



PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

JOHOR CORPORATION

Report Author

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted an assessment of Johor Corporation (JCorp) operations comprising 3 Mills, supply bases, support services and infrastructure. EPA Management Sdn Bhd (EPA), which is part of the Kulim Sdn Bhd group, manages the JCorp Mills and Estates. Submission of this Public Summary Report to RSPO was delayed in order for JCorp to ensure closeout of the two (2) Nonconformities assigned to Major Compliance Indicators – refer Section 3.2 Page 22 for details. BSi has closed the Nonconformities and concludes that JCorp operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY NIWG Indicators and Guidance : 2008.

BSi recommends that JCorp be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

| | |
|-------|---|
| AMESU | All Malayan Estates Staff Union |
| BOD | Biological Oxygen Demand |
| CHRA | Chemical Health Risk Assessment |
| CPO | Crude Palm Oil |
| DOE | Department of Environment |
| DOSH | Department of Occupational Safety & Health |
| EFB | Empty Fruit Bunch |
| EMS | Environmental Management System |
| ERP | Emergency Response Plan |
| FFB | Fresh Fruit Bunch |
| FELDA | Federal Land Development Authority |
| HCV | High Conservation Value |
| HIRAC | Hazard Identification Risk Assessment Control |
| LTA | Lost Time Accident |
| MAPA | Malayan Agricultural Producers Association |
| MPOB | Malaysian Palm Oil Board |
| MSDS | Material Safety Data Sheet |
| MY-NI | Malaysian National Interpretation |
| NUPW | National Union of Plantation Workers |
| OER | Oil Extraction Rate |
| OSH | Occupational Safety & Health |
| PK | Palm Kernel |
| POME | Palm Oil Mill Effluent |
| PCD | Pollution Control Device |
| PPE | Personal Protective Equipment |
| QMS | Quality Management System |
| R&D | Research and Development |
| SIA | Social Impact Assessment |
| SOP | Standard Operating Procedure |
| VOPs | Volunteer Oil Palms |

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the Mills and their supply bases of FFB were assessed against the Malaysian National Interpretation (MY NIWG : 2008) of the RSPO Principles and Criteria : 2007.

1.2 Certification Scope

The scope of certification is the production from three (3) Palm Oil Mills that is sourced from Sixteen (16) company owned oil palm Estates and five (5) Outgrowers.

1.3 Location and Maps

The JCorp Estates and Mills are located in Johor and Pahang States of Peninsula Malaysia (Figure 1). Additional maps are included (Figures 2–7) showing the layout of the six (6) Estates that were inspected during the Initial Certification Assessment. The GPS locations of the Mills are shown in Table 1.

Table 1: Mill GPS Locations

| MILL | EASTING | NORTHING |
|-------------|----------|----------|
| Tunjuk Laut | 103° 58' | 1° 58' |
| Siang | 104° 13' | 1° 38' |
| Palong | 102° 47' | 2° 42' |

1.4 Description of Supply Base

The supply base consists of FFB from 16 Company owned Estates and Outgrowers. The Outgrowers supplied 38,949 mt or 8.4% of the total quantity FFB processed at the Mills during 2009. The FFB production from Company owned Estates and Outgrowers for the 01 January 2009 to 31 December 2009 reporting period is listed in Table 2.

Table 2: FFB Supply Base

| Source | FFB Production (mt) |
|--------------------------------------|---------------------|
| Tunjuk Laut Mill Supply Base: | |
| Bukit Payung | 29,986 |
| Pasir Logok | 27,309 |
| Tunjuk Laut | 38,644 |
| Bukit Kelompok | 30,471 |
| Pasir Panjang | 38,786 |
| Total Tunjuk Laut | 165,196 |
| Siang Mill Supply Base: | |
| Siang | 33,068 |
| Sg Papan | 42,659 |
| REM | 31,837 |
| Pasak | 19,072 |
| Basir Ismail | 13,954 |
| | 140,590 |
| Outgrowers | |
| JTP | 235 |
| Sri Mahtai | 138 |
| | 373 |
| Total Siang | 140,963 |
| Palong Mill Supply Base: | |
| Palong | 26,364 |
| Mungka | 20,901 |
| Kemedak | 20,191 |
| Sepang Loi | 10,923 |
| UMAC | 16,443 |
| Labis Bahru | 26,025 |
| | 120,847 |
| Outgrowers | |
| Eng Huat | 34,385 |
| HTK Agri | 369 |
| Kin Ma | 3,822 |
| | 38,576 |
| Total Palong | 159,423 |
| OVERALL TOTAL | 465,582 |



Figure 1: Location Map

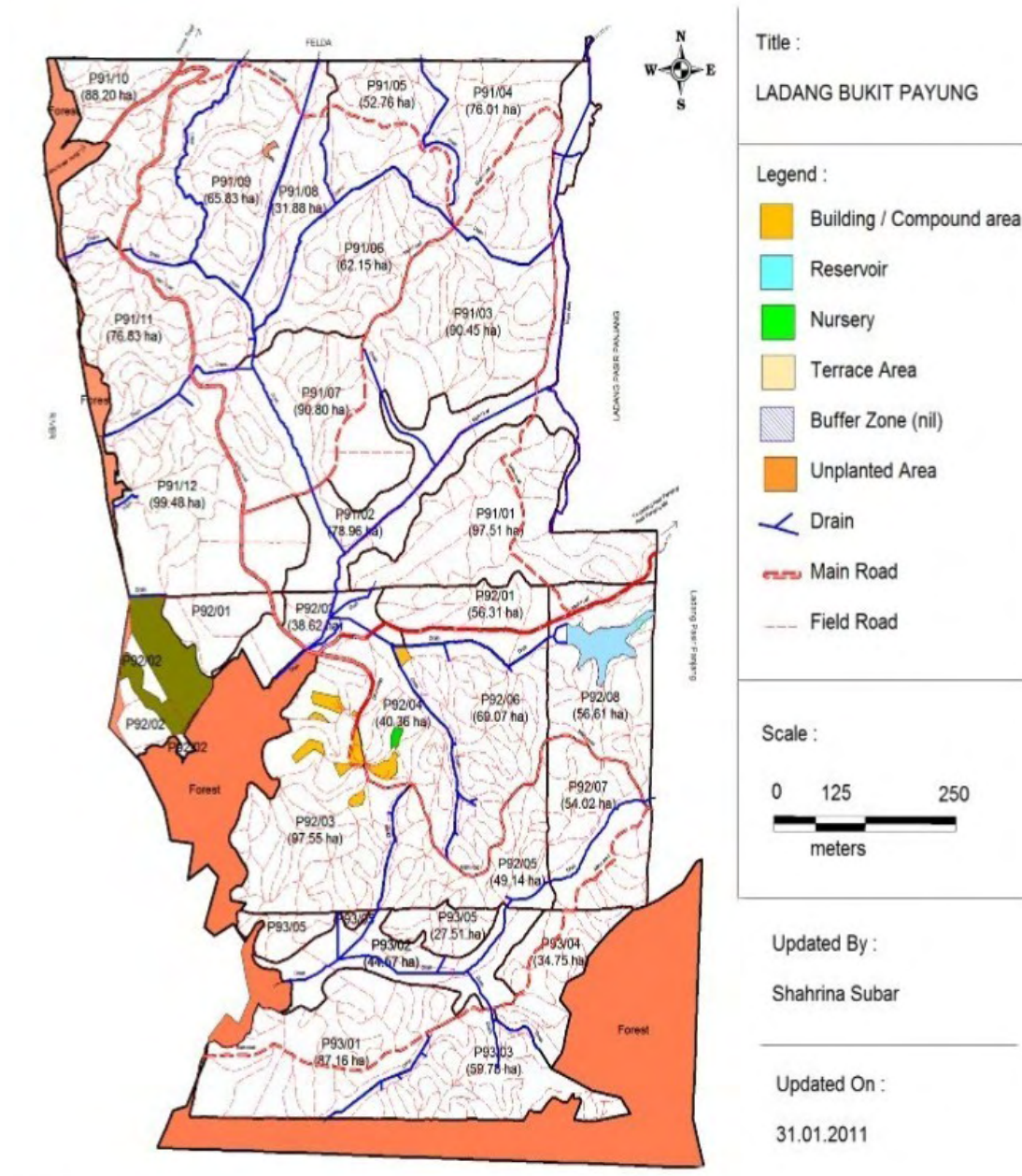


Figure 2: Bukit Payung Estate Layout

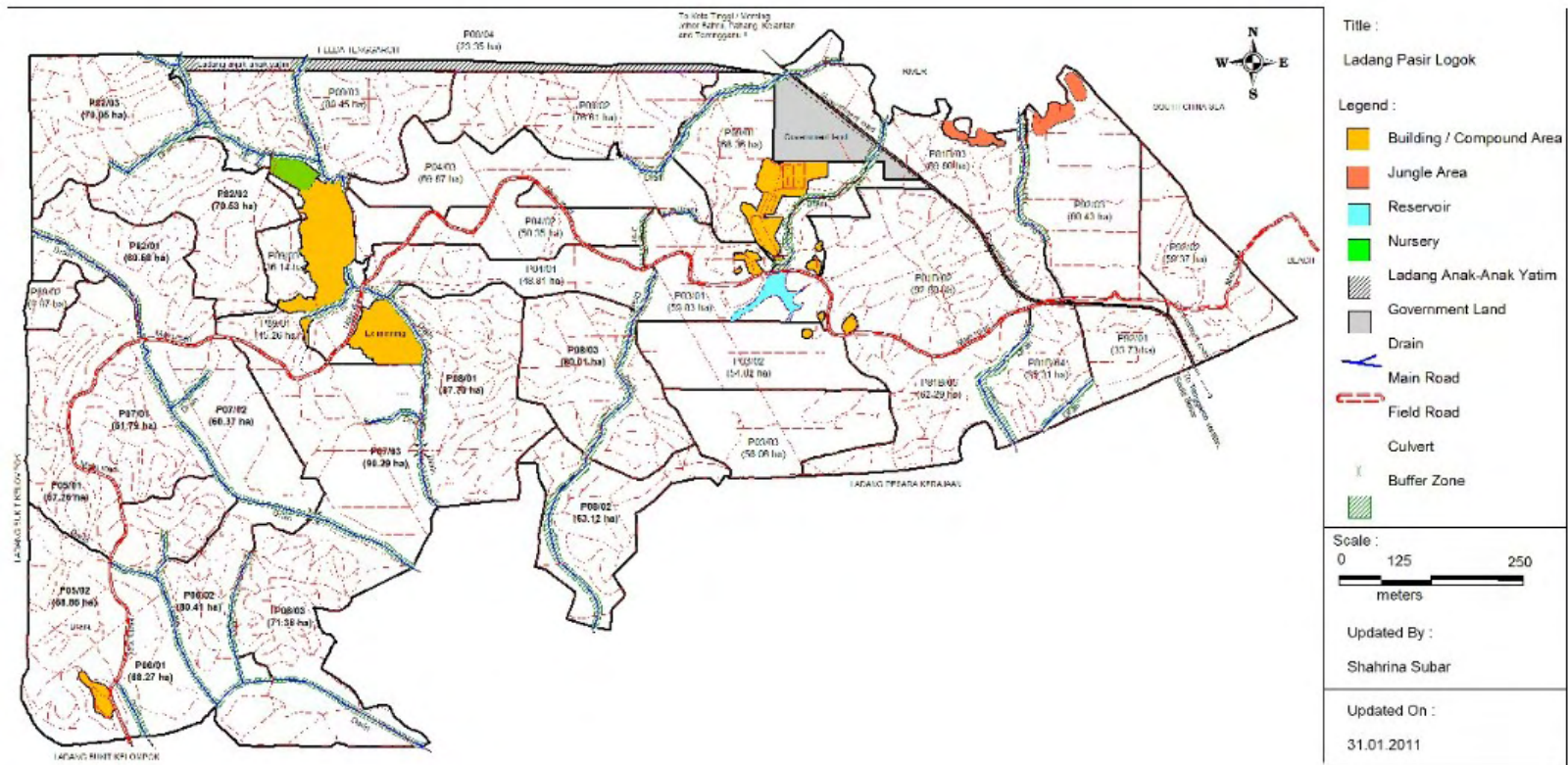


Figure 3: Pasir Logok Estate Layout

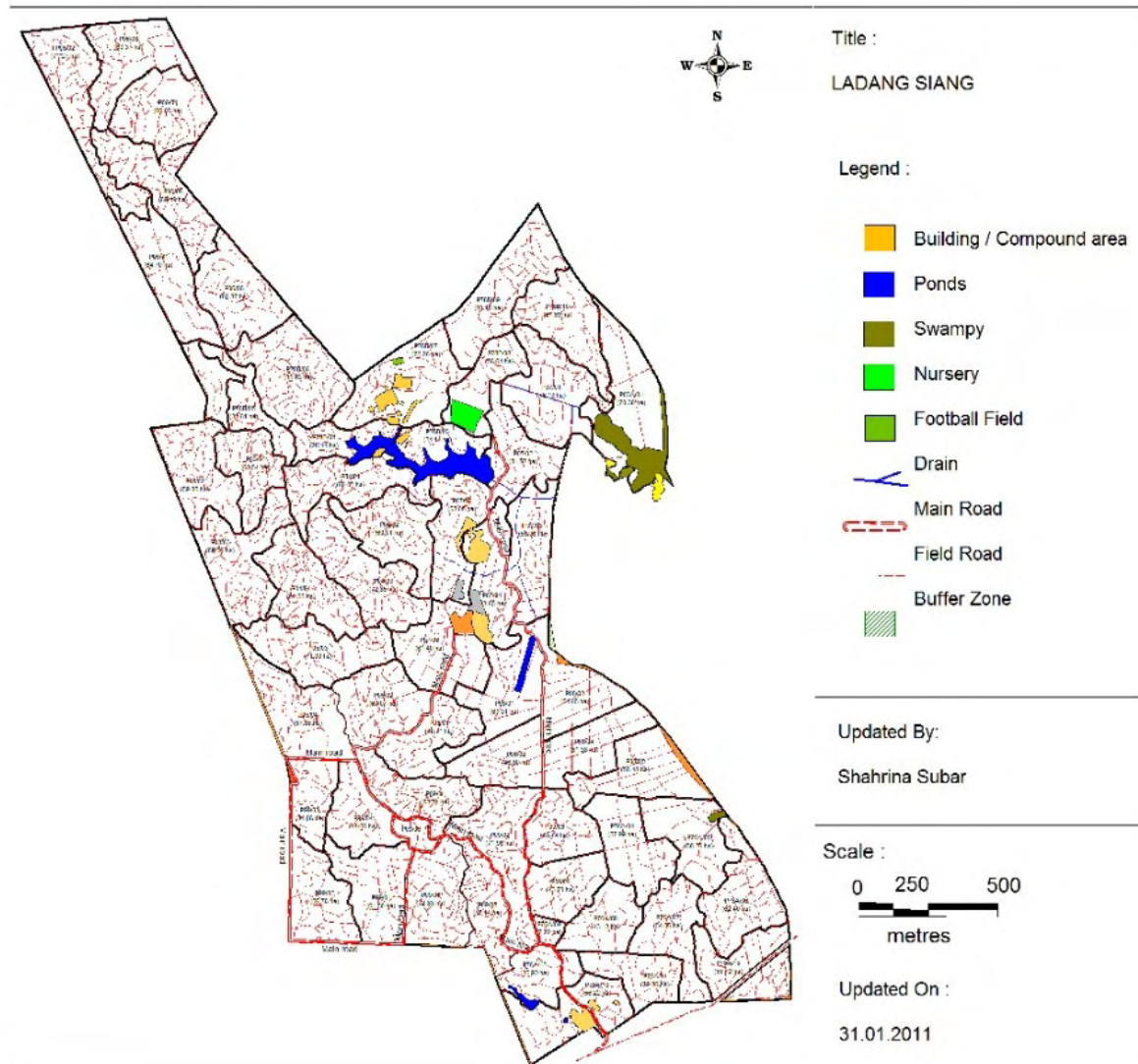


Figure 4: Siang Estate Layout

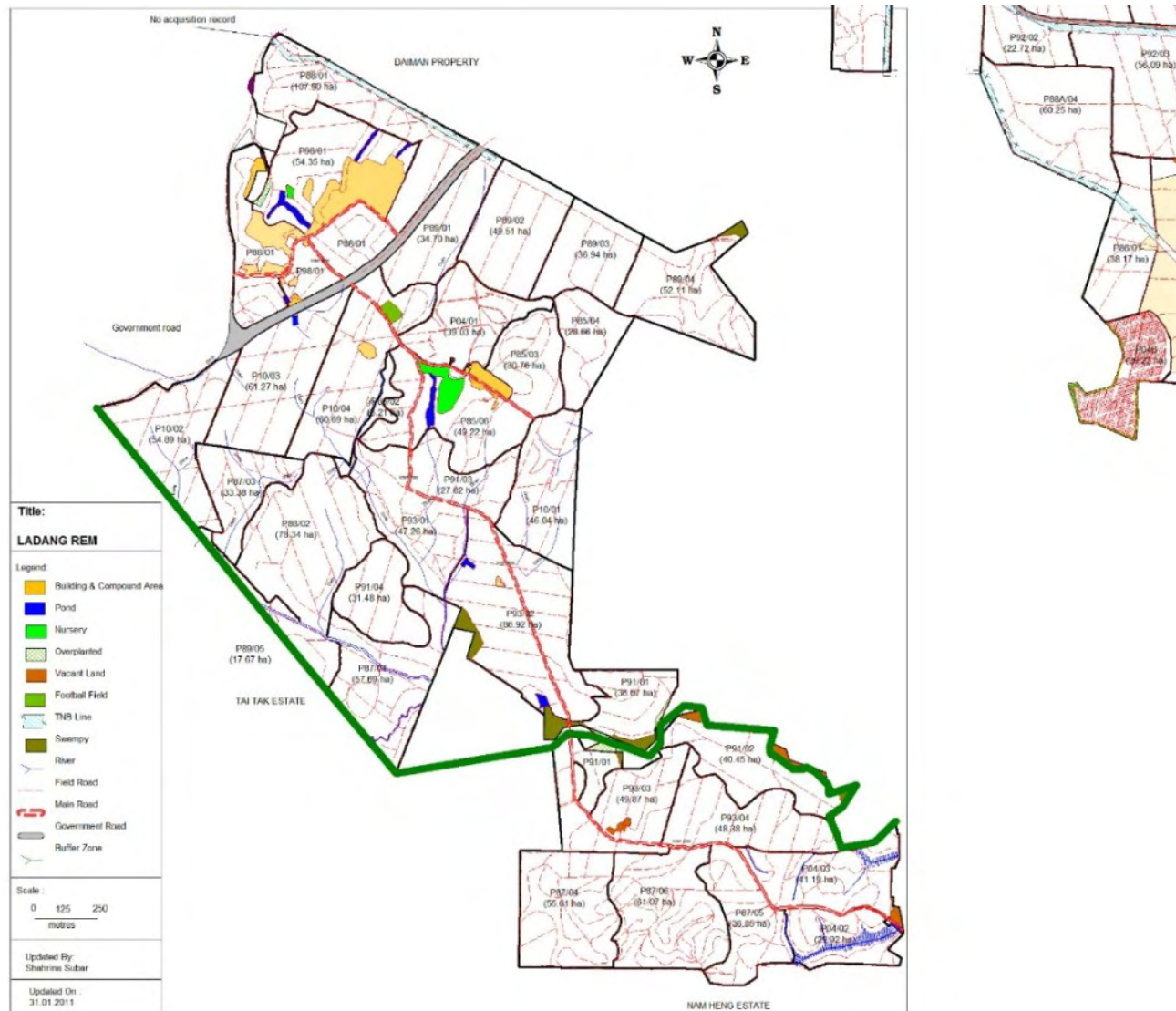


Figure 5: Rem Estate Layout

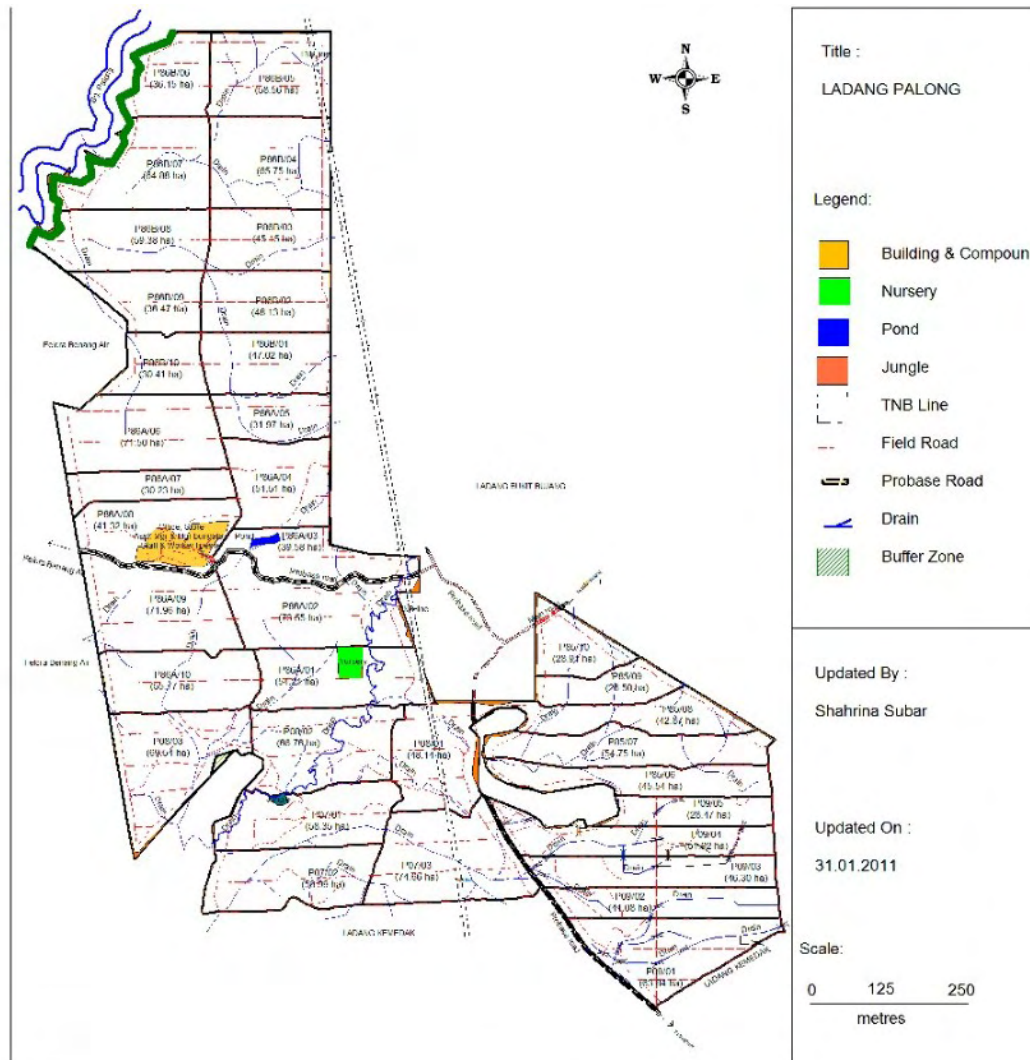


Figure 6: Palong Estate Layout

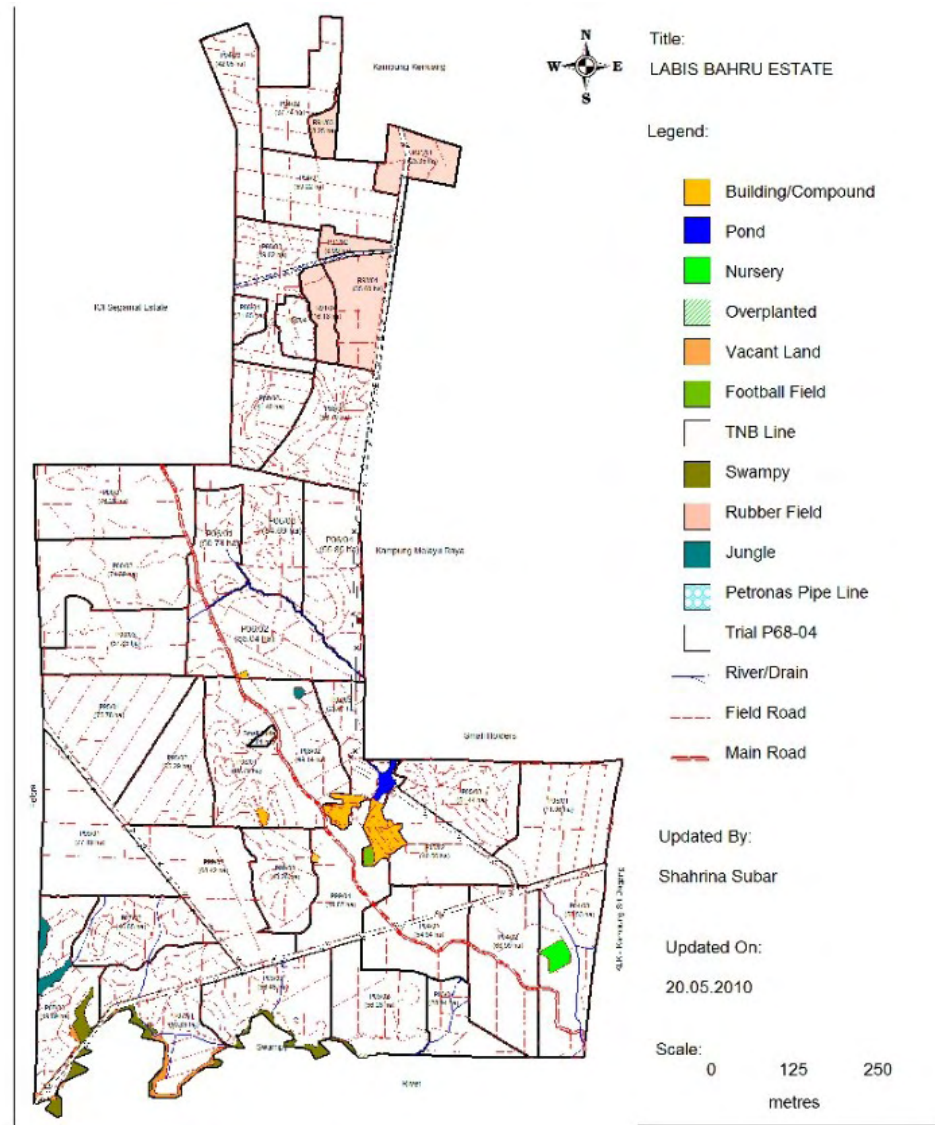


Figure 7: Labis Bahru Estate Layout

The Outgrowers supplied 8-4% of the total tonnage of FFB processed at the Mills in 2009. JCorp has held discussions with the Outgrowers on RSPO implementation.

Outgrowers were interviewed during the audit and were aware of the RSPO and had an understanding of JCorp's requirements and they stated that they were willing to work with JCorp to implement the RSPO P&C. The FFB production from the Outgrowers has been included in the Initial Certificate.

JCorp has stated its commitment to work with the Outgrowers on the implementation of the RSPO P&C and has developed a plan with the aim of achieving certification for their production within 3 years from the date of initial certification.

1.5 Date of Plantings and Cycle

The JCorp Estates were developed in the 1970s for rubber and for oil palm. Oil palms were first planted in 1973 and are in their first and second cycles. The age profile of the palms is shown in Table 3.

Table 3: Age Profile of Palms

| AGE (years) | % of Planted Area |
|-------------|-------------------|
| 21 - 30 | 39.1 % |
| 11 - 20 | 15.4 % |
| 4 – 10 | 18.6 % |
| 0 – 3 | 26.9 % |

1.6 Other Certifications Held

JCorp holds the following Certifications:

MS ISO 9001: 2000 Quality Management System

Tunjuk Laut Mill - Certificate No: AR 1817

Original Date of Certification: 11/11/1999

Certificate Expiry Date: 17/11/2010

Siang Mill - Certificate No: AR 1907

Original Date of Certification: 18 /02/2000

Certificate Expiry Date: 14/11/2010

Palong Mill - Certificate No: AR 1816

Original Date of Certification: 11/11/1999

Certificate Expiry Date: 10/11/2011

1.7 Organisational Information / Contact Person

Johor Corporation
Level 2 Persada Johor
Jalan Abdullah Ibrahim
80000 Johor Baru
JOHOR MALAYSIA

Contact Person:
Mrs Salasah Elias
Senior Manager
Phone: +60 78611611
Fax: +60 78631084
Email: salasah@kulim.com.my

1.8 Time Bound Plan for Other Management Units

All of the JCorp Management Units are included in this Initial Certification Assessment.

1.9 Area of Plantation

The areas of palms at Company owned Estates as at December 2009 are listed in Table 4.

Table 4: Estates and Area Planted

| Estate | Mature | Immature |
|--------------------------------------|-----------------|----------------|
| Tunjuk Laut Mill Supply Base: | | |
| Bukit Payung | 1,626.3 | 0.0 |
| Pasir Logok | 1,168.4 | 922.8 |
| Pasir Panjang | 1,932.4 | 0.0 |
| Bukit Kelompok | 1,414.5 | 1,054.8 |
| Tunjuk Laut | 1,718.1 | 1,003.8 |
| Siang Mill Supply Base: | | |
| Siang | 1,616.9 | 1,594.5 |
| Sg Papan | 2,115.7 | 762.2 |
| REM/Pasak | 2,361.1 | 0.0 |
| Basir Ismail | 2,418.3 | 309.9 |
| Palong Mill Supply Base: | | |
| Palong | 1,219.3 | 613.1 |
| Mungka | 1,077.1 | 710.5 |
| Kemedak | 1,046.3 | 654.8 |
| Sepang Loi | 592.9 | 340.1 |
| UMAC | 965.8 | 586.2 |
| Labis Bahru | 1,370.1 | 522.1 |
| TOTAL | 20,346.8 | 9,074.7 |

1.10 Approximate Tonnages Certified

The total area of company owned Estates planted to oil palm is 29,421.5 ha, with 69.2% of the planted area mature palms. The FFB produced from company owned Estates during the Reporting Year 01 January 2009 to 31 December 2009 was 91.6% of the total tonnage of FFB processed at the 3 Mills. The approximate tonnages certified on the basis of 2009 production from JCorp owned Estates and outgrowers are detailed in Table 5.

Table 5: Approximate Tonnages Certified

| MILL | CPO | PK |
|--------------|---------------|---------------|
| Tunjuk Laut | 33,155 | 10,063 |
| Siang | 28,455 | 8,432 |
| Palong | 30,581 | 9,194 |
| TOTAL | 92,191 | 27,689 |

1.11 Date Certificate Issued and Scope of Certificate

The scope of the Certificate is for the production from the three Palm Oil Mills and their supply bases from company owned Estates and Outgrowers. Certificate details are included as Appendix A.

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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Email: soonleong.chia@bsigroup.com

BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur.

2.2 Assessment Methodology, Programme, Site Visits

BSi conducted a Stage I Certification Assessment between 06 and 15 October 2009 against the RSPO MY-NI : 2008. The scope of the Stage I Assessment included the three (3) Mills, four (4) Estates and support infrastructure and focussed on field inspections and a review of management systems and documentation. The Stage I Assessment identified a number of nonconformities. JCorp prepared a Corrective Action Plan and has implemented corrective actions since October 2009.

BSi conducted the Stage II Certification Assessment between 08 and 17 December 2009. The Assessment Programme is included as Appendix B.

The approach was to audit the 3 Mills together with 6 Estates chosen from their supply bases, such that a range of environmental and social factors were covered. These factors included consideration of topography, soils, age of palms and proximity to local communities and areas with HCVs.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information.

The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

Mr Soon Leong Chia, BSi Product Manager RSPO, has reviewed this report for conformance with the RSPO Certification System requirements.

2.3 Qualifications of the Lead Assessor and Assessment Team

BSi Group Singapore holds copies of educational qualifications, certificates and audit logs for each of the audit team members. BSi has evaluated the qualifications and experience of each audit team member and has registered the following designations for conducting RSPO Assessments.

Charlie Ross – Lead Assessor
B.App.Sc. M.Sc (Env.Studies)
Lead Auditor EMS RABQSA Cert N^o 012364

Iman Nawireja – Social Assessor
B.Ag.Sc. M.Sc. (Comm)

Robyn Ross – Social Assessor (Women & Families)

Junecel Maloloy – Facilitator (Women and Families)

Charlie Ross is an independent environmental auditor who has extensive fieldwork experience in conducting environmental and social assessments of oil palm projects over the past 18 years in Indonesia, Malaysia, Nigeria, Papua New Guinea and Solomon Islands. He has participated in fieldwork for HCV assessments since 2004. He has completed lead auditor training in ISO 9001 Quality Management Systems, lead auditor training in OSHAS 18001 Occupational Health and Safety Assurance Systems, auditor training in Environmental Management, SA8000 Social Accountability and RSPO P&C. He has been involved in the RSPO process since RT1 and has conducted Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and PNG.

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 University of Bogor and has more than 11 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 14001 Environmental Management Systems. He has assisted in conducting environmental and social assessments of oil palm projects during the past 7 years. He has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

Robyn Ross has a background in company administration and supporting women with mental health and physical

disabilities by assisting them to develop skills for living independently in the community. She has assisted with fieldwork in conducting environmental and social assessments of oil palm projects over the past 7 years in Indonesia and Nigeria. She has completed auditor training in SA8000 Social Accountability. She has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and Papua New Guinea.

Junecel Maloloy is a Teacher with Borneo Child Aid Society and is fluent in Bahasa Malaysia, Sabahan and English. Mrs Maloloy grew up on an oil palm plantation in Sabah and has a good understanding of the issues facing workers and families living in remote locations. She has assisted Robyn Ross during interview of female staff/workers and families at Certification audits of oil palm plantation companies in Malaysia against the RSPO P&C.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by placing a copy of the notification letter on the RSPO, BSi and JCorp websites. Letters were written to individual stakeholders and telephone calls were made to arrange meetings to discuss JCorp environmental and social performance.

BSi did not receive any responses in writing from stakeholders in relation to JCorp. Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. Stakeholders included those immediately linked with the operation of the company, such as employees, out growers and contractors, as well as organisations that may have an interest in JCorp operations or adjacent areas.

Stakeholder consultation took place in the form of meetings, interviews and discussions. The interviewer explained the purpose of the audit at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Male and female workers and staff were interviewed at each of the three Mills and six Estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed at the housing areas in informal group meetings.

A list of Stakeholders contacted is included as Appendix C.

2.5 Date of Next Surveillance Visit

The next surveillance visit is planned before the first anniversary of the RSPO approval of the Initial Certification.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.2, objective evidence was obtained separately for each of the RSPO Indicators for each of the three Mills and each of the six Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each of the Major Compliance Indicators to support the finding of the assessment team.

Nonconformities were identified against two (2) Major Compliance Indicators and three (3) Minor Compliance Indicators. Eighteen (18) Observations / Opportunities for improvement were identified. Details of these are given in Section 3.2 (Page 22).

JCorp has prepared a Corrective Active Plan that was reviewed and accepted by BSi.

JCorp implemented the corrective action plans for the two Major Nonconformities and forwarded evidence to BSi relating to the work carried out. The BSi Assessment team reviewed the information provided by JCorp and concluded that the corrective actions were appropriate and consistent with the intent of the RSPO Principles & Criteria. The two Major Nonconformities were closed.

BSi concludes that JCorp operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY NIWG Indicators and Guidance : 2008.

BSi recommends that JCorp be approved as a 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.

The Mills and Estates maintain a filing system of requests for information and responses. Review of correspondence found that the requests for information were from Government Departments and Statutory Authorities. For example, Siang Mill received a letter from MPOB dated 25 May 2009 for collection of inventory data for the production of CPO. The Mill replied with the requested data on 15 June 2009. The Estates hold records of a letter from MPOB dated 16 September 2009 requesting information on the replanting program for 2009. The Estates reply was coordinated and forwarded on 28 September 2009. (1.1.1)

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.

The records held at the Estates and Mills showed that copies of the management documents required by RSPO were available and details are listed below. Each location visited held a copy of the Land Title. Refer to indicator 2.2.1 for additional details. (1.2.1)

The Mill and Estates have a Safety and Health Plan that consists of a Policy signed by Top Management, an Annual Training Program, workplace inspections and quarterly safety meetings to identify and address health and safety issues. (1.2.2)

The Mills and Estates have prepared an Environmental Aspects and Impacts Register that identifies the significant impacts using a risk assessment process. Environmental Improvement Plans have been prepared for reducing the significant impacts. Social Impacts have been identified by consultation with internal and external stakeholders and an Action Plan prepared for addressing issues raised – refer Criterion 6.1 for details. (1.2.3)

Pollution Prevention Plans have been prepared by Kulim Sustainability Department in conjunction with each Mill and Estate on the basis of the information from a Baseline Audit. (1.2.4)

The Mills and Estates maintain records of written complaints and issues raised verbally by internal and external stakeholders in an “Enquiry Register”.

The Mills maintain records of customer complaints in the ISO 9001 QMS Register. (1.2.5)

For negotiations associated with land acquisition, JCorp follows the Land Acquisition Act 1960 (ACT 486), which details the acquisition, the assessment of compensation to be made on account of the acquisition and any other matter incidental thereto. (1.2.6)

Kulim Sustainability Department has prepared a consolidated Improvement Plan for the Mills and Estates. (1.2.7)

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

Samples of documents and records were examined for each Mill and Estate for assessment of legal compliance and examples are given to illustrate findings. Each of the three Mills maintains a copy of all licences on file, together with a summary of issue and expiry dates. Inspection of a sample of licences showed all were current at the time of the assessment, for example, at Tunjuk Laut Mill, Water Tube Boiler Number 1 Machinery Licence No PMD4549 issued 11 May 2009, expiry date 10 August 2010. The Estates also maintained the licences current, for example, Palong Estate holds a licence for storage of diesel and petroleum products No: (8)JH(SGT)0012/88P SK 131/09 (SGT) current to 22

October 2010. DOSH conducted an annual safety audit at each of the Mills, for example at Tunjuk Laut on 10 November 2009 and did not identify any noncompliances.

Boiler Emissions were tested at each of the Mills, for example Siang Mill Boiler Emissions were tested 24 June 2009 by Spectrum Laboratories (Johor) Sdn Bhd and found to be in compliance with the Environment Quality (Clean Air) Regulation 1978 for particulate emission and smoke opacity. Smoke density meters for Siang Mill boilers numbers 1 and 2 were calibrated on 21 July 2009 by S T TECH Engineering Sdn Bhd, Certificate Numbers 5-7-09. Noise surveys have been carried out at each of the Mills and high noise level areas (>85 dbA), such as the kernel station, marked with safety signs to warn of the need to wear hearing protection.

Ambient air quality was tested at Siang Mill by Spectrum Laboratories between 28 and 29 September 2009 and the report concluded compliance with the Malaysian Recommended Environmental Air Quality Guideline Limits for Total Suspended Particulates, Sulphur Dioxide and Nitrogen Dioxide.

Each of the Mills treats effluent in anaerobic ponds and disposes of the treated effluent by land application. The treated mill effluent is tested monthly at an independent laboratory. Review of the previous twelve months results for the Mills, for example, Palong Mill showed the maximum was BOD 466 mg/L in April 2009, which was well within the DOE License limit of 5000 mg/L (DOE Licence No: 001584 for Palong Mill operation between 1 July 2009 and 30 June 2010).

Applied Chemistry Laboratory Sdn Bhd, an independent accredited laboratory tests the domestic water supplies to the Mills and Estates housing. For example the water supply for Palong Mill housing was tested on 5 November 2009 and the results confirmed all test parameters were within the limits as specified under the “25th Schedule of Malaysian Food Act 1983 (Act 281) & Regulations”.

Inspection of a sample of pay records at each Mill for October and November 2009, which is the peak crop period, confirmed compliance with the overtime limit of 104 hours per month. The records also showed that staff and workers were paid in accordance with the respective award rates.

Housing meets the government standard of three bedrooms. Electricity and water are supplied continuously to all housing. Siang Estate has an approved budget for connection to the Government water supply and the survey was completed during first week of December 2009.

FFB is transported within the Estates on private roads to the Mills. The Estates have engaged a Driving Instructor to carry out a one day “Safe Driving Course” for drivers during October 2009. (2.1.1)

Observations 01, 02, 03 & 04 – refer Section 3.2 Pages 23 & 24 for details

The Mills and Estates hold a copy of a Legal Register that lists all of the applicable laws and regulations and has a brief description of compliance requirements. The

Register was reviewed and updated by EPA on 1 November 2009. (2.1.2)

Each Mill maintains a summary of licences, together with expiry dates and the requirements for each licence. The Mill Second Clerk is responsible for maintaining documentation relating to licences. The Mill Manager has responsibility for maintaining compliance. The Visiting Engineer makes site visits to each Mill twice yearly, for example, the most recent visit to Palong Mill on 18-19 August 2009. The Visiting Engineer checks all Statutory Licences during Mill visits. The Mill conducted an internal audit 1 November 2009 to assess legal compliance and identified one laboratory instrument requiring calibration, which was duly carried out on 16 November 2009 prior to the 30 November 2009 expiry date.

The Estates also hold a copy of licences and inspection of a sample confirmed these were current, for example, Siang Estate MPOB Licence Number 501797402000 current to 30 September 2010. The Estates Chief Clerks maintain the currency of licences. The Estate List of Licenses and Permits was reviewed and updated by EPA on 23 October 2009. (2.1.3)

EPA Head Office advises changes in the law. The most recent update was MAPA Circular No 35/2009 dated 27/10/2009 relating to employment of foreign workers. (2.1.4)

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

All JCorp operations are on State Leases of varying length of tenure. Bukit Payung Estate holds copies of land titles for State Lease (Lease No H.S.(D): 14966 State of Johor, Daerah Kota Tinggi, Mukim Ulu Sungei Sedeli Besar Lot No MLO 117 issued (25 February 1995) for a period of 30 years current to 24 February 2025 (area 2428.14ha). Siang Estate holds a copy of the land title for the State Lease issued 24 January 1988 for a period of 100 years current to 23 January 2087 (area 3413.9783 ha) State of Johor, Daerah Kota Tinggi, Mukim Pantai Timur PTD 532. Palong Estate is located on three State Leases for Agriculture. For example the Estate holds a copy of Qualified Land Title for State Lease Number 12917, PTD No: 792 Lot No: 7898; PA No: 39724 for a period of 60 years current to 20 October 2045 (area 1992 acres 3 rood 22 perches) State of Johor, Daerah Segamat, Mukim Buloh Kasap (Leasehold). (2.2.1)

Observation 05 – refer Section 3.2 Page 24 for details

The terms of the leases are for agriculture and the operations are consistent with the lease conditions. (2.2.2)

JCorp has commenced a program to locate all boundary stones by survey and to replace any missing stones. For example, a Surveyor commenced work at Bukit Payung in mid-November 2009 and at the time of the Certification Assessment, 25% of fieldwork had been completed. The survey of Pasir Logok commenced mid November 2009 and is expected to be completed in January 2010. The survey to date has identified approximately 2.1 ha of palms planted outside the

boundary during September 2009 replanting. The recently planted young palms will be removed from this area. Siang Estate also has engaged a registered surveyor to locate boundary stones and work is scheduled to be completed by 18 December 2009. The survey to date did not find overplanting at Siang Estate.

At Palong Estate, the Lands Department Cadastral Survey has been carried out and eighty-six (86) previously installed boundary stones located. The Survey was completed on 11 December 2009 and installation of concrete markers is expected to be completed by the end of December 2009. Inspection of a sample of boundary locations confirmed the boundary stones are clearly marked with a 2m concrete post. (2.2.3)

Nonconformity CR03 – refer Section 3.2 page 23 for details

All JCorp operations are on State Leases – there are no land claims made against the company. At Pasir Logok Estate, one land claim was made on 25 June 2009 where the claimant stated that 5 acres of land formerly owned by his father and inherited by him, where Durian had been planted, had not been compensated. EPA Management provided documents that proved the correct acquisition of the land by JCorp from his father on 22 October 1987 and forwarded this information to the Estate on 30 June 2009. Details of the claim are held on file at EPA Property Department and were viewed by the BSi Assessor. (2.2.4)

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

All JCorp operations are on State Leases for Agriculture. (2.3.1)

All JCorp operations are on State Leases for Agriculture. (2.3.2)

All JCorp operations are on State Leases for Agriculture. (2.3.3)

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

The Mills and Estates have an annual budget for the calendar year 2009 with cost projections through to 2014. The budget includes targets for production, quality and cost control. EPA Management has developed a Management Plan for the Mills and Estates that includes programs to improve efficiencies of oil extraction rates at the Mills and to optimise Estate yields. A major capital works project being carried out is the installation of a new boiler for Tunjuk Laut Mill that is scheduled to be commissioned during December 2009. (3.1.1)

The Estates have prepared Annual Replanting Programs that are at various stages of implementation. For example, Bukit Payung Estate replanting is scheduled to commence in 2013 and is documented in the Annual Replanting Program prepared 2009. The Program is subject to Annual review and was last reviewed in May 2009. In contrast, at Pasir Logok Estate, replanting

commenced in 2003 and will be completed in 2011.
3.1.2

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

The Mills have implemented an ISO 9001 Quality Management System and the SOPs are controlled documents. For example at Palong Mill, the SOPs were revised on 1 September 2009, (Revision Number 5). Inspection of the Mill confirmed that Work Instructions are available for each work-station, such as the Weighbridge Station.

Estate SOPs are based on the Kulim (Malaysia) Berhad Agricultural Manual issued 31 December 2007 and includes all tasks from replanting through to upkeep and harvesting. In addition, specific SOPs have been prepared 18 May 2009 in Bahasa Malaysia, that include information on occupational health and safety issues associated with each task. (4.1.1)

The Mill Operators record operating parameters hourly onto shift log sheets, which are then reviewed by the Shift Supervisor, Assistant Mill Manager and Mill Manager. Any corrective actions are implemented on a shift basis for situations identified outside the operating parameters. Internal QMS Audits are conducted twice yearly and an external Certification Audit annually. The most recent Internal Audit was 26 June 2009 and a copy of the audit report was held on file. Sirim carried out an External Audit of Palong Mill 16–17 September 2009 and assigned one minor nonconformity. Copies are held on file of the visiting Engineer's Report dated 17 – 18 August 2009, which confirmed compliance with Statutory Requirements, assessed Mill performance and SOP implementation and made recommendations for improvements. The Mill Manager's response to the Visiting Engineer's findings is held on file.

The Plantation Inspector visits the Estates approximately quarterly, with the most recent visit to Bukit Payung Estate made on 4 August 2009. The Inspector's Visit Report includes recommendations for improvements and the Manager's reply (17 August 2009) with corrective actions. The Mills and Estates retain records on site for 5 years. (4.1.2)

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

Kulim R&D Department Agronomist visits each Estate annually and makes recommendations for fertiliser application on the basis of leaf tissue sample analysis. The Estates record fertiliser application for each block and report progress on implementation of the fertiliser program monthly to Head Office. Implementation of the program is checked by the Plantation Inspector during site visits. In addition, the Agronomist checks implementation of the program during site visits. For example, the Agronomist visited Palong Estate 8-9 December 2009. (4.2.1)

Soil and rachis samples are taken starting from the tenth year after planting and then at five yearly intervals, from alternate blocks. Foliar samples are taken yearly from the third year after planting onwards from all blocks. For example, foliar sampling was carried out at Bukit Payung Estate between 22 October and 5 November 2008 and a copy of the laboratory analysis results is held on file. Soil sampling was carried out at Pasir Logok from 11 to 23 October 2007 with records held on file. Soils were tested for pH, organic matter, cation exchange capacity and macronutrients. (4.2.2)

The Estates have EFB application programs in place, for example, at Pasir Logok Estate EFB has been applied to P92 area since 1992 to improve soil nutrition. The application of 50 t/ha/year of EFB on these Class 2 soils has resulted in average yields for these blocks of 29-30 t/ha/yr FFB. R&D Department monitors the area by foliar sampling. At Palong Estate there is a program for application of bio-compost produced from EFB and Mill effluent. Approximately 50% of treated POME is applied in furrows to Mungka Estate and the remainder is used for compost. R&D Department monitors the area by carrying out foliar sampling and reviewing the FFB production. Inspection of the Estates where replanting is being carried out confirmed that the felled palms are chipped to provide mulch for the young palms. No evidence of fire was found at any of the areas where replanting is being carried out. (4.2.3)

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

Soil conservation practices are described in Section G of the Kulim (Malaysia) Berhad Agricultural Manual. Inspections of the Estates confirmed conservation practices were implemented. For example, at Palong Estate at replanting, terraces were constructed with a back-slope and stop bunds for water conservation. *Mucuna bracteata* is planted to establish groundcover. In mature palms, only palm circles are sprayed, which allows groundcover grasses to grow. Pruned palm fronds are stacked along the contour on sloping areas as well as by cross-stacking between the palms. Soil conservation practices are documented in SOP G01, which includes requirements in relation to planting on undulating areas, conservation terraces, planting of leguminous cover crop and promoting selective growth of grasses and ferns on the palm inter-row and path and stacking of pruned fronds. The Estates have maps showing areas where *Mucuna bracteata* has been established at the time of replanting, as well as Guatamala grass along streambanks at bridge and culvert crossings. A map showing terracing also is available. (4.3.1)

Inspection at Siang Estate confirmed well established groundcover at recent replanted areas as well as in mature palms. Localised bare soil was identified during the Stage 1 Assessment at a few areas, for example, area P99 Block 4. Inspection confirmed groundcover has improved following change of the spray program to circle-only spraying using knapsack sprayers. (4.3.2)

Observation 06 – refer Section 3.2 Page 24 for details

The Estates have an annual budget for road maintenance and a road grading program that sets out the locations where maintenance is to be carried out. Road maintenance is carried out by a contractor and involves grading, repair of potholes, cleaning of silt pits, roadside pruning of palms and upkeep of culverts and scupper drains. Field inspection found the roads in a good state of repair and all areas were accessible. (4.3.3)

Observation 07 – refer Section 3.2 Page 24 for details

There are no peat soils at any of the JCorp Estates. (4.3.4)

Approximately 7% of Bukit Payung Estate has sandy soils at lowlying areas. At Pasir Logok Estate the main soil type is Rengam Series. On approximately 8% of the Estate, Apek Series occurs, which has low fertility. EFB has been applied annually to this area since planting in 1992 and very good yields have been achieved. There are no sandy, low organic matter, saline or acid sulphate soils at Siang Estate, despite the close proximity to the coast. (4.3.5)

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

At Pasir Logok Estate, the buffer zone has been demarcated along Sg Paloi with blue and white poles installed (scheduled for replanting in 2011), but at the time of the Assessment the boundary survey had not yet been completed.

Bukit Payung Estate has demarcated buffer zones for reinstatement at future replanting along Sg Sedili Besar and small streams that flow through the Estate. Blue and white concrete pegs mark the buffer boundary and palms within the buffer zone are marked clearly with a blue ring of paint around the trunk. Manual weeding has been implemented for palms planted on the edge of streambanks within the demarcated buffer zones.

There are no streams that flow through Siang Estate, however several small streams originate within the Estate and discharge offsite.

At Palong Estate, replanting commenced in 2007. EPA Management issued SOP Number A17 “Protection of Water Courses” in December 2007, to provide guidance on reinstatement of buffer zones. Inspection showed that the 2008 replanting did not meet the SOP requirement of a 2.5m wide buffer strip on both sides of main drains and small streams (<5m width). (4.4.1)

**Nonconformity CR01–Refer Section 3.2 Page 22 for details
Observation 08 – refer Section 3.2 Page 24 for details**

There are no dams or weirs built across main rivers or waterways passing through any JCorp Estates. (4.4.2)

The Mills and Estates have sampled water quality at the inflow to and outflow from the Estates. Tunjuk Laut Mill, for example, has sampled water quality of a stream upstream and downstream of the Mill, commencing in 2007. The Water Quality Index upstream was 53 (Class III) due to suspended solids and 44 (Class IV) on exit.

Applied Chemistry Laboratory Sdn Bhd sampled river water at Sg Payung that flows through Pasir Logok Estate on 5 November 2009. The results show the inflow to the Estate was Class III “slightly polluted” with Water Quality

Index 74 and Class II “clean” on exit with WQI of 87. (4.4.3)

Observations 09 & 10–Refer Section 3.2 Page 24 for details

The Mills and Estates measure rainfall daily. The Mills use the information in relation to OER calculations. The Estates use the rainfall information for timing of fertiliser application, scheduling of work programs and crop forecasting. (4.4.4)

At each of the Mills, water usage for processing is metered and the information reported monthly against a target of 1.40 t/t FFB. The Mills have a program for reducing water consumption, for example, Tunjuk Laut Mill data show that the average annual water consumption has reduced from 1.46 t/t FFB in 2007 to 1.37 in 2008 and 1.18 in 2009 due to water conservation practices. (4.4.5)

The Estates and Mills have installed Pollution Control Devices (sediment traps and oil/water separators) at all areas where petroleum hydrocarbons and chemicals are stored and dispensed. Inspection of records confirmed there is a program for weekly inspection and cleaning of Pollution Control Devices and records of inspection and cleaning are kept in a Log Book. Inspection of the effluent treatment ponds at each of the Mills found that the pond embankments were well maintained and there was adequate freeboard to prevent overflow. (4.4.6)

Water management plans have been developed for the Mills and Estates, with the objectives of reducing water usage and protecting natural water resources. For example, Tunjuk Laut Mill recycles cooling water from the steam turbine for reuse as process water. The Estates water management plans generally focus on the prevention of soil erosion and water conservation on the terraced hilly areas. At Bukit Payung Estate, water management of roads is an important issue at hilly areas. Roadside turnout drains and silt pits have been installed at regular intervals to intercept rainfall runoff and channel it into the adjacent palms. Field inspections confirmed that the water management plans were being implemented consistently. (4.4.7)

Observations 11 & 12–Refer Section 3.2 Page 24 for details

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

The IPM strategy is documented in Section J01 of the Kulim (Malaysia) Berhad Agricultural Manual. The major palm pest is rats. The Estates have installed barn owl boxes at a density of 1:35 hectares. In addition to barn owl boxes, the IPM program includes the establishment of beneficial plants, such as *Turnera subulata* and *Cassia coganensis* along roadsides. Inspections confirmed that beneficial plants have been established on extensive lengths of roads. (4.5.1)

The Estates have implemented an on-going program to monitor the presence of palm pests that acts as an “early-warning system” to identify build-up of pest numbers and possible outbreaks. Each Estate has a pest census team that monitors leaf-eating pests as well as

rats. Census information is reported weekly to the Agronomist who reviews and advises on control measures. For example The Agronomist will advise on when the use of an organo-phosphate, such as Monochrotophos by trunk injection, is necessary to control an outbreak of leaf-eating insects. Although the pest census program is effective in identifying outbreaks, control can be difficult due to movement of insect pests from surrounding Estates and smallholders. The main palm pest at the Estates is the rat and rat damage is monitored by carrying out four monthly census of the palms, together with daily reports from the Mill on quality checks of FFB. Chemical treatment is carried out on the Agronomist’s recommendation, if rat damage of bunches exceeds a threshold level. The Estates carry out a Barn Owl census annually. For example, the census carried out in August 2009 showed 40% occupancy of barn owl boxes at Bukit Payung; 42% occupancy at Pasir Logok and 62% occupancy at Palong Estate. Beneficial plants are being established along Estate roadsides at the replanting areas using *Turnera subulata* and *Cassia cobanensis*. (4.5.2)

Rat baits are used for control on the basis of a threshold level of fresh damage to bunches as well as information from the Mill FFB quality checks. Information on the locations where baits are applied is recorded for each block in the Daily Cost Book. Information is recorded on the replanted areas of young palms, where chemical treatment has been required for control of rhinoceros beetle. (4.5.3)

The Estates have compiled and forwarded 5 years of data to EPA Sustainability Dept and the information has been reported back as a trend for each year. The total active ingredient applied per hectare per year has been calculated and presented graphically for interpretation of trend. Figure 8 presents the data for two contrasting situations at Pasir Logok and Palong Estates. At Pasir Logok, the Toxicity Units applied increased from 1,384 in 2004 to a peak of 2,813 in 2007 due the use of paraquat for weed control, followed by a fall to 1,318 units in 2008. The majority of Estates use of herbicide followed a similar pattern to that observed for Pasir Logok. However at Palong Estate, the Toxicity Units increased from a relatively low base of 1,104 units in 2004 to 7,718 units in 2007 and further to 11,138 in 2008 due to the need to use the highly toxic Monocrotophos for control of bagworm. (4.5.4)

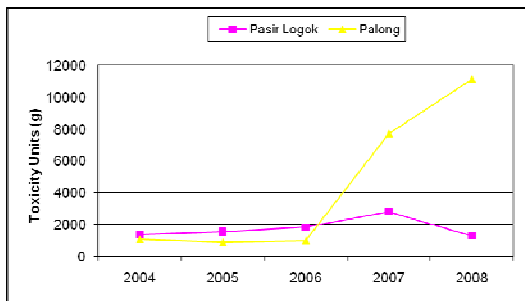


Figure 8: Comparison of Pasir Logok and Palong Estates Pesticide Toxicity Units

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.

The information on the selection of chemicals for various field conditions is included in Section H of the Kulim (Malaysia) Berhad Agricultural Manual. The selection of chemical for weed control and the treatment is based on inspection of field conditions before spraying. Inspection at all Estates visited confirmed a Work Instruction showing the quantity of chemical to be measured per 20L container of premix was displayed at the chemical mixing area. (4.6.1)

Inspection of the Pesticides Stores showed all chemicals used at the Estates are registered under the Pesticides Act. For example, Palong Estate holds a copy of Department of Agriculture - approval number JH/MONO(GL)/09/39 for the purchase and use of Monochrotophos, approved 15 March 2009. Inspection of the Palong pesticide store confirmed all of the stock of Monochrotophos had been used. (4.6.2)

Inspection showed the Pesticide Stores meet requirements for security, spill containment, lighting, separation and labelling of chemicals and ventilation. A secure area was available for storage of unused pre-mix of chemicals as well as empty pesticide containers. (4.6.3)

Inspection confirmed the labels on pesticide containers are in Bahasa Malaysia. In addition, information on the pesticides is available in the Work Instruction in Bahasa Malaysia as well as safety pictorials. (4.6.4)

Inspection of records confirmed CHRA medical surveillance has been carried out for all JCorp pesticide operators, for example, medical surveillance was carried out by a DOSH Registered doctor on 24 and 25 April 2009 for 72 male and 5 female pesticide operators at Siang Estate and the report showed all were confirmed fit for duty. Quarterly medical checks also are carried out by the Visiting Medical Officer, with the most recent 21-22 July for 17 operators, all of whom were confirmed fit for work. (4.6.5)

Observation 13 – Refer Section 3.2 Page 24 for details

The majority of pesticide operators were male. Interview of the small number of female pesticide workers indicated that in instances where any female field worker was confirmed pregnant and wished to continue working she was transferred to other duties. (4.6.6)

Company practice is to restrict the use of Paraquat to control of weeds in immature palms and for volunteer oil palms in mature palms. Inspection of Pesticide Stores at the Estates confirmed that Paraquat was stored in a locked area separate from other pesticides.

Monochrotophos has been used at Palong Estate for control of Bagworm, but only on the basis of pest census information and approval by the Department of Agriculture. (4.6.7)

Aerial spraying is not carried out at JCorp Estates. (4.6.8)

Customers have not requested testing of CPO for pesticide residues. (4.6.9)

Information on the areas where pesticides are used is recorded in the Estates daily Cost Book on a block basis together with active ingredient and records are available since 2005. (4.6.10)

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

JCorp has a documented OSH Plan that consists of the elements described below for this criterion. Records held at each of the Mills and Estates show that appropriate Certificates are held and there are no outstanding issues arising from the most recent Department of Occupational Safety Health inspections that confirm the operations meet compliance with the OSH Act 1994 and the Factory and Machinery Act 1967 (4.7.1).

a) JCorp Occupational Safety Health Policy was approved by top management on 1 January 2008 and is displayed on notice boards throughout the operations. Awareness and implementation of the OSH Policy are communicated at muster and weekly briefings and through the Annual Training Programme that covers all aspects of OSH. Implementation is monitored through self assessment via the OSH Committee Meetings and independently by the Group Safety Officer. Inspection of workplaces at the Mill and Estate and observations of tasks showed that safe work practices were being implemented.

b) The Group Safety Officer has conducted and documented Safety Risk Assessments in conjunction with each of the Mills (October 2008) and the Estates (January 2009) for each work area and all work stations and tasks. The results of the HIRAC have been taken into account in SOPs, Work Instructions and OHS training.

c) (i) JCorp has a documented Annual Training Programme for safety. All new hires and contractors undergo a safety induction programme that is supplemented with workplace specific training. At the Mills, training in safety topics that apply across the work place, for example PPE, is carried out at the shift briefings. Safety training for each work station is a component of SOP training. At the Estates, the safety awareness training programme is based on briefings at morning muster as well as follow-up by the Assistant Managers in the field. Pesticide training is carried out in-house and includes an evaluation of the sprayers' understanding. Each Mill and Estate maintains records of training.

(ii) Each Estate maintains records of sprayer training. Interviews of sprayers and observations of tasks at each of the Estates confirmed safe working practices were understood and product label precautions were implemented consistently.

d) (i) JCorp standard issue of PPE for all Mill workers is safety shoes, helmet, and hearing protection. Additional PPE is provided specific to the workstation and the assessed risk, for example, safety glasses and leather gloves for firemen. All Mill and Estate workers receive new issues of PPE in January each year and records are held for individual re-issues. Pesticide application operators are issued with waterproof apron, rubber boots, nitrile gloves, N95 respirator, and eye protection. Harvesters are supplied with a safety helmet and sickle cover. JCorp requires contractors to provide appropriate PPE to their employees and to observe safety requirements.

e) Each Mill and Estate has assigned a person responsible for safety implementation. At the Mills, the Assistant Engineer is responsible and at the Estates an Assistant Manager coordinates safety implementation.

f) OSH Meetings are held quarterly at each of the Mills and Estates, in accordance with DOSH requirements. The topics discussed at safety meetings include a report from each functional area, accidents and incidents.

g) JCorp has developed site-specific Emergency Response Plans for each Estate and Mill. The Plans cover the main emergencies likely to occur and include site plans and emergency call-out phone numbers. Records are held of Emergency Response training carried out by local fire brigade officers. Interviews of staff, workers and residents at housing confirmed their knowledge and understanding Emergency Response.

h) An external trainer has conducted first aid training for supervisors at the Mills and at the Estates. In addition to workers, first aid training also was provided for some of the wives who reside at the company housing.

i) Site inspections confirmed safety equipment and first-aid kits were available at workstations at the Mills and were supplied to mandores for use in the field. The Clinic Hospital Assistants are responsible for checking and re-stocking of first aid kits. Inspections during the audit confirmed that first-aid kits were well stocked and records were maintained. (4.7.1)

JCorp has implemented a system for recording and reporting of all work related accidents and injuries. LTAs are reported monthly to senior management and to DOSH immediately following an accident and a summary report to DOSH annually. The Group Safety Officer reviews LTAs monthly. For example, the Last LTA at Palong Mill was 13/12/2008. The last LTA at Siang Estate was 25/11/2009 with 1 lost day. (4.7.2)

Mill and Estate Staff are covered by Social Security Organisation (SOCSO) insurance. Mill and Estate Foreign workers are covered by a "global" Policy under Tokio Marine Insurans (Malaysia) Berhad, Policy Number W-W-A9-BR-000108 with expiry 31 December 2009. (4.7.3)

Observation 14 – Refer Section 3.2 Page 24 for details

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

The Mills and Estates have an annual training program for calendar year 2009 that sets out the schedule of training for each Mill work station and Estate task, as well as for specific topics. The Mills carry out Work Station training to develop skills during the first half of the year when there is low crop throughput. Each Mill and Estate holds records of training carried out by external trainers and includes detailed information on the training topic and competency assessment of the trainee. Records also are maintained of internal training for each work station for on-the-job instruction. For example, Siang Mill carried out training for “chain handlers” on 13 April 2009 for 4 operators. Siang Estate has maintained records since 2003, such as refresher training for Harvesters carried out 7 February 2009 for 16 trainees. On-the-job training is carried each morning following Muster. (4.8.1)

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.

Environmental aspects and impacts were identified in February 2009 using a risk assessment process for each of the Mills and Estates. The identified aspects and impacts are recorded in a Register and the risk assessment scores were used to rank the impacts in order of importance. (5.1.1)

Kulim Sustainability Department has prepared a consolidated Environmental Improvement Plan that focuses on the significant impacts in the Aspects and Impacts Register. For example, Tunjuk Laut Mill has identified 5 items for improvement during 2010 that relate to administrative operational controls and maintenance, such as operator training for inspection and maintenance of PCDs.

Bukit Payung Estate environmental improvements include training for workers and contractors on waste separation and management and erosion control within the Estate.

Another example is at Pasir Logok Estate where improvements in administrative controls for safe storage of chemicals and hydrocarbons are being implemented. The improvements include training of operators to maintain the facilities in accordance with the Kulim Agriculture Manual requirements. (5.1.2)

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.

JCorp engaged the consultant Lewie Dekker to carry out a Rapid Biodiversity Assessment in July 2008 for identifying the presence of HCVs within the Estates as well as adjacent areas. The Assessment Report includes

a map of each Estate and adjacent areas showing areas where HCVs were present. (5.2.1)

A short-term and long-term HCV Management Plan has been prepared for all JCorp operations. The HCV Report only became available during October 2009 and the Estates have recently commenced implementation of the HCV Management Plan recommended by the Consultant. (5.2.2)

**Nonconformity CR02–Refer Section 3.2 Page 22 for details
Observation 15 – Refer Section 3.2 Page 24 for details**

The Mills and Estates have installed signage prohibiting the hunting or taking of fauna and fishing. Awareness on protection of fauna has been conducted at Muster and records show, for example, that awareness was conducted at Siang Estate on 10 March 2009. Elephant entered Siang Estate between January and June 2009 (near area P06) from privately owned forested land adjoining the north of the Estate. Siang Estate involved the Wildlife Department to relocate the Elephants to a National Park at Pahang. Kulim Sustainability Department plans to involve the Wildlife Conservation Society to conduct awareness training for Estate staff and workers to prevent human – wildlife conflict. Interviews of workers at the Mills and Estates confirmed that they were aware of the rules prohibiting the taking of fauna and flora. (5.2.3)

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

Waste products and all sources of pollution are identified in the Aspects and Impacts Register for the Mills and Estates that was prepared in February 2009. (5.3.1)

JCorp has a Waste Management Plan listing each of the solid and liquid wastes generated by the Mills and Estates together with a statement of the method of treatment and reuse, recycle or disposal. The Plan includes maps showing the locations of the waste management facilities – effluent ponds, ash disposal and landfills.

The Mills and Estates maintain records of scheduled wastes collected by DOE licensed contractors. For example, at Pasir Logok Estate Kualiti Alam Sdn Bhd collected waste batteries on 30/11/2009 confirmed by Consignment Note No 090945-003. At Siang Estate Scheduled Waste (empty pesticide containers) were recycled to G-Planter Sdn Bhd 30 April 2009 Lorry number JKL6008 and 09 November 2009. (5.3.2)

**Nonconformity CR04–Refer Section 3.2 Page 23 for details
Observation 16 – Refer Section 3.2 Page 24 for details**

Fibre is used as fuel for each of the Mill boilers and a small quantity that is surplus to requirements is sold for biofuel. Inspection confirmed EFB is recycled to the Estates, for example at Pasir Logok Estate P92 area. At Siang Mill 100% of EFB is mixed with 50% of POME to produce compost for application to the Estates. The Estates maintain records of the areas where compost has been applied as a replacement for chemical fertiliser. (5.3.3)

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

The Mills monitor and report energy usage monthly to JCorp head office and data are available for more than 5 years. For example, energy usage by Siang Mill is shown in Figure 9. The electricity generated by the steam turbine decreased between 2006 and 2009 due to the lower quantity of FFB processed at the Mill as a result of the replanting programme. This necessitated greater use of the diesel gensets to produce electricity.

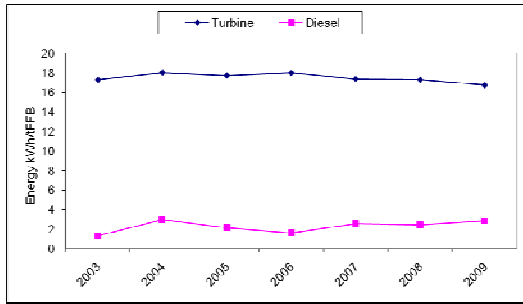


Figure 9: Siang Mill Average Annual Energy Usage 2003-2009

The Siang Mill plans to maximise the use of the steam turbine to generate electricity when the quantity of FFB processed increases as the replanted palms reach maturity. The Estates have optimised the harvesting schedule in order to minimise the use of diesel fuel for transporting FFB to the Mills. (5.4.1, 5.4.2)

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

Inspections confirmed there was no evidence of open burning in the Estates. (5.5.1)

Inspections confirmed felled palms are chipped and spread along palm inter-rows as mulch. (5.5.2)

Inspection of the Mills and Estates housing areas indicated fire is not being used for disposal of wastes. (5.5.3)

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

JCorp has documented a Pollution and Emissions Control Plan that identifies the sources of emissions and methods for control or reduction. Spill containment has been installed at all chemical and hydrocarbon storage and use areas and PCDs installed on all workshop drains. The Mills have documented Work Instructions for prevention of pollution from the boiler (Work Instruction No.11, control of boiler black smoke emissions). (5.6.1)

The Mill Pollution Prevention Plans are controlled documents and are reviewed annually as part of ISO 9001 – last reviewed July 2009. Mill Pollution Prevention Plans were reviewed 28 September 2009. The Pollution

and Emissions Control Plan was prepared 3 September 2007 and reviewed 11 November 2009. An example of an improvement for Siang Mill was the recent installation of a system for continuous monitoring of boiler emissions, with the data transmitted by General Packet Radio Service (GPRS) directly to DOE Office in Johor Bahru. (5.6.2)

There are no peat soils at any JCorp Estates (5.6.3)

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.

JCorp has carried out a Social Impact Assessment of its operations and recorded the results in a Social Impact Register (November 2009) that considers negative as well as beneficial aspects and impacts. Inspection of documentation at sites visited showed records are held for each meeting carried out for the SIA process, including notes of the main points of discussion with internal and external stakeholders. For example, the SIA was carried out at Palong Estate 13-14 April 2009. (6.1.1)

Observation 17 – Refer Section 3.2 Page 24 for details

A consultative process was used for the SIA to obtain information from Staff, Workers and their dependants, Contractors and Local Communities. Participants signed an Attendance Sheet to confirm their participation. JCorp has retained copies of all attendance records together with notes of the Meeting Minutes. (6.1.2)

JCorp has prepared a Social Improvement Plan for the JCorp Group of Estates and Mills and has focused initially on issues that will benefit staff and workers at the operations, such as connection of housing to the government water supply. Another example is the sealing of roads at housing areas to eliminate dust nuisance caused by vehicles. (6.1.3)

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

Communication and Consultation Management Guidelines are documented and were recently reviewed and revised (V2.0 Issued November 2009) for internal and external communications. The Mills Procedures are documented in Sections 4.4 (internal communication) and 4.5 (external communication) of the ISO 9001 Quality Manual. (6.2.1)

The Mills and Estates Managers are the persons responsible for communication procedures. (6.2.2)

The Mills and Estates have prepared a list of stakeholders, for example (Tunjuk Laut Mill October 2009; Pasir Logok Estate September 2009) that includes contact details for the adjacent Estate, FELDA smallholders, Government Departments, schools, suppliers and contractors. Tunjuk Laut Mill carried out a

customer survey for CPO buyers in June 2009 as part of its ISO9001 QMS requirement. The Mills and Estates maintain records of communications on file. For example, Tunjuk Laut Mill received a letter from the local school on 9 October 2009 requesting the loan of a marquee for a celebration. The Mill Manager agreed to the request on the same day. Interviews of community leaders, growers and contractors confirmed there was good communication with the Mills and Estates. (6.2.3)

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.

The Grievance Procedure is documented in the Kulim Sustainability Handbook, June 2007. Customer complaints are handled under an ISO 9001 procedure. For example, the most recent complaint received by Siang Mill was 26 August 2008 regarding out of specification palm kernel. The Mill took corrective action on 29 August and closed the complaint on 31 December 2008. The Estates maintain an “Enquiry Register” for receiving requests and complaints from stakeholders. (6.3.1)

The grievance system has only recently been implemented and to date there have been no issues that have needed to be resolved formally by the grievance process. (6.3.2)

It is company policy to make the complaints and grievances system available to all affected parties. Interview of workers, contractors and suppliers indicated they would readily approach line management if they had a problem. (6.3.3)

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.

JCorp follows the Land Acquisition Act 1960 (ACT 486), which details the acquisition, the assessment of compensation to be made on account of the acquisition and any other matters incidental thereto. All of the Estates are on State Leases where customary rights do not apply. (6.4.1)

JCorp follows the Land Acquisition Act 1960 (ACT 486), which details the acquisition, the assessment of compensation to be made on account of the acquisition and any other matters incidental thereto. JCorp abides by any decision of the independent Arbitrator and Assessor. The Act includes an Appeals and Grievance Procedure. (6.4.2)

Under the provisions of the Act, the outcome of compensation determinations are publicly available. (6.4.3)

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.

There is a collective Labour Agreement for both workers (NUPW) and staff (AMESU) and pay and conditions are documented. Daily and piece rates are displayed on notice boards at the Estate Offices and updated monthly. (6.5.1).

Interview of staff and workers indicated terms and conditions are detailed in their “Appointment Letter” that they received when hired. Inspection of Personal Files confirmed that terms and conditions of employment are detailed with copies held on file. (6.5.2)

Observation 18 – Refer Section 3.2 Page 24 for details

Housing meets the requirement of 3 bedrooms. Clinics provide medical treatment for staff, workers and their families at no cost. Water and electricity are provided to houses. Residents are allowed to cultivate small kitchen gardens at their houses, provided they are well maintained. Places of worship are within walking distance of housing. Playing fields and playgrounds are located at each housing area.

Bukit Payung Crèche is available to staff and worker children at no cost. At Pasir Logok Estate there are not sufficient numbers of children to operate a crèche but management employs a female to care for two children of female workers in her home.

At some locations the schools are approximately 20km distance from the Mills and Estates. The company provides free bus transport for all children to attend school. The company provides school uniforms, shoes, school bags and stationery to each child at the beginning of each school year up to and including Form 3.

The company encourages Mill and Estates residents to cultivate vegetable gardens and, as an incentive, gives families seeds for planting under the Green Book Program. Siang Mill Management has provided housewives with a vacant house where they can gather for meetings and social activities, for example, craft days. The company provides electricity and clean water to residents free of charge. A gas cooktop and gas bottle is supplied to residents by the company at no charge and residents pay for gas refills. (6.5.3)

Nonconformity CR05–Refer Section 3.2 Page 23 for details

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.

JCorp policy is to allow staff and workers to join a Union of their choice. Union membership generally is greater at the Mills than the Estates, where the workforce consists of mainly foreign workers who choose not to join a Union. The company maintains records at each of the Mills and Estates of meetings between Management and Union Representatives. For example, Tunjuk Laut Mill Manager meets with NUPW worker union

representatives when requested, and the most recent meeting was held 16 September 2009, with 5 union representatives and 3 management present. Matters discussed included RSPO, the Inquiry Register, the OER Incentive Scheme and other matters, such as repairs to housing and training. Union Officials visit the Estates to meet with their members but have not requested meetings with Estate Managers. Records are maintained of correspondence with the Union, which mainly relates to requests for permission to visit the Estate and enquiries in relation to deductions of fees from pays.

Palong Mill Workers are not members of a Union but staff are members of AMESU. Mill Management, Staff and Workers have formed a Consultative Committee with meetings held approximately bi-monthly. Minutes are kept of meetings between Management, Staff and Worker Representatives. The Workers elect their representatives yearly. The most recent meeting was held 30 October 2009 and was attended by 10 Staff and 6 Worker Representatives. (6.6.1)

The company policy on freedom of association is documented in the JCorp Handbook June 2007 and displayed on Notice Boards at the Mills and Estates Offices and Muster areas. In 2009, Company Management issued a copy of the Workers Handbook in Bahasa Malaysia to all workers. The Handbook includes information on policies and pay and conditions. (6.6.2)

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.

Inspection of records at the Mill and Estates confirmed that checks of Identity Cards for locals and Passport of Foreign workers are carried out prior to hire in order to meet minimum age requirement. No children or underage workers were observed at any work location visited during the assessment. (6.7.1)

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.

The Company Anti-discrimination Policy is documented in the JCorp Handbook, June 2007 and displayed on Notice Boards at the Mills and Estates. Interview of staff and workers indicated their awareness of the Equal Opportunities Policy. (6.8.1)

When interviewed, staff and workers indicated there was no discrimination in relation to ethnicity, religion or gender. Inspection of records showed the same rates of pay for both local and foreign workers. Interview of foreign workers indicated no cases of discrimination. (6.8.2)

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.

The Company policy on prevention of sexual harassment and violence is documented in the JCorp Handbook, June 2007 and displayed on Notice Boards at the Mills and Estates. A Road Show for the Gender Committee was held during September 2009 and attended by female staff and workers at all locations. Interview of female staff and workers confirmed awareness of the Gender Committee and no issues of concern were raised. (6.9.1)

Gender grievances raised at local level are referred to the Women's Grievance Panel at Head Office. Interview of female Office staff and workers indicated their awareness of the Procedure to address any issues of concern and stated there was a Register held in the office for such issues. For example, at Palong Mill the most recent Gender Committee Meeting was held 10 December 2009 with 27 attendees. Female staff stated that wives of staff and workers were also invited to attend Gender Committee meetings. (6.9.2)

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

Contracts for purchase of FFB from outgrowers include details of the FFB price calculation that is based on the MPOB CPO average monthly price for Peninsula Malaysia, the CPO oil extraction rate and kernel extraction rate, minus the Mill processing fee. Payments for outgrowers are made in two instalments each month. Copies of agreements with each outgrower are held on file at the Marketing Department, Head Office. (6.10.1)

The EPA Corporate Finance Department maintains records on file of payments and pricing of FFB purchased from suppliers. From November 2009 the Mills started displaying the FFB price and OER in accordance with the MPOB requirement. (6.10.2)

Interviews of contractors indicated they had a good relationship with the company, confirmed by a Pasir Logok FFB Transport Contractor who has worked with the Estate for 30 years. (6.10.3)

Interviews of Contractors and FFB suppliers indicated that payments are made in a timely manner and no issues of concern were raised. (6.10.4)

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

JCorp makes contributions to local communities that are related to the local situation and are made in response to stakeholder requests as outlined below. Tunjuk Laut Mill is located 2km from the nearest local community, Kg Baru Tunjuk Laut. Local infrastructure of roads, electricity and Government services are well established. Contributions are made to local schools, such as donations and assistance with transport. At Pasir Logok Estate palms planted on an "overplanted area" area of 27.87 ha along the northern boundary of the Estate have been donated to the Islamic Department of Johor and the benefits go to Orphanages. EPA Corporate Finance

Department determines the proceeds from the sale of FFB to the Mill, nett of production costs.

Siang Mill and Estate are located 20km from the nearest local community. Local infrastructure of roads, electricity and Government services are well established. The Mill and Estate make contributions in the form of donations to assist local schools and places of worship.

Palong Mill is located 4km from the nearest local community, Kg Mungka and the Estate is 4km distance from Kg Balai Badang. Local infrastructure of roads, electricity and Government services are well established. Contributions are made in the form of donations to assist local schools and places of worship. In addition, there is a Head Office Corporate Social Response Program. (6.11.1)

Principle 7: Responsible Development of New Plantings

JCorp has not carried out any new oil palm development since November 2005 and there are no plans for expansion of plantings. There were no new land developments or plantings taking place at the time of the Assessment therefore Principle 7 is not applicable to this Assessment.

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.

JCorp uses pesticides for control of palm pests only when necessary and on the basis of pest census information. JCorp restricts the use of Paraquat to weed control in immature palms (<3 years of age) and for control of volunteer oil palms in the mature palms. (8.1.1)

The environmental improvements are based on issues identified during the preparation of the environmental aspects and impacts register. An example is the IPM programme to reduce the dependence on chemicals. (8.1.2)

The recycling of palm by-products to the field has been optimised. The Mills and Estates have constructed scheduled waste stores and implemented collection by licensed recycler. Garden waste is separated from domestic waste to reduce the quantity requiring landfill disposal. (8.1.3)

The Mills and Estates have focused initially on the control of point sources of discharges and emissions. For example, PCDs have been installed at all workshops and all hydrocarbon use areas. (8.1.4)

The social improvements for the Group of Estates and Mills initially focussed on common issues across all the operations such as policy development and establishment of the “Women’s Grievance Panel Committee”. (8.1.5)

EPA’s Finance Department has assigned a special budget code for capturing RSPO implementation expenditure. In addition a Sustainable Palm Oil (SPO) Team facilitates

implementation, monitoring and reporting of sustainability performance. (8.1.6)

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

Nonconformities were assigned to Major Compliance Indicators 4.4.1 and 5.2.2 and Minor Compliance Indicators 2.2.3, 5.3.2 and 6.5.3.

JCorp has prepared a Corrective Action Plan for addressing the identified Nonconformities. The BSi Audit Team has reviewed and accepted JCorp’s Corrective Action Plan.

Nonconformities Issued to Major Compliance Indicators

CR01: 4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate

A nonconformity (CR01) was issued against this Major Compliance Indicator because replanting carried out since November 2007 (at areas P08 and P09) did not meet the SOP Guidance of 2-5 m buffer strip on both sides of small natural streams. Inspection found that during replanting, palms had been planted to the edge of small streams.

JCORP implemented Corrective Action that involved measuring and marking of buffer strips along main drains and small streams in accordance with the SOP Requirements. Palms that were incorrectly planted in buffer zones in 2008 were removed and replanted at vacant planting points. (Refer to details in Appendix D of the areas affected). Inspection confirmed the 2008 and 2009 plantings are now consistent with the buffer strip SOP requirements.

Major Nonconformity CR01 was closed on 29/10/2010

CR02: 5.2.2 Management Plan for HCV habitats (including ERTs) and their conservation

A nonconformity (CR02) was issued against this major compliance indicator because the Rapid Biodiversity Assessment indicated that the location of the Bukit Payung Estate boundary was not defined in relation to the Riparian Buffer Zone on the Estate side of Sungai Sedili Besar and adjacent unplanted land adjoining Bukit Payung and Pasir Panjang Estates, that was logged by a third party in 2007. Clarification of the Estate boundary is required by completing the survey to locate the boundary stones. Preparation of an HCV assessment and an HCV Management Plan specific to this area is required for rehabilitation of the logged over areas within the Estate boundary.

JCorp has implemented a Corrective Action Plan that involved a cadastral survey of the Estate boundary, HCV assessment of the area and preparation of an HCV Management Plan. JCorp engaged a surveyor who

demarcated the Estate boundary and installed concrete markers for identifying the location of boundary stones.

JCorp engaged Envirologic Consultants who carried out a Rapid Biodiversity Assessment in April 2010, followed by a detailed assessment in August 2010. The HCV Assessment identified the presence of HCV1 associated with the occurrence of protected vegetation and HCV4 for the riparian buffer zone. Envirologic has prepared a detailed HCV Management Plan that is staged over the next 10 years, commencing with immediate establishment of reserve areas for protection of HCVs followed by planting with native tree species to rehabilitate disturbed areas and enrichment planting. The timetable for the HCV Management Plan implementation is included at Appendix D. JCorp has made a commitment to implement the HCV Management Plan and to continue the involvement of Envirologic to monitor and advise on the process.

The BSi Assessment Team has reviewed the HCV Management Plan and commitment made by JCorp to rehabilitate the disturbed logged-over forested areas. The BSi Assessment Team concludes that JCorp's actions are consistent with the intent of RSPO Indicator 5.2.2. The location of the land that supports HCV1 is purposefully not disclosed in this public summary report. BSi will review progress with implementation of the HCV Management Plan at the Annual Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

Major Nonconformity CR02 was closed on 28/11/2010

Nonconformities Issued to Minor Compliance Indicators

CR03: 2.2.3 Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained

A nonconformity (CR03) was issued against this minor compliance indicator because at the time of the Initial Certification Assessment, a contract had not been awarded to survey and locate boundary stones at all properties. This precluded the assessment of overplanting/underplanting at land bordering the Estates.

JCorp has prepared a Corrective Action Plan as follows: The EPA Property Department has awarded a contract for a licensed surveyor to survey and locate boundary stones at all properties, commencing with Palong, Mungka and Kemedak Estates. Surveys are required to identify the extent of any overplanting/underplanting at each Estate and are expected to be completed mid January 2010.

Progress with implementation of corrective action will be checked at the Annual Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

CR04: 5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution

A nonconformity (CR04) was issued for the following reasons:

- *at Siang Mill, there was inadequate segregation of workshop waste and packaging material from boiler ash prior to being placed in the industrial landfill; and*
- *at Palong Mill, boiler ash from the storage bunker was not contained to prevent it from being washed by rainfall runoff into the monsoon drain, which increases the loading on the PCD No 3.*

JCorp has prepared a Corrective Action Plan to improve the separation and control of Mill wastes prior to disposal at the industrial landfill and to implement containment for boiler ash at Palong Mill.

Progress with implementation of corrective action will be checked at the Annual Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

CR05: 6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders)

A nonconformity (CR05) was issued against this minor compliance indicator for the following reasons:

Housing provided meets government requirement of three rooms. However, inspection of Siang Estate housing and interview of residents raised the following issues:

- *Termite damage to houses that may affect structural stability;*
- *Requested repairs were not being carried out, for example, leaking roofs of some houses; and*
- *Only some houses have recently been painted externally.*

JCorp has prepared a Corrective Action Plan to immediately investigate the situation, including a census of housing and identification of the repairs required. JCorp has made a commitment to immediately carry out repairs and repainting of the remainder of the houses.

Progress with implementation of corrective action will be checked at the Annual Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

Observations/Opportunities for Improvement

Eighteen (18) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the Annual Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

OBS01 (2.1.1) Inspection of the land application furrows at Tunjuk Laut Estate showed that several of the stop bunds at the terminal end of furrows had not been adequately maintained

- and there was risk of overflow of treated effluent. The Estate took corrective action immediately to clear vegetation surrounding the furrows and to rebuild the stop bunds at the terminal end of furrows. Photographic evidence was provided to confirm implementation.
- OBS02** (2.1.1) Siang Mill Sodium Hydroxide Storage Permit expires 31 December 2009 – application for renewal was made on 7 September 2009). A Ministry of Health Pharmacy Officer made a site visit and inspected the storage facility 30 October 2009.
- OBS03** (2.1.1) Siang Mill exceeded the smoke density limit on 7 days during 2009, but only by between 1 and 2 minutes. Action has been taken to conduct additional boiler operator training to minimise black smoke emissions.
- OBS04** (2.1.1) Applied Chemistry Laboratory Sdn Bhd carried out water sampling and testing of Balau Division drinking water supply on 6 November 2009. The analyses found colour, and iron exceeded the Malaysian Drinking Water Standard. Siang engaged Nalco to evaluate the water treatment plant requirement and an order was placed for modification of the water treatment process. Modifications to water treatment plant were implemented on 15 December 2009 and the water re-sampled.
- OBS05** (2.2.1) JCorp operations are on Qualified Titles pending the issue of final Title. Cadastral Surveys have been completed for all of the Titles and JCorp has purchased Certified Plans from the Government Survey Department. JCorp has submitted an application to the Lands Department for final Title, which is expected to take approximately 3 – 6 months.
- OBS06** (4.3.2) At Pasir Logok Estate the localised areas with insufficient groundcover e.g. at P92 block 2, has improved over the past 2 months due to cessation of spraying. However deposits of sand along streambeds and drains indicate that erosion of soil is still occurring on hill slopes and further improvement of groundcover is required.
- OBS07** (4.3.3) At Bukit Payung there is no source of laterite available and road surfaces are maintained by grading and compacting. Water management needs improving by developing “turn-out” drains to transfer rainfall runoff onto terraces where possible.
- OBS08** (4.4.1) At Pasir Logok a low-lying area, previously planted with oil palm, has been abandoned but there is still an access road through this area. When the boundary survey has been completed and ownership of the land confirmed, the area will be set-aside as wetland at the time of replanting in 2011 and the access road beside Sg Paloi abandoned.
- OBS09** (4.4.3) The water quality of Sg Mungka has not been tested for all of the parameters required for calculation of the Water Quality Index.
- OBS10** (4.4.3) The sampling location downstream from Siang Mill that is shared with the Estate for flow into Sg Tengah, was found to be subject to tidal influence and was considered unsuitable for monitoring the potential impact of drainage from the Mill area. An appropriate sampling location was identified immediately upstream at Bridge No 3 that was unaffected by tidal influence. The site at P07 Block 1 can still be used but samples need to be collected during an outgoing tide, just before low tide.
- OBS11** (4.4.7) Rainfall runoff from Palong Estates 8 ha compost site drains to a stormwater pond for recycling to the windrows of compost. A water balance was not available for checking the adequacy of the stormwater pond capacity for containment of runoff.
- OBS12** (4.4.7) Palong Estate roadside “turnout drains” have been constructed recently at the P07 and P08 replanting areas. Additional work is required to improve water management and prevention of erosion of roads on hills at P86A & P86B.
- OBS13** (4.6.5) A program of CHRA medical surveillance has been implemented with Siang, Sg Papan, Pasir Panjang, Tunjuk Laut and Kemedak, Mungka Estates completed in 2009. Pasir Logok, Bukit Payung, Bukit Kelompok and Palong are scheduled for 2010.
- OBS14** (4.7.3) Application for renewal of Foreign Workers insurance has been forwarded to Head Office and documentation forwarded to Insurance Company but at the time of the Assessment a new Policy had not yet been issued.
- OBS15** (5.2.2) *Mucuna bracteata* from Siang Estate has encroached the adjacent secondary forest near P07 Block 2 and has covered the trees. The Estate will cut the *Mucuna* vine stems to kill off the growth covering the trees.
- OBS16** (5.3.2) At Tunjuk Laut Mill there was inadequate separation of waste and construction materials had been mixed with boiler ash at the landfill site. Corrective action was taken immediately to remove the construction materials and the workers were instructed on the requirements for waste separation and disposal.
- OBS17** (6.1.1) At the time of the Assessment visit, the SIA had been completed for Tunjuk Laut Mill and Pasir Panjang and Bukit Payung Estates but had not yet been carried out at Pasir Logok Estate for site specific issues – scheduled for February 2010.
- OBS18** (6.5.2) Some foreign workers at Tunjuk Laut Mill had a low level of understanding of their pay slips, while at both Bukit Payung and Pasir Logok Estates, workers were unsure as to how the piece rate amounts were calculated, for example, the conversion from number of

bunches to tonnages harvested and also the factor of average OER in the calculation. JCorp will carry out additional awareness at morning muster on paydays.

3.3 Noteworthy Positive Components

- Upgrading of facilities to meet legal requirements, such as Workshops, Stores for Scheduled Waste, Lubricants, Chemicals and Bulk Fuel Tanks.
- Installation of Pollution Control Devices at Mill and Estates for control of point source pollutants. Palong Estate has designed a device for opening and closing the PCD stop valve that could not be turned manually at other locations inspected.
- An improvement in safety over the previous 2 years of records.
- Some Estates have the Scheme “Bakti Ladang” whereby the company transfers ownership of the house to long serving workers (10 years). If the worker decides to move on once they retire, the company buys the house back at cost RM15,000. Houses will be maintained by the company until the resident retires or ceases working for the company.
- The company encourages residents to cultivate small vegetable gardens. This is very beneficial in reducing workers’ living costs.

3.4 Issues Raised by Stakeholders and Findings with Respect to Each Issue

The majority of stakeholders had positive comments about JCorp. For the situations where stakeholders raised issues, the company’s response is stated below.

Staff/Worker Issues

During the Stage I Assessment the Hospital Assistant at Tunjuk Laut Clinic advised that a portable steriliser would be very beneficial.

Company Response: *To be budgeted and purchased in the coming year.*

The Government holds a monthly “family” clinic for ante-natal care and immunisation of children at the Mill clinic with many families and small children in attendance. The Hospital Assistant stated that there is no seating for waiting patients or floor coverings for young toddlers to be crawling on the floor. There is a ceiling fan but despite recent maintenance, still only operates on one speed “slow”.

Company Response: *Budget will be approved to provide floor covering and bench seating. The ceiling fan will be replaced.*

Residents at some housing areas stated dust was a problem and would appreciate surfacing of the main entry road to the housing compound.

Company Response: *Sealing of road is proposed to be included in the capital budget. An immediate measure will be to introduce speed limit and install speed humps.*

Palong Estate harvesters stated it is very difficult to achieve the target of 50 bunches per day during low crop and in fields where palms are low density.

Company Response: *Estate will review the situation and the performance target specific to this location.*

Female field workers advised that when they worked in the very young palms they had no shady area to take their rest and it was so very hot.

Company Response: *The Estate has funds available and plans to construct shade/shelters, starting December 2009, at strategic locations in the replanted areas.*

Foreign workers are unsure whether the company will pay their work permit costs at completion of their current contract and upon return from Indonesia.

Company Response: *From April 2009, the company is responsible for recruitment and work permit costs. Workers have been advised of this during muster, additional awareness will be conducted.*

Outgrowers and FFB Traders

The FFB suppliers interviewed were from the FELDA Communities near the Mills. The outgrowers prefer to sell their crop to JCorp as the price received is higher than that paid by FELDA Mills. The outgrowers have a good relationship with the company and one has been supplying FFB to JCorp for more than 8 years. With the current high CPO price, many outgrowers were employing foreign workers for upkeep and harvesting of the oil palms. The FELDA communities have basic public infrastructure and JCorp provides donations to schools and support for religious festivals.

Local Communities

Local communities have good relationships with JCorp and there were no disputes over land or other issues. The Government provides basic facilities and services for health and education. The company provides donations to support religious celebrations as well as uniforms and textbooks for school children at some kampungs.

Government Departments

Labour Department confirmed that JCorp complied with the labour regulations for working hours and the payment of overtime under the provisions of the Employment Act 1955 and the 1998 Amendment. Under special conditions, such as seasonal harvest, the Department will issue approval to a company to increase

the maximum overtime per employee from 104 to 120 hours per month.

The Environment Department and Department of Occupational Safety Health both confirmed there are currently no outstanding compliance issues at the JCorp Mills and Estates.

NGOs

NGOs did not raise any issues of concern.

Issues raised during the Initial Certification Assessment will be followed-up at the Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

3.5 Acknowledgement of Internal Responsibility

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

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.

3.6 Formal Sign-off of Assessment Findings

Signed for on behalf of
Johor Corporation



.....

Hj Izhar Bin Mahmood
Director - Plantation Operations

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....

Mr Charlie Ross
Lead Auditor

Appendix “A”

RSPO Certificate Details

Johor Corporation
 Level 2 Persada Johor
 Jalan Abdullah Ibrahim
 Johor Baru
 JOHOR 80000 MALAYSIA

Certificate Number : SPO 555209
 Certificate Issue Date: (RSPO Approval Date)

Website: www.jcorp.com.my

Standards: RSPO Principles & Criteria : 2007; Malaysia National Interpretation : 2008

| Tunjuk Laut Palm Oil Mill and Supply Base | |
|--|---|
| Location | Johor Malaysia |
| Address | K.B 523 81909 Kota Tinggi Johor |
| GPS Location | 1° 58' N 103° 58' E |
| Estate FFB Tonnage | Bukit Payung: 29,986; Pasir Logok: 27,309; Tunjuk Laut: 38,644; Bukit Kelompok: 30,471; Pasir Panjang: 38,786 |
| Outgrowers FFB Tonnage | No Outgrowers |
| CPO Tonnage Claimed ** | 33,155 |
| PK Tonnage Claimed ** | 10,063 |

| Siang Palm Oil Mill and Supply Base | |
|--|---|
| Location | Johor Malaysia |
| Address | K.B 518 81909 Kota Tinggi Johor |
| GPS Location | 1° 38' N 104° 13' E |
| Estate FFB Tonnage | Siang: 33,068; Sg Papan: 42,659; REM: 31,837; Pasak: 19,072; Basir Ismail: 13,954 |
| Outgrowers FFB Tonnage | JTP (235); Sri Matahari (138) |
| CPO Tonnage Claimed ** | 28,455 |
| PK Tonnage Claimed ** | 8,432 |

| Palong Palm Oil Mill and Supply Base | |
|---|--|
| Location | Johor Malaysia |
| Address | K.B 504 85009 Segamat Johor |
| GPS Location | 2° 42' N 102° 47' E |
| Estate FFB Tonnage | Palong: 26,364; Mungka: 20,901; Kemedak: 20,191; Sepang Loi: 10,923; UMAC: 16,443; Labis Bahru: 26,025 |
| Outgrowers FFB Tonnage | Eng Huat (34,385); HTK Agri (369); Kin Ma (3,822) |
| CPO Tonnage Claimed ** | 30,581 |
| PK Tonnage Claimed ** | 9,194 |

** The Tonnage Claimed is the total production from Company Estates and Outgrowers and is based upon the Reporting Period 01 January 2009 – 31 December 2009

Appendix “B”

Certification Assessment Programme

Certification Assessment Programme – 08 – 17 December 2009

| TEAM: CR: CHARLIE ROSS; RR: ROBYN ROSS; IN: IMAN NAWIREJA; JM: JUNECEL MALOLOY | | | | | | |
|--|------|---|---|----|-----------|--|
| Day / Date | Time | Details | CR | IN | RR/ JM | |
| Tuesday 8 December TUNJUK LAUT MILL | AM | Opening Meeting | √ | √ | √ | |
| | | Document Review | √ | | √ | |
| | | Interview Female Office Staff/Workers & Inspect Pay Documentation | | | √ | |
| | | Interview Contractors/External Stakeholders | | √ | | |
| | | Review SIA | √ | √ | √ | |
| | | | Review HCV Assessment and Monitoring Plans | √ | | |
| | PM | Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill | √ | | | |
| | | Interview Male Workers | | √ | | |
| | | Visit any Local Communities | | √ | | |
| | | Visit Clinic Interview Staff | | | √ | |
| Inspect Housing and Interview Residents | | | | √ | | |
| | | Closing Briefing | | | √ | |
| Wednesday 9 December BUKIT PAYUNG ESTATE | AM | Opening Briefing | √ | √ | √ | |
| | | Physical Inspection Estate/Interview Male Fieldworkers | √ | √ | | |
| | | Physical Inspection Stores, Land Application, Landfill | √ | | | |
| | | Interview Female Fieldworkers | | | √ | |
| | | Interview Female Office Staff/Workers Review Pay Documentation | | | √ | |
| | | | Interview Contractors/External Stakeholders | | √ | |
| | PM | Documentation Review | √ | | | |
| | | Visit Clinic Interview Staff | | | √ | |
| | | Inspect Housing and Interview Residents | | | √ | |
| | | Visit Local Communities | | √ | | |
| Closing Briefing | | | | | | |
| Thursday 10 December PASIR LOGOK ESTATE | PM | Opening Briefing | √ | √ | √ | |
| | | Physical Inspection Estate/Interview Male Fieldworkers | √ | √ | | |
| | | Physical Inspection Stores, Landfill | √ | √ | √ | |
| | | Interview Female Fieldworkers | | | √ | |
| | | Interview Female Office Staff/Workers Review Pay Documentation | | | √ | |
| | | | Interview Contractors/External Stakeholders | | √ | |
| | PM | Documentation Review | √ | | | |
| | | Visit Clinic Interview Staff | | | √ | |
| | | Inspect Housing and Interview Residents | | | √ | |
| | | Visit Local Communities | | √ | | |
| Closing Briefing | | | | | | |
| Friday 11 December SIANG MILL | AM | Opening Meeting | √ | √ | √ | |
| | | Document Review | √ | | | |
| | | Interview Female Office Staff/Workers & Inspect Pay Documentation | | | √ | |
| | | Interview Contractors/External Stakeholders | | √ | | |
| | | Review SIA | √ | √ | √ | |
| | | | Review HCV Assessment and Monitoring Plans | √ | | |
| | PM | Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill | √ | | | |
| | | Interview Male Workers | | √ | | |
| | | Visit Local Communities | | √ | | |
| | | Visit Clinic Interview Staff | | | √ | |
| Inspect Housing and Interview Residents | | | | √ | | |
| | | Closing Briefing for Mill Manager | | | √ | |

| Day / Date | Time | Details | CR | IN | RR/ JM | |
|--|---------------------------------------|---|--|----|------------------|--|
| Saturday 12 December | | Opening Briefing | | ✓ | ✓ | |
| | | Physical Inspection Estate/Interview Male Fieldworkers | | ✓ | | |
| Physical Inspection Stores, Land Application, Landfill | | | ✓ | | | |
| Interview Female Fieldworkers | | | | | ✓ | |
| Interview Female Office Staff/Workers Review Pay Documentation | | | | | ✓ | |
| Interview Contractors/External Stakeholders | | | | ✓ | | |
| Documentation Review | | | | ✓ | | |
| Visit Clinic Interview Staff | | | | | ✓ | |
| Inspect Housing and Interview Residents | | | | | ✓ | |
| Visit Local Communities | | | | | ✓ | |
| | | Closing Briefing | | ✓ | | |
| Charlie Ross REM ESTATE | | Opening Briefing | ✓ | | | |
| | | Physical Inspection Estate/Interview Male Workers | ✓ | | | |
| | | Physical Inspection Stores, Landfill | ✓ | | | |
| | | Review Pay Documentation | ✓ | | | |
| | | Documentation Review | | | | |
| | | Visit Clinic Interview Staff | ✓ | | | |
| | | Inspect Housing | ✓ | | | |
| | | Closing Briefing | ✓ | | | |
| Monday 14 December PALONG MILL | AM | Opening Meeting | ✓ | ✓ | ✓ | |
| | | Document Review | ✓ | | | |
| | | Interview Female Office Staff/Workers & Inspect Pay Documentation | | | ✓ | |
| | | Interview Contractors/External Stakeholders | | ✓ | | |
| | | Review SIA | ✓ | ✓ | ✓ | |
| | | | Review HCV Assessment and Monitoring Plans | ✓ | | |
| | PM | Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill | ✓ | | | |
| | | Interview Male Workers | | ✓ | | |
| | | Visit any Local Communities/Outgrowers | | ✓ | | |
| | | Visit Clinic Interview Staff | | | ✓ | |
| Inspect Housing and Interview Residents | | | | ✓ | | |
| | | Closing Briefing | | | | |
| Tuesday 15 December | Iman Nawireja PALONG ESTATE | Opening Briefing | | ✓ | ✓ | |
| | | Physical Inspection Estate/Interview Male Fieldworkers | | ✓ | | |
| | | Physical Inspection Stores, Land Application, Landfill | | ✓ | | |
| | | Interview Female Fieldworkers | | | ✓ | |
| | | Interview Female Office Staff/Workers Review Pay Documentation | | | ✓ | |
| | | Interview Contractors/External Stakeholders | | ✓ | | |
| | | Documentation Review | | ✓ | | |
| | | Visit Clinic Interview Staff | | | ✓ | |
| | | Inspect Housing and Interview Residents | | | ✓ | |
| | | Visit Local Communities | | ✓ | | |
| | | | Closing Briefing | | | |
| | Charlie Ross LABIS BAHRU ESTATE | | Opening Briefing | ✓ | | |
| | | | Physical Inspection Estate/Interview Male Fieldworkers | ✓ | | |
| | | | Physical Inspection Stores, Landfill | ✓ | | |
| | | | Documentation Review | ✓ | | |
| | | | Visit Clinic Interview Staff | ✓ | | |
| | | | Inspect Housing | ✓ | | |
| | | | | | Closing Briefing | |
| | | | | | | |
| Wednesday 16 December EPA | | Document Review | | | | |
| | | Follow-up on any outstanding data/information/clarification | ✓ | ✓ | ✓ | |
| | | Prepare IAV Report | | | | |
| Thursday 17 December EPA | | Prepare Corrective Action Plan Template | | | | |
| | | Prepare Closing Presentation | ✓ | ✓ | ✓ | |
| | | Closing Meeting | | | | |

Appendix “C”

List of Stakeholders Contacted

INTERNAL STAKEHOLDERS

| | | |
|--|---|---|
| TUNJUK LAUT Mill 3 Female Staff 1 Female General Worker 9 Residents at Housing Clinic Health Assistant 4 Male Workers Primary School Head Master | Bukit Payung Estate 3 Female Staff 4 Female Daily Rated Workers 3 Female Fertiliser Applicators 9 Residents at Housing Clinic Health Assistant 6 Foreign Harvesters | Pasir Logok Estate 1 Female Staff 6 Female Daily Rated Workers Family Groups at housing Clinic Health Assistant 7 Harvesters 6 Male Pesticide Sprayers |
| SIANG Mill 3 Malaysian Male Workers 3 Male Foreign Workers 6 Female Staff/Workers 6 Residents at Housing Clinic HA (Mill and Estate) | Siang Estate 5 Female Staff/Workers 2 Female Daily Rated Workers 5 Foreign Worker Harvesters 5 Male Pesticide Sprayers 4 Couples, 1 local, 1 Indonesian Female Residents at Housing | REM Estate 3 Male Staff 6 Foreign Workers |
| PALONG Mill 4 Male Malaysian workers 4 Male Foreign Workers 3 Female Staff 2 Female General Workers 13 Residents at Housing Clinic Health Assistant | Palong Estate 1 Indonesian Female Spray Mandore 4 Female Staff 2 Female Daily Rated Workers 2 Residents at Housing Clinic Health Assistant 5 Male Pesticide Sprayers 8 Male Foreign Worker Harvesters | Labis Bahru Estate 4 Male Staff 3 Malaysian Workers 4 Indonesian Workers |

EXTERNAL STAKEHOLDERS

| | | |
|---|---|--|
| TUNJUK LAUT Mill General Supplier FFB Transport Contractor | Bukit Payung Estate 2 FFB Transport Contractors 2 General Supplier | Pasir Logok Estate 2 FFB Transport Contractors |
| SIANG Mill FFB Transport Contractor Outgrower | Siang Estate FFB Transport Contractor 2 General Contractors Imam Mosque | |
| PALONG Mill 1 General Supplier Imam Mosque 2 Outgrowers | Palong Estate 1 General Supplier FFB and EFB Transport Contractor | |

| | | |
|---|---|---|
| GOVERNMENT DEPARTMENTS Johor Labour Department Kluang Labour Department Johor Department of Environment Johor Department of Lands Department of Occupational Safety & Health 2 Palong Elementary School Teachers | NGOs and Others NUPW Kluang NUPW Petaling Jaya AMESU Subang Jaya Mill & Estates NUPW Representatives Tenaganita FELDA Cooperative Manager KPNJ—Koperasi Pesara Negeri Johor) (Cooperative Retirement Johor) Wildlife Conservation Society, Johor | Local Communities Kampung Baru Representatives Kampung Padang Kiambang Representatives Kampung Balai Badang Representatives Kampung Putting Representative |
|---|---|---|

Appendix “D”

Objective Evidence for Close-out of Nonconformities

CR01: 4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the Estate

A nonconformity (CR01) was issued against this Major Compliance Indicator because replanting carried out since November 2007 (at areas P08 and P09) did not meet the SOP Guidance of 2-5 m buffer strip on both sides of small natural streams. Inspection found that during replanting, palms had been planted to the edge of small streams.

JCORP implemented Corrective Action that involved measuring and marking of buffer strips along main drains and small streams in accordance with the SOP Requirements. Palms that were incorrectly planted in buffer zones in 2008 were removed and replanted at vacant planting points. Inspection confirmed the 2008 and 2009 plantings are now consistent with the buffer strip SOP requirements.

Major Nonconformity CR01 was closed on 29/10/2010

Oil palms Planted On the Buffer Zones - P08 (2008 RePlanting)

Jcorp Groups

| No. | Estate/Farm | Planted Hectare (ha) | No. of palms/plants planted on the buffer zones | Field No. | Age of palms or plants now (in months) | Estimated hectares have been planted on buffer zone | Estimated stream width (m) | Implementation of Corrective Actions |
|--------------------------|------------------|----------------------|---|-----------|--|---|----------------------------|--|
| 1 | Ldg Sg Papan | 357.98 | 586 | P08 | 19 months | 4.3 | 6 m | The estate had marked the areas on the ground using the blue-white poles. |
| | | | 212 | P08A | 14 months | 1.55 | <5 m | |
| 2 | Ldg Tunjuk Laut | 163.21 | nil | nil | nil | nil | nil | 1) no issues. |
| 3 | Ldg Pasir Logok | 228.84 | 176 | P08 | 12 months | 1.29 | 4-7 m | 1) No activity has been done as the estate has identified the area as the man-made drains for water conservation. |
| 4 | Ldg Bkt kelompok | 197.8 | 420 | P08 | 12 months | 3.09 | 11 m | 1) Removed the palms from the buffer zone area and transfer to |
| 5 | Ldg Mungka | 168.41 | 268 | P08 | 14 months | 1.81 | 6 m | The estate had marked the areas on the ground using the |
| 6 | Ldg Kemedak | 175.9 | 64 | P08 | 17 months | 0.43 | 1.8 m | 1) All palms had been removed from the buffer zone area. The palms within 2.5m from the main drain had been |
| 7 | Ldg Palong | 186.55 | 247 | P08 | 11 months | 1.67 | 3 m | 1) have removed the palms which were planted on the buffer zone area. |
| 8 | Ldg Siang | 268.73 | 248 | P08 | 15 months | 1.76 | 2.44 m | The estate had marked the areas on the ground using the blue-white poles. Estate is in progress of removing the palms from the buffer zone area. |
| | | | 377 | | | 2.21 | 1.52 m | |
| | | | 18 | | | 0.13 | 0.91 m | |
| Total JCorp Group | | | 2616 | | | 18.24 | | |

Oil palms Or Planted On the Buffer Zones - P09 (2009 RePlanting)

(Jcorp Groups)

| No. | Estate/Farm | Planted Hectare (ha) | No. of palms/plants planted on the buffer zones | Field No. | Age of palms or plants now (in months) | Estimated hectares have been planted on buffer zone | Estimated stream width (m) | Implementation Of Corrective Actions |
|--------------------------|------------------|----------------------|---|-----------|--|---|----------------------------|---|
| 1 | Ldg Siang | 330.36 | 29 404 | P09 | 12 months | 0.21 2.97 | 2.44 1.52 | Palms had been removed from the buffer zone area. Palms had been removed from the buffer zone area |
| 2 | Ldg Kemedak | 230.74 | nil | nil | nil | nil | nil | |
| 3 | Ldg Mungka | 255.28 | nil | nil | nil | nil | nil | |
| 4 | Ldg Sg Papan | 297.04 | 59 | P09 | 6 months | 0.44 | <5 m | Palms had been removed from the buffer zone area. |
| 5 | Ldg Tunjuk Laut | 243.81 | nil | nil | nil | nil | nil | |
| 6 | Ldg Pasir Logok | 262.05 | nil | nil | nil | nil | nil | |
| 7 | Ldg Bkt Kelompok | 319.72 | nil | nil | nil | nil | nil | |
| 8 | Ldg Palong | 234.47 | nil | nil | nil | nil | nil | |
| Total Jcorp Group | | | 492 | | | 3.62 | | |

CR02: 5.2.2 Management Plan for HCV habitats (including ERTs) and their conservation

A nonconformity (CR02) was issued against this major compliance indicator because the Rapid Biodiversity Assessment indicated that the location of the Bukit Payung Estate boundary was not defined in relation to the Riparian Buffer Zone on the Estate side of Sungai Sedili Besar and adjacent unplanted land adjoining Bukit Payung and Pasir Panjang Estates, that was logged by a third party in 2007. Clarification of the Estate boundary is required by completing the survey to locate the boundary stones. Preparation of an HCV assessment and an HCV Management Plan specific to this area is required for rehabilitation of the logged over areas within the Estate boundary.

JCorp has implemented a Corrective Action Plan that involved a cadastral survey of the Estate boundary, HCV assessment of the area and preparation of an HCV Management Plan. JCorp engaged a surveyor who demarcated the Estate boundary and installed concrete markers for identifying the location of boundary stones.

JCorp engaged Envirologic Consultants who carried out a Rapid Biodiversity Assessment in April 2010, followed by a detailed assessment in August 2010. Envirologic has prepared a detailed HCV Management Plan that is staged over the next 10 years, commencing with immediate establishment of reserve areas for protection of HCVs followed by planting with native tree species to rehabilitate disturbed areas and enrichment planting. The timetable for the HCV Management Plan implementation is detailed below. JCorp has made a commitment to implement the HCV Management Plan and to continue the involvement of Envirologic to monitor and advise on the process.

The BSi Assessment Team has reviewed the HCV Management Plan and commitment made by JCorp to rehabilitate the disturbed logged-over forested areas. The BSi Assessment Team concludes that JCorp's actions are consistent with the intent of RSPO Indicator 5.2.2. BSi will review progress with implementation of the HCV Management Plan at the Annual Surveillance Assessment that is scheduled to be held within 12 months of RSPO approval of the Initial Certification Assessment.

Major Nonconformity CR02 was closed on 28/11/2010

Timetable for HCV Management Plan Implementation

| Ladang Bukit Payung and Pasir Panjang Logged Over Forest Conservation and Rehabilitation Management Plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------|--|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|
| Overall Objective: To maintain and improve the existing biological diversity and conservation values of the logged over forest of Bukit Payung and Pasir Panjang. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Objective Indicator | Items | Activity (Output) | Indicators (means of verification) | Focal point | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | | 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | |
| | | | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| CONSERVATION OBJECTIVE 1: Five (5) Conservation Areas with HCVs are secured and maintained. | 1.1 | Monthly muster awareness sessions about the importance of protection and conservation of the LOF HCVF i.e. no encroachment, no illegal timber removal, no hunting and wild fruit gathering. | Random interview of company workers/staff to gauge awareness. | Plantation Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.2 | Erect signage at entrance boundary of LOF warning people from entering the LOF without permission from the Plantation Management. | Physical evidence of signage surrounding the LOF. | Plantation Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.3 | Erect signage at location of Conservation Area to inform estate staff and public the location, extent of the conservation area and general information and description of species in the Totally Protected area and Protected Areas. | Physical evidence of signage in the Conservation Areas. | Plantation Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.4 | Create and demarcate buffer for all the 5 Conservation Areas of at least 50 m for totally protected area and 25 m for protected area in a circular or rectangular manner. | Paint markings around the buffer and signage. | Assistant Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.5 | Fencing where necessary especially for Conservation Area No. 1 and 5. | Physical fencing. | Plantation Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.6 | Tag, label and record the diameter size (at breast height) of the Endangered, Vulnerable and Near Threatened Species in the conservation areas. | Tags and label on trees and recordings. | Assistant Manager & Sustainability Team | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.7 | Conduct regular weeding and maintenance rounds to prevent the selected saplings and small trees from being strangled by herbs and lianas and from being excessively shaded by the neighboring trees (half yearly). | Maintenance records. | Assistant Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.8 | Conduct measurement and recording of the diameter of tagged trees to monitor growth (yearly). | Measurement records. | Assistant Manager & Sustainability Team | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Overall Indicator: By 2011, all 5 Conservation Areas are secured and maintained. | 1.9 | Terms and conditions stated in the induction form of employment of new workers that hunting, illegal timber harvesting, illegal removal of plants, illegal collection and removal of wild fruits and other illegal activities is prohibited. | Terms and conditions stated in the induction form for employment of new workers that hunting, illegal timber harvesting and any other illegal activities is prohibited. | Plantation Manager & HR Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2.0 | Increase enforcement/patrolling to halt encroachment and all illegal activities in the LOF especially in the Conservation Areas. | Endorsed time sheets and action taken. | Plantation Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |