection to the estate in Lepar Utara 14 Estate, indicated small area of bare soil resulted from mechanized weeding in the Block 70 close to the buffer zone of Sg Lepar.

4.4.1. LU14E. the estate is passed by Sungai Lepar. Buffer zone have been delineate along the river and mapped; however riparian buffer zone has not been marked consistently for future replanting.

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

4.4.7. There is a plan for the Mill to improve wastewater treatment system but the plan is deferred until the amount of FFB processed is substantially increased (at the moment is under capacity).

4.5.1. Inspection indicated no record of IPM implementation on LU01E. The estate needs to record/documents any IPM initiatives.

4.5.2. There is no monitoring data on pesticide reduction relation with the IPM in LU14E.

4.5.4. Active Ingredient for pesticide is available. However, the usage record can be improved by precisely recording the quantity used. This record can be used to monitor the decreasing trend of pesticide used.

4.6.1. Used chemicals collection procedure and collection/storage system for used in laboratory can be improved to meet the safety standard.

4.6.3. Chemical store and mixing area has a containment and PPE; however, sign and symbol can be improved to meet the latest regulation requirement.

4.6.4. Chemical sign and labels in the mill chemicals store need improvement in order to meet government standard.

4.6.7. Paraquat still used only for young palm the trend is increasing in recent years, for example in LU14E the use of paraquat (13% AI) was increase from 936 l in 2009 to 1,760 in 2010.

4.7.2. Records of JKPP8 have been reported to HQ monthly and to government annually, but there is no quarterly review yet.

4.8.1. Training was provided to all workers; however, training need assessment and records was not appropriately maintained. The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2011, for workers and contractors workers prepared on 02 January 2011. The mill has maintained records for individuals (Rekod Latihan Petugas/Kontraktor), however, the mill has not maintained record of the training.

5.1.1. Mill has an Environmental Aspects and Impacts Register (updated on 02 June 2009), covering all aspect and impact of its operations. Record held on file "FPI/L2/QOHSE-1.0". This aspect impact was updated on 2011, Register No. FPI/L4/QHSE-1.8 Pind 0, however, the plan did not detailed priority of action to be carried out in relation to the identified environmental impacts.

5.1.1. Estates have prepared aspect and impact of it operation but the mitigation measure was not related to the environment and there is no pollution prevention and continual improvements consideration. Aspect impact was not well prepared, since environmental impact management plan was mixed up with safety measure (which lead to the use of PPE to remedy environment impacts identified).

5.1.2. Estate has developed pollution prevention plan needs, however, it was not consistent and relevant to the finding of aspect impact register.

5.2.1. In Lepar Utara 14 Estate, an HCVs assessment carried out internally, however, inspection to the report indicated some HCVs has not been included, for example area of more than 25 degree inside the estate has not been assessed of the possibility of HCV. Also, buffer zone along Sg Lepar has also not been assessed for the possibility of HCV. Inspection to the report indicated that inconsistent of HCV preparation date as written in preface (01 July 2010) instead of 01 July 2011.

5.2.2. HCV plan did not comprehensively cover all possible HCV in the estate, for example there was no management plan for buffer zone.

5.3.1. Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Register for the mill and estates. Documentation of waste have been carried out however it did not clearly identified types of waste, source of waste, as well as annual quantity of the wastes.

5.6.1. Plan to improve POME quality is in place but pending with the production increased to the normal capacity, greenhouse gas reduction plan was also available at the corporate level that needs to communicate and understand by the mill staff.

6.1.1. SIA have been prepared internally. However, SIA can be improved by provide more detail of the process of SIA preparation, e.g. detail of public consultation, detail of SIA method, etc.

6.1.2. Social Action Plan for mitigation of issues identified and raised by local communities has includes person in charge to monitor target and implementation of action plan and have been updated on 22 February 2011. However, the action plan has only cover two issues out of four as identified during the assessment.

6.1.3. LU04M Stakeholders List can be improved by adding government officials, local communities, NGOs, and workers union; and updated as necessary. While in LU01E, the list need to be completed with suppliers, contractors, and NGOs and been updated as necessary.

6.3.1. Stated by mill officials that the dispute resolution procedure has been socialized to workers during morning muster, however the socialization process was not documented.

6.3.1. At LU14E, in the early of February 2011 a group of Indonesian harvesters (Group 02G) complaining about seasonal low crops, which affected their monthly income. A meeting was carried out between the harvesters and management; it was advised that the workers are eligible for additional work to get more income. However, details of the grievances, meeting with the workers and dispute resolution outcome have not been recorded.

6.5.3. Mill housing has two bedrooms and did not meet government standard of three bedrooms. A programme is on the way to build additional room to meet new government standard of worker housing.

8.1.1. In LU01E and LU14E no evident to show progressive improvement of pesticide use reduction.

8.1.2. Significant Environmental Impact has been identified but the mitigation measures did not relevant mitigation measures on that aspect impact identified.

8.1.4. 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.

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

No	RSPO Indicators	NCR Ref	Description	Corrective Action Plan and Implementation	PIC	Date Due
1.	2.1.1. Evidence of compliance with legal requirement	A605202/1	At the time of audit, POME outlet flow meter has been broken since for four months. It is against the government regulation on continuous monitoring of effluent discharge.	POM: New flow meter was fixed on 16 th August 2011. Flow meter purchase invoice dated 16/8/2011 was checked and confirmed. The flow meter was checked during special audit and site visit on 16/7/2012. The flow meter is functioning during the visit.	En. Nasaruddin (Laboratory Assistant)	Completed on 16/8/2011 Verified on 16/7/2012. The major NC is closed.
2.	4.7.1. Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139).	A605202/2	Hazard identification for Lepar Utara 01 Estate is incomplete. Internal HIRAC form "Penilaian HIRAC" was not filled out properly. The OHS Plan has not been properly implemented within the mill. A number of identified hazards and risks were not well controlled. This include the workers fail to use appropriate PPEs. Mill provided the PPEs but sometimes workers are reluctant to wear them. At the mill boiler site, there was evidence of incorrect use of PPEs where workers did not use full face goggles and long gloves for hot working condition though they were duly supplied with these appropriate PPEs. Furthermore signage was not displayed with OHS requirements.	POM: Mill has taken steps to implement the PPE by conducting briefing on Safety and PPE use on 23/7/2011. This was followed by Safety Campaign on 11/2/2012 (This will be conducted annually). Further to campaign, monthly briefing conducted. Latest monthly safety briefing was conducted on 2/7/2012 attended by 57 mill staff and workers. The mill has implemented Monthly safety inspection checklist for all the work station. This inspection includes PPE implementation and usage inspection as well. Latest inspection was on 1/7/2012 conducted by three members from OSH Committee. Summary of the inspection given to the Manager and the HQ OSH Department. LU01: The operating unit have completed HIRAC on 21/7/2011. This was completed by the supervisor and	En. Khairul Azuan (Assistant Manager)	Implemented since 6/9/2011 and on-going on monthly basis. Verified during special audit. PPE implementation was checked and effective during the inspection. HIRARC was completed. The major NC is closed.

				<p>acknowledge by the manager. HIRAC includes operational work such as maintenance, manuring, road maintenance, harvesting, loading and transporting, EFB application, pruning, grading, HIRAC was reviewed and Latest HIRAC dated 2/1/2012 and approved on 10/1/2012 by the manager. Additional operation included such as construction of pit, drain and terrace; Transporting and planting seedlings, chemical storage, mixing, spraying, empty container storage and disposal. Procedure for HIRAC is available under procedure RSPO 2012 (Kriteria 4.70):2/2012.</p>		
3.	4.7.2 Records should be kept of all accidents and periodically reviewed at quarterly intervals	A605202/8	<p>Inspection found that JKPP 8 form was not consistently filled out or not filled out. For example, in LU 01E, there is no filled JKPP8 forms for 2009 and/or 2010; LU 10E, Report on JKPP8 2009 the report was combined with Kota Gelanggi 5/6 Report, where requirement is both reports should be separated, and in LU14E, no accident was reported on JKPP 8 for the year of 2010.</p>	<p>A visit to Felda OSH department at head office conducted on 5/9/2012 to check and verify the corrective action plan and implementation records to close out this major nonconformity. It is found that the operating units are complying with DOSH requirement to submit the JKPP 8 form. The details as per below:</p> <p>a) LU01: sent on 18/1/2011 for the year ending 2010 and on 23/1/2012 for the year 2011.</p> <p>b) A separate JKPP 8 for LU10 was sent to DOSH LU10: sent on 17/1/2011 for the year 2010 and on 17/1/2012 for the year 2011.</p> <p>c) LU14: sent on 28/12/2010 for the year 2010 and on 3/1/2012 for the year 2011. The corrective action was accepted by BSI auditor. With this corrective action, the major nonconformity is closed.</p>	Palm Oil Mill, Estate and Scheme Manager.	Completed on January 2012. The document was checked and verified on 5/9/2012 and the NC is closed. However, the continuous reporting will be checked during surveillance assessment.

4.	5.5.1. No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.	A605202/3	Inspection of the Estate confirmed evident of burning at Felda Lepar Utara 05; for example at block P – 05 bordering to Lepar Utara 10 Estate. Inspection to the replanting area, found evident of uncontrolled fire usage in the estate.	It was identified that the burning sign was occurred at the adjacent area to Felda which is not within the LU04 management's control. However, the management took initiative to have a consultation with the adjacent owner and awareness was given to the neighbour. Recent visit during the special audit confirmed that there are no open burning noted. Zero burning awareness is also given to all employees and Felda Smallholders during monthly meeting. The last awareness briefing was given in June 2012.	Scheme Manager, Techno Plant Manager and Assistant.	Implemented since July 2011. The NC is closed. However, the progress of implementation will be checked continuously during surveillance.
5.	6.2.1. There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.	A605202/4	Consultation and communication procedure has not been prepared for Lepar Utara 01 Estate.	Consultation and communication procedure no. FAS-IMS/L2/6.0 v1, dated 22/12/2010 available at LU 01. Regional General Manager sent memo to all managers to use the above procedure for any communication and consultation. Memo dated 4/1/2011 reference number (190) 2730/2-B-8 is available at LU 01. The procedure was explained by the executive during interview.	Social Development Assistant (Pembantu Pembangunan Masyarakat) Ms. Mazni Binti Alias	Completed on 27/7/2011. The document verified on 17/7/2012 and the major NC is closed.
6.	6.3.1. Documentation of the process by which a dispute was resolved and the outcome.	A605202/5	Dispute resolution procedure has not been prepared for Lepar Utara 01 Estate.	Dispute Resolution procedure no. FAS-IMS/L2/18.0 v1, dated 22/12/2010 available at LU 01. Flow chart for resolution is attached with the procedure. Regional General Manager sent memo to all managers to use the above procedure for any	Social Development Assistant (Pembantu Pembangunan Masyarakat) Ms. Mazni Binti Alias	Completed on 27/7/2011. The document verified 17/7/2012 and the major NC is closed.

				<p>communication and consultation. Memo dated 4/1/2011 reference number (190) 2730/2-8-8 is available at LU 01. The procedure was explained by the executive during interview.</p> <p>Complaint book is used to record any disputes raised.</p>		
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Appendix G: Lepar Utara 04 Mill Supply Chain Assessment

Module E – CPO Mill 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.	LU04 mill have written procedures for the chain of custody with Mass Balance model covering certified and non certified FFB received. The mill managers have the responsibility to ensure implementation.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	LU04 mill have documented procedures for the incoming FFB, processing and outgoing CPO and PK. Mill is planning to make marking is made 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.	Daily records are prepared at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The LU04 mill is aware of this procedure.
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.	Daily records are prepared at the weighbridge. 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 financial documents retained longer based on the local regulation requirement.
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 accordingly.
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 mill is aware that only positive stock can be delivered. No short selling.
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.	Facilities 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 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.
(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 certified.
(d) The quantity of the products delivered	Quantity in tones.

(e) Reference to related transport documentation	Weighbridge documents and D/O 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.	Staffs in the weighbridge, inventory, 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 (certified by CUC)	Jengka 21	Adela	Palong Timor	Baiduri Ayu	M. Puspita	Selancar 2A	Chalok	Sampadi
2	Lepar Utara 6 (certified by CUC)	Jengka 3	Lok Heng	Triang	Embara Budi	N. Permata	Selancar 2B	J. Barat	Aring
3		Jengka 8	Semencu	Belitong	Kembara Sakti	Tersang	Pasoh	J. Baru	Aring B
4		Lepar Utara 4	Waha	Bukit Besar	Lancang Kemudi	Besout	Serting	Kertih	Ciku
5		Seroja (J 18)	B. Kepayang	Kahang	Bukit Sagu	Sg Tenggi	Serting Hilir	F. Harapan	Kechau
6		Padang Piol	Bukit Mendi	Kulai	Lepar Hilir	Trolak	Kerau	H.Badai	Kechau B
7		Felda Segamat	Kemasul	Nitar	Neram	Keratong 2	Mempaga	J.Bistari	Kemahang
8			Tementi	Penggeli	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