



...making excellence a habit.™

PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

FELDA

**Jengka 18 (Seroja) Palm Oil Mill
Jengka, Pahang, Malaysia**

Report Author

Iman K Nawireja – Revised December 2012

nawireja@hotmail.com

Tel: +62 8158753414

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
3 Lim Teck Kim Road #10-02
Genting Centre Building
SINGAPORE 088934
Tel +65 6270 0777
Fax +65 6270 2777
www.bsi-asia.com
Aryo Gustomo: Aryo.Gustomo@bsigroup.com

BSI Services Malaysia Sdn Bhd (Co.Reg. 804473 A)
B-08-01, Level 8, Block B,
PJ8 Service & Office Suites
No. 23, Jalan Barat, Seksyen 8
46050 Petaling Jaya, Selangor
MALAYSIA
Tel +60 379607801
Fax +60 379605801

TABLE of CONTENTS

Page N^o

SUMMARY.....	1
Abbreviations USED.....	1
1.0 SCOPE OF CERTIFICATION ASSESSMENT.....	1
1.1 National Interpretation Used.....	1
1.2 Certification Scope.....	1
1.3 Location and Maps.....	1
1.4 Description of Supply Base.....	3
1.5 Date of Plantings and Cycle.....	4
1.6 Other Certification Held.....	4
1.7 Organization Information/Contact Person.....	4
1.8 Time Bound Plan for Other Management Units.....	4
1.9 Area of Plantation.....	4
1.10 Approximate Tonnage Certified.....	5
1.11 Date Certificate Issued and Scope of Certificate.....	5
2.0 ASSESSMENT PROCESS.....	5
2.1 Certification Body.....	5
2.2 Qualifications of the Lead Assessor and Assessment Team.....	5
2.3 Assessment Methodology, Programme, Site Visit.....	6
2.4 Stakeholder Consultation and List of Stakeholders Contacted.....	6
2.5 Date of Next Surveillance Visit.....	6
3.0 ASSESSMENT FINDINGS.....	6
3.1 Summary of Findings.....	6
3.2 Detailed Identified Nonconformities, Noteworthy Negative and Positive Observations.....	25
3.3 Corrective Action and Closeout of Nonconformities.....	27
3.4 Noteworthy Positive Components.....	27
3.5 Issues Raised By Stakeholders and Findings with Respect To Each Issue.....	27
3.6 Acknowledgement Of Internal Responsibility And Formal Sign-Off Of Assessment Findings.....	28

LIST of TABLES

Table 1. Mill GPS Location.....	1
Table 2. Projected FFB Production for 2012.....	4
Table 3. Actual Trend of FFB Production by Supply Base for 2009 - 2011.....	4
Table 4. Age Profile of the palms at each Supply Base.....	4
Table 5. Supply Base Hectarage Statement.....	5
Table 6. Approximate CPO and PK Tonnages Certified.....	5

LIST of FIGURES

1	Location Map of Felda Plantations in Peninsular Malaysia.....	2
2	Location of the Jengka 18 (Seroja) Palm Oil Mill and FFB Supply Base.....	3

List of Appendices

A	FELDA Jengka 18 (Seroja) Certification Unit's RSPO Certificate Details
B	Initial Certification Audit Programme
C	Special Audit Programme
D	Continuous Improvement Plan
E	Summary of the Nonconformities
F	Corrective Action Plan and close out evidence for Major Non Conformity
G	Jengka 18 (Seroja) Palm Oil Mill Supply Chain Assessment
H	Time Bound Plan

SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the Initial Certification Assessment of FELDA Jengka 18 (Seroja) (JK18) Operating Unit comprising Jengka 18 (Seroja) Palm Oil Mill, supply base, support services and infrastructure. This audit was conducted on 8th and 13 - 15th July 2011. BSi concludes that JK18 operations comply with the requirements of RSPO Principles & Criteria: 2007 and Malaysia National Interpretation Working Group (MY-NI) Indicators and Guidance: November 2010.

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

BSi conducted special audit on 18-19th July 2012 to verify the corrective action and implementation for the major nonconformity. During this audit, evidence of the close out of the major nonconformities and its implementation on site was assessed and verified. Beside this, assessment of the palm oil mill against the SCCS elements that related to the incoming FFB, processing, production of CPO and PK was conducted during the special audit. Furthermore the latest production and hectare data was gathered and audited to ensure the summary report includes the latest data.

With the successful close out of the major nonconformity, BSi recommends that Jengka 18 (Seroja) management unit that comprising of Jengka 18 (Seroja) Palm Oil Mill and supply base be approved as producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

a.i.	Active Ingredient
ASEAN	Association of South East Asian Nations
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
DID	Department of Drainage and Irrigation, Malaysia
DOE	Department of Environment, Malaysia
DOSH	Department of Safety and Health
ECC	Employees Consultative Committee
EFB	Empty Fruit Bunches
EIA	Environment Impact Assessment
EMS	Environmental Management System
EPD	Environmental Protection Department
EPF	Employees Provident Fund
ERT	Endangered, Rare and Threatened species
ESA	Environmentally Sensitive Area
FFB	Fresh Fruit Bunch
Ha	Hectare (s)

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

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

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

1.2 Certification Scope

The scope of Certification covers production of one (1) palm oil mill, Jengka 18 (Seroja) palm oil mill and the supply base.

1.3 Location and Maps

The Jengka 18 (Seroja) Management Unit is consists of the Jengka 18 (Seroja) Palm Oil Mill and supply bases are located in the State of Pahang, Malaysia (**Figure 1**). An additional map showing detail of the eight supply base and the palm oil mill is included in **Figure 2**. The GPS location of the mill is shown in **Table 1**.

Table 1. Mill GPS Location

Mill	Easting	Northing
Jengka 18 (Seroja)	102°33.549' E	03°35.423' N

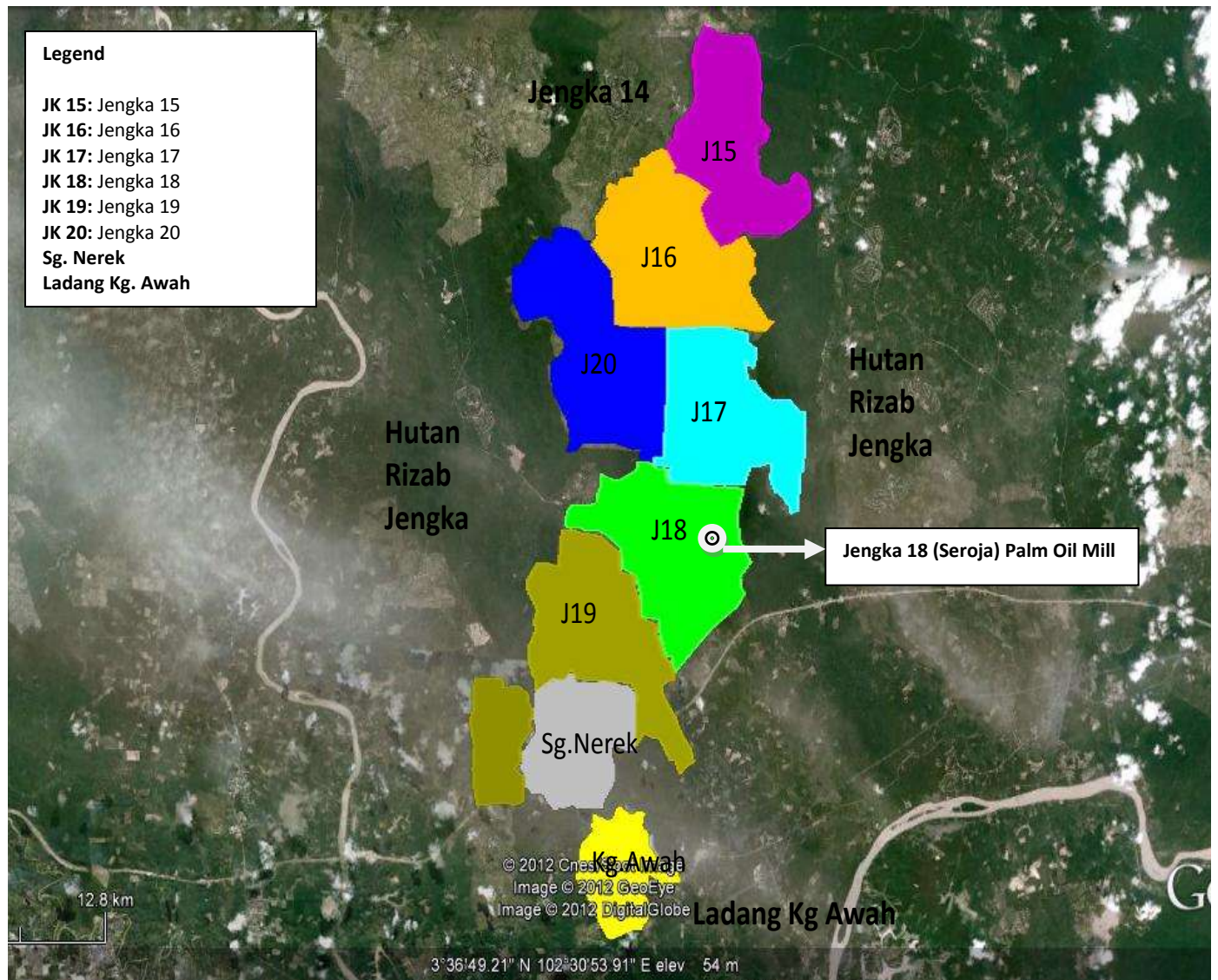


Figure 2. Location of the Jengka 18 (Seroja) Palm Oil Mill and FFB Supply Base

1.4 Description of Supply Base

It is noted that FELDA is managing smallholder plots through Felda Techno Plant and a scheme manager. In some cases, less than 5% of the smallholders manage their plots and delivering the FFB to Felda mill. FELDA Techno Plant management carry out and monitor the field works and regularly give best management advisory to these smallholders which includes harvesting techniques and maintenance. The overall field work such as maintenance, manuring, road maintenance, supervision are carried out through workers and staff employed by the Techno Plant manager. The only work carried out by this group of smallholders is FFB harvesting and transporting through their own transport. This operation is monitored and supervised by the Techno Plant field staff to ensure quality of work and traceability is maintained.

Overall more than 95% of the Felda scheme smallholders are managed as an estate by the Felda Techno Plant through the estate manager and his team similar to Felda estates. All the operations are organized by the estate manager and records are made by the estate management. Due to this reason the scheme smallholders were assessed using the MYNI for plantation/estate.

FFB is sourced from Felda's smallholders under FELDA scheme. The FFB production from the supply base is listed in Table 2. A total of 279,264 tonnes of FFB produced by the supply base and delivered to the Jengka 18 (Seroja) Palm Oil Mill. The FFB is considered as segregated. However, the palm oil mill is using mass balance supply chain requirements because there are cases where FFB from other Felda mill is received during inspection at other mills. In case where FFB from other Felda's uncertified mills is diverted to Jengka 18 (Seroja)

palm oil mill for processing, the mass balance model is applied.

Table 2. Projected FFB Production for 2012

FFB Supply Base	FFB (Tonnes)
Jengka 15	40,493
Jengka 16	29,094
Jengka 17	37,151
Jengka 18	44,861
Jengka 19	53,950
Jengka 20	42,186
Sg Nerek	23,768
FELDA Kg Awah	7,761
Grand Total	279,264

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

Table 3: Actual Trend of FFB production by the Supply Base for 2009 – 2011

Year	2009	2010	2011
Total FFB	210,937	229,508	270,321
% increase (+) or decrease (-)	-	+ 9%	+ 18%

1.5 Date of Plantings and Cycle

It is noted that FELDA Jengka 18 (Seroja) management unit supply base are all matured and already in the second planting cycle. The palms were replanted during 2001 – 2005. The palm age ranges from 7 – 11 years.

Table 4: Age Profile of the Palms at each supply base (ha)

Year Planting	1996-2001	2001-2005	2006-2010	2011
JK15	-	1,574.84	-	-
JK16	-	1,708.99	-	-
JK17	-	1,662.10	-	-
JK18	-	1,965.38	-	-
JK19	-	2,417.34	-	-
JK20	-	1,878.18	-	-
Sg. Nerek	-	955.23	-	-
Kg. Awah	-	134.29	-	-
Total	-	12,296.35	-	-

1.6 Other Certification Held

The Jengka 18 (Seroja) Palm Oil Mill holds three other certifications as follows:

i) ISO 14001: 2004 (Environmental Management Systems), dated 22 June 2013

ii) ISO 9001: 2008 (Quality Management Systems), dated 22 June 2013

iii) OHSAS 18001: 2007 (Occupational Health and Safety Management Systems), dated 22 April 2013

1.7 Organization Information/Contact Person

The contact details of the organisation as follows:

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

1.8 Time Bound Plan for Other Management Units

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

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

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

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

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

1.9 Area of Plantation

The hectare statement for the supply base is shown in Table 5. All the area is matured.

Table 5: Supply Base Hectare Statement

Supply base	Mature (ha)	Immature (ha)
JK15	1,574.84	-
JK16	1,708.99	-
JK17	1,662.1	-
JK18	1,965.38	-
JK19	2,417.34	-
JK20	1,878.18	-
Sg. Nerek	955.23	-
Kg. Awah	134.29	-
Total	12,296.35	-

1.10 Approximate Tonnage Certified

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

Table 6. Approximate CPO and PK Tonnages Certified

Jengka 18 (Seroja) Mill	Actual 2011	OER & KER	Projected 2012	OER & KER
CPO	57,911	21.42	58,645	21.00
PK	13,392	4.95	13,963	5.00

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the production of CPO and PK from Jengka 18 (Seroja) Palm Oil Mill Certification Unit and the supply base. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
3 Lim Teck Kim Road #10-02
Genting Centre Building
Singapore 088934
RSPO Scheme Manager: Mr Aryo Gustomo
Phone: +65 6270 0777 Ext 115
Fax: +65 6270 2777
Email: aryo.gustomo@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 Management Systems provides independent, third party certification of management systems. BSI has a Regional

Office in Singapore and an Office in Kuala Lumpur and Jakarta.

2.2 Qualifications of the Lead Assessor and Assessment Team

Iman Nawireja Lead Assessor

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

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

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

Senniah Appalasy – Assessor

He holds degree in Resource Economics from Agriculture University of Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS and RSPO NPP in Malaysia and Indonesia. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course and International Sustainable Carbon Certification (ISCC) Lead Auditor training. Beside RSPO, he is also qualified as ISCC lead auditor. He have

experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

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

2.3 Assessment Methodology, Programme, Site Visit

The assessment was organised in three stages. The Stage I Assessment was conducted on 9 – 11th December 2010. This pre assessment was conducted to determine the progress of Jengka 18 (Seroja) certification unit towards certification process. The pre assessment scope included the company managed pal oil mill and supply base.

Stage II Assessment Visit (Initial RSPO Certification) for FELDA Jengka 18 (Seroja) Palm Oil Mill and Supply Base was conducted on 8th July and 13 - 15 July 2011. The assessment plan is included as Appendix B.

There was a special audit conducted on 18 – 19th July 2012 to verify the close out evidence of the major nonconformity raised during initial certification assessment and its implementation. During this special visit the palm oil mill was assessed against the SCCS document dated 25th November 2011 to verify the implementation of the supply chain elements. The latest FFB, CPO and PK production data was collected and verified during this special audit.

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

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

The audit to close out Major Corrective Action Requested was conducted between on 18 – 19th July 2012. The major non-conformity was successfully closed due to action taken being effective.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by placing an invitation to comment on the RSPO, BSI and FELDA websites.

Letters were written to individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, meetings were held with stakeholders to seek their views on the performance of the company

with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees; sub contractors and suppliers.

External stakeholders included organizations such as Government, NGOs and Civil Societies surrounding the operating units, who have an interest in the Felde's operations.

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

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

List of Stakeholders Interviewed

Workers and Staff

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

Local Community
Government Officials
Labour Department
Forestry Department

Non Government Organization

2.5 Date of Next Surveillance Visit

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

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

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

Indicators to support the finding of the assessment team.

During the assessment one (1) nonconformity against Major Compliance Indicators and two (2) Nonconformities against Minor Compliance Indicators were identified. Thirty five (35) Observations/Opportunities for improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2.

Felda Jengka 18 (Seroja) has prepared a Corrective Action Plan (Appendix F) for addressing the identified major nonconformity. This Corrective Action Plan was reviewed and accepted by BSi Lead Auditor. The implementation of the corrective action plan and evidence of closing out the major nonconformity was checked and verified during the special audit.

BSi's assessment of Felda Jengka 18 (Seroja) operations, comprising one palm oil mill, supply base, infrastructure and support services, concludes that Felda Jengka 18 (Seroja) certification unit's operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NIWG Indicators and Guidance: November 2010.

BSi recommends that Felda Jengka 18 (Seroja) be approved as producer of RSPO Certified Sustainable Palm Oil.

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

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

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

At Jengka 18 (Seroja) Palm Oil Mill, Chief Clerk is the person who responsible for receiving, handling and responding to request. For example, mill required filling out regular MPOB questionnaire monthly. Inspection indicated report of the last month (June) was submitted at 05 July 2011. Record held on file "Perkara MPOB".

JK16E: MPOB requested monthly FFB production to be reported on monthly bases no later than 7 every week. Inspection to estate confirmed that estate responded promptly to respond of request, e.g. estate had filled out and sent MPOB survey for June at 04 July 2011. Record held on file "Laporan PL 8.1."

1.1.1. Observation: Inspection of Record of Request indicated that Felda JK18E did not respond promptly to information request. For example MPOB required estate to fill out a monthly online questionnaire on oil palm production by 7th of each month, at the latest. However, record of respond to the request from MPOB indicated that it is not sent until 14 July 2011. Record held on file "Pernyataan Bulanan BTS – Porla".

JK20: MPOB required estate to fill in questionnaire every month. Inspection to the record indicated timely responds. For example, MPOB sending letter on 30 September 2010, advising estate to fill in the questionnaire since 01 October; estate filled out the questionnaire on 09 October 2010. Record held on file "Laporan Porla".

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

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

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

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

JK 18 (Seroja) palm oil mill hold land certificate from State of Pahang Government in the form of leased title (Pelan Tanah – Hak Milik Sementara No. Lot: PT 17480). The title is valid until 24 August 2064. Records held on file "Law and Regulations (Pematuhan kepada Undang-Undang dan Peraturan Berkaitan)".

JK16: Farmers are given a copy of contract scheme, paid off planting cost, contract agreement, land title, training on IPM, charge and fees are available to public. Inspection to estate record confirmed that estate holds a copy of every land title, e.g. Geran Hak Milik No. 2322 Lot 9872 around 4.025 hectare belong to Ahmad bin Demon. When the scheme was started in 1977, the lands were planted to rubber. There were a total of 284 settlers.

Originally the JK18 scheme was consist of 468 settlers when it was developed in 1977. During first replanting on 2003; as many as 311 keep to join the Felda scheme, while another 157 settlers prefer to manage on their own and send the FFB to Jengka 18 (Seroja) palm oil mill. Currently, all of the settlers already have land title. Original land title was kept by the owner but Felda hold the copy on site, for example certificate No. PT 2522, 4.008 hectares, dated 24 October 2000 expired on 23 October 2099.

JK20 consists of 409 settlers when the Felda was initially developed 1978. Following replanting in 2004, 102 of the settlers were prefer to manage the plots themselves, even though they keep sending its FFB to Felda owned mill. All of the settlers already granted land title. JK20 keep each copy of the certificate, while the owners hold original. Inspection to the document confirmed the copy available on site. For example, Grant No Lot 35303 for area of 4,145 hectares belongs to Mokhtar Bin Mat Piah.

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

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

1.2.2. Observation. Follow up and monitoring of the safety and health plan was not sufficiently implemented in accordance to CHRA and HIRAC.

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

A605205/1 A non conformance was raised against major indicator 1.2.4. Since there is no appropriate recycling documents to show recycling activities has been carried out within the estates such as pesticide containers and reuse pesticide containers cleaning wastewater.

Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan prepared in 01 October 2008 and have been updated each year. The current updates are made available to the public.

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

The Social Impact Assessment & Management Action Plans for JK 18 (Seroja) Palm Oil Mill and its supply base was initially prepared in July 2007 and being a five years plan this runs until June 2012. The plan is updated with improvements made and actions taken each year and the status of these action. This latest review was made available upon request.

An Improvement plan with objectives and targets is detailed in Environmental Impact Assessments, Management Action Plans and Continuous Improvement Plan is prepared and is continuously updated with the latest update issued in October 2010.

Continuous improvement for the mill and supply base was prepared. The plan can be made available upon request.

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

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

Jengka 18 (Seroja) palm Oil Mill had obtained permit of overtime limit 130 hours per month for the period of 01 January 2011 – 31 December 2011; permit no. PP8/10604/2011/0001 dated 14 January 2011. Inspection to mill payroll record confirmed that there was no exceed of overtime limit of 130 hour per month as required by Kuantan Labour Department. Mill Boiler Emissions were tested on 17 April 2010, by Nabbir Laboratory (KL) Sdn Bhd found that dust particulate is lower than emission limit stipulated in Regulation 25 on Environmental Quality (Clean Air) Regulation 1978.

Mill holds DOE licence for land use dated 08 August 2008, electricity permit in accordance to Electricity Act (Akta Bekalan Elektrik) 1990 issued by Energy Commission (Suruhjaya Tenaga). MPOB license No. 521612004000, DOE license on Clean Air No. 000888.

2.1.1. Observation: Inspection indicated most of the requirements were fulfilled, however, sometimes upset of waste water were occurred e.g. on January, February and March 2010 and May for 2011. The black smoke indicator for June 2011 as recorded by ringelman indicated several upset but still less than 5 minute per hour; also less than 15 minute for 24 hour.

According to the above permit, effluent transport should using separate system from rain water drainage; flow meter reading should be done daily and reported monthly not exceeded 14 days. Tri monthly report on should be reported not exceeded than 14 days and approved by registered chemist. Air pollution monitoring should be conducted every six month according to Malaysia Standard (MS 1596: 2003) and reporting should not exceeded 14 days from the

sampling date. Latest result dust boiler (3 stacks) particulates 0,3510 g/Nm³ and 0,3816 g/Nm³, and 0,3320 g/Nm³, monitoring date 4 May 2011. Stack of incinerator should be monitored.

Monitoring System (CEMS) for air quality recording and alarm system on particulate concentration and emission load (max 0.4 gr/Nm³) is fixed and in testing period.

Hazardous storage facility is available; however, storage duration was over limit. Mill has sent an application letter to Hilap Huat Chemicals Sdn Bhd on 4 October 2010 to transport Hazardous waste (SW 305/SW306/SW307/SW312/SW410) to avoid storage more than 6 months as regulated by DOE, however, DOE has not yet replied.

Inspection to all facility at mill and estates indicated symbol of hazardous chemical and/or waste in terms of standard dimension and colour/logo did not comply with government standard. POME effluent, which was treated at the Jengka 8 wastewater treatment facility, did not meet the DOE standard. Monsoon drain water quality exceeded standard of wastewater as required by latest DOE letter AS: C31/152/000/074jld, 3 (04).

Drinking water from government source, Pahang water department—assumed to meet drinking water requirement.

List of applicable regulation updated on 05 July 2011 (Form No. FPI/L4/QOHSE-2.1 Pind 0); record held on file “Legal and Other Requirement). All major applicable Licenses and Permits are displayed at both the Mill and the Estate. Examples are given in the following:

Jengka 18 (Seroja) Palm Oil Mill holds MPOB license No. 500193804000 valid until 31 March 2013. License of environmental No. 000890 dated 24 March 2011 expired on 30 June 2013. JK16: MPOB license No. 200673 – 101000 valid 30 June 2015, all license are listed and sighted during the audit. JK18 hold MPOB License No. 508356002000. JK20: MPOB license No. 501013902000, valid until March 2013.

HQ Legal Department updated every new regulation to regional offices. Regional office subsequently distributes the regulation to all operating unit. On site, the manager is responsible for legal compliance who later delegated to officer if necessary.

At the mill, the last legal audit was carried out on 5 July 2011. Record held on file “Legal and Other Requirement”. At estates, Regional Office has staff whose main responsibility is carried out regular check of permit expiration. Regional office sends reminder should a license about to expire to every operating unit for further action. JK16: estate has updated legal list on 29 June 2011—all showing compliance. JK18: holds list of legal requirement however it is undated. Estate has also Record on legal requirement monitoring “Pematuhan Undang-Undang”.

A mechanism of the tracking of law changes has been developed. There is a documented system with regards to the controlling of information on legal requirements – this documentation ensures that all applicable legal requirements are implemented. A Management staff member is also allocated the task of ensuring the legal and other requirements and available in each relevant area. Further HQ has prepared a flow chart (Mekanisme Pengesanan Perubahan Undang-Undang), has been developed and is in place to allow tracking of any legal changes. HQ provides legal updates on all applicable legislation throughout FELDA operations. HQ Legal Department updated every new regulation to regional offices. Regional office subsequently distributes the regulation to all operating unit. At field level manager is responsible to ensure legal compliance being met, which later delegated to officer if necessary. There was no change in regulation in recent years.

On 28 December 2010, FelDA HQ disseminates procedure on identifying changes in legal requirements “Mekanisme Pengesanan Perubahan Undang-Undang” of tracking and updating laws and regulation. FelDA get updated of legal changes from various sources, e.g. newspapers, MDC book publication, and relevant organization (MPOA, MPOB, MAPA, etc). Once there is a change in regulation, then FELDA will notify operating unit with a number of means, company circular and bulletin, or email. At operating unit; mill has assigned assistant to carry out update of applicable regulation. This system has run even before the procedure was issued, e.g.:

JK16, at 13 July 2010, HQ notifies changes on the duration of tenure of foreign workers at certain sector. Record held on file “C.2.1. Pematuhan Undang-Undang”. JK18E: For example, circular on the health insurance takaful deduction dated 25 April 2011 from HRD FelDA – KL. Record held on file “SP Jawatan Pengarah Sumber Manusia”.

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

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

Jengka 18 (Seroja) Palm Oil Mill: Land permit (Pelan Tanah – Hak Milik Sementara No. Lot: PT 17480 granted by Pahang Government. The permit is valid until 24 August 2064. Records held on file “Law and Regulations (Pematuhan kepada Undang-Undang dan Peraturan Berkaitan”.

JK16: The land is under “Akta Tanah (Kawasan Penempatan Berkelompok) 1960 (Land Act 1960); that is

belong to government (JSE) which cannot be transferred without government approval. Felda Program in Jengka 16 was started in 1973, when Felda developed rubber estate after getting approval from Pahang government. In 1977 settlers arrived, and currently all of the settlers has paid the debt off. During replanting in 2003, there is a conversion of crops to oil palm following a smallholders voting, where the vast majority of smallholders choose to convert their crops into oil palm. JK18E: The land was first developed from forest into oil palm in 1973 under GSA. Currently all farmers already have land title. JK20E: First developed in 1987 under GSA.

Inspection to JK 18 (Seroja) palm oil mill land title (Hak Milik Sementara No. Lot: PT 17480) confirmed term of the land is for palm oil mill. JK16: The land title term and condition is for oil palm planting. JK18: Inspection to sample of land title e.g. grant No. PT 2522 and PT 19404 confirmed term of the land is for agriculture use. JK20E: comply with term of the land, oil palm plantation. For example, lot No. 35303 belongs to Mohthar bin Mat Piah, term and condition are for agriculture in general from Land and Survey Department Maran.

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

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

JK18: Inspection to the sample of boundary stone at forest reserve “Hutan Simpanan Melayu Bukit Segumpal”, PKT IB – Block 6 confirmed the boundary stone was available and well maintained.

JK20: Estate has carried out survey to reiterated boundary stone along Jengka Forest Reserve. Inspection to boundary at Block 13 confirmed boundary stone is maintained, however, from total 10 boundary stone only peg no. 78/599 and 73/314 that visibly maintained. Record held on file “Hak Menggunakan Tanah”.

A605205/5: A Non Conformity was assigned against Minor Indicator 2.2.3., as in JK16E, Felda has a channel along the estate boundary to prevent elephant and wildlife attack as well as delineate estate boundary and forest reserve. Inspection to the boundary found a sample of boundary stones adjacent to the forest reserve “Hutan Simpan Jengka”, however, it was found that some of the boundary stone are either missing or cannot be located.

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

there has been no complaints been lodge either to mill or estates.

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

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

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

There is in place an implemented management plan that aims to achieve long-term viability for Felda Sdn Bhd as well as the whole FELDA Group. There are in place annual budgets with projections until 2014/15. These projections are split into each operational group.

The cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne.

Forecasts are in place for the next 5 years, at least on a rolling basis, for replanting. The Five Year re-planting programme is reviewed on a yearly basis at least.

The Mill has an annual budget with a two years projection and five years projection for business plan. HQ prepare monthly budget for all operating unit (mill and estates with a two years projection), in form of data bank online systems accessible to all mills and estates; hard copies are available on site (e.g. Bajet Modal, Bajet Senggaraan (Maintenance). Beside monthly budget; operating unit also prepared ten years business plan include performance objectives and targets related to production, including efficiency and quality e.g OER, KER, cost, quality of FFB, price, bag-lock and mill losses. Record held on file “Anggaran BTS”.

For all operating units, budget available for the period of 2011 – 2013 on “Azas Perkiraan Belanjaan Ladang Berhasil”, including estimation of FFB yield (tones/ha), FFB price and cost prediction for three years from 2011 – 2013.

Replanting program is part of five years plan. For JK16/JK18 Replanting was completed in 2003. Second replanting not due until next 15 years, as such there is no need of replanting program at the moments.

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

Feldda have “Feldda Manual Procedure of Quality, Safety, Health, and Environmental (QOHSE)” for the Estates, the Mill and other pertinent areas of operations such as

stores and workshops available in Bahasa Malaysia. Standard Operating Procedures (SOPs) are also in place for each operation in the process from weighbridge to storage as well as in each estate.

Observation 4.1.1. At JK18/20 SOP are available, however, CHRA has not yet been considered as the source of information on the important measure to be taken. The SOP can be improved by develop it based on the risk or hazard level of the chemical assessed. There is no alarm available on site. Inspection to the fertilizer store indicated SOP was displayed on the wall but not fully implemented.

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

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

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

Mill Advisor visits the mill regularly with the most recent visit was between 23 and 24 December 2010. Report arrived at mill on 27 December 2010. Four key issues were raised; mill prepared an improvement action plane at the early of January 2011. Inspection to the record indicated that most of issues have been resolved at 15 January 2011. Record held on file "810/720/SRJ/144PT1".

The SOP's are further supported by routine regular scheduled preventive maintenance. This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure ongoing production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported and followed up to ensure documented practices are being followed.

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

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

The EMS/OHS system requires that records of monitoring are kept e.g. Drain and Pollution Control Devices (PCD's), as well as use of Personal Protective Equipment (PPE), etc. and any actions taken such as cleaning of PCD's are recorded.

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

Observation 4.1.2. JK16: JKPP8 report is not been filled out and there was no evident that this form has been sent to the JKKP. JK18E: JKPP8 report has not been filled out properly, no record of action is available on site. JK20E: JKPP8 report has been filled out but there is no JKPP acknowledgement of receipt.

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

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

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

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

At JK16, the most current monitoring was carried out on 02 February 2010 by Felda Agricultural Services Sdn Bhd. Beside the result from the leaf analysis, the monitoring result was used to develop annual fertilizer recommendations for the year 2010. Similarly visit was conducted on 3rd January 2011 as well. Estate manager ensure that fertiliser application matches the recommendation. While at JK18E, annual monitoring was carried on 25 July 2009 for the year 2010

recommendation. Monitoring in 2010 was on 4th February 2010 and on 5th January 2011 for the year 2011.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients and are applied to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB. At JK16E, at the time of soil sampling FAS also carried out annual inspection of the palms and leaf sampling to monitor nutrient status. Soil nutrient status is assessed by review of the leaf tissue analysis results. Soils are sampled and analysed for fertilizer requirement. Last report on leaf sampling was 02 February 2011. Estate holds a summary of the results on file "Percontohan Baja".

JK18E/19: The last tissue and soil sampling was carried out on 19 April 2011 record held on file "Kesuburan Tanah".

JK16. Felda applied EFB application at block A and B on April 2010; for example in 13 April 2010, 33.77 tons of EFB have been applied to Block A. No POME application.

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

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

Inspection indicated JK16, JK18, and JK24 are located in a relatively flat area, no area more than 20 percent gradient. At JK24, even though located in relatively flat area, however, during replanting LCC is evident.

Through effective ground cover JK18 estates attempt to avoid bare and exposed soils as far as possible. Inspections also check on the amount of ground cover plants, plantings especially in steeper areas where required to ensure that risks of erosion are reduced and eliminated when possible. Effective frond stacking is also instrumental in preventing erosion in steeper areas.

In all estates there is terracing in areas to reduce soil erosion. In the areas of replanting in Jengka 18 there is an amount of terracing – slopes are not in excess of 15°. However any terraces that require remediation are being repaired during the replanting as required. To prevent erosion, cover crop (CC), is introduced at the time of the formation of the terraces and once palms are mature, the pruned fronds placed in a position to reduce erosion in the form of frond boxing. Rainfall run off is minimised where necessary by construction of strategically placed drains. Inspection of field conditions confirmed that Felda has implemented appropriate practices for minimising soil erosion. These include stop bunds on terraces and maintenance of adequate

groundcover vegetation. Inspection to the estate indicated good ground cover.

Inspection of field conditions confirmed that Felda has implemented practices for minimising soil erosion. These include stop bunds on terraces and maintenance of adequate groundcover vegetation. Inspection to the estate indicated good ground cover; cover crop is well established in some estates and this keeps erosion controlled effectively.

Inspection confirmed field roads are surfaced with gravel and well maintained. The Estate has an annual programme of grading, resurfacing and roadside pruning for maintenance of roads as part of "Perancangan Kerja 2011", where road maintenance be carried out between March and June 2011. Inspection to the record indicated Felda has assigned contractors to maintained road, e.g. at 15 March 2011 Felda assigned "Koperasi Felda JK 18 to Carry out road maintenance. Inspection to the estate indicated that road is well maintained.

Inspection to soil map and ground confirmed no peat soil in the Felda area.

Also there were no sandy or acid sulphate soils, which required special treatment.

Sprayers follow the spraying guidelines as set out in the SOP's. The sprayers are constantly being monitored by the supervisors and estate managers to ensure pesticide spraying is effective.

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

Estate has prepared a road maintenance programme for 2011. Inspection to the field indicated good road. The road management plan for JK16 show details of actual roads to be graded and maintained in the road management plan. It also indicates dates and roads to be maintained as well as whether the plan has been followed.

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

Techniques used to minimise soil erosion are described in a SOP and include best management practices. Estate to ensure 3-meter wide river buffer zone is maintained consistently.

The riparian buffer zones in the estates were inspected and found in general to be maintained in good condition and within the limits as prescribed by the Government of 20 metres width on both sides of streams. All permanent watercourses have buffers in place and these comply with the permits respectively. Extensive buffers are in place in all estates and are on estate land and are

indicated on each estate map. There are signs in place to protect these buffers from encroachment by outsiders. Any palms planted in buffers previously are no longer fertilised or treated with pesticides/herbicides and will not be re-established at the next replant. It is also ensure that native species of trees are used in all areas where buffer trees are planted.

Bird life was observed in abundance at riparian areas. Stream bank areas are planted with plant species to prevent erosion on steep natural banks and on the sides of drains.

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

Observation 4.3.3. In all estate buffer zone have been delineate along the river and mapped; however riparian buffer zone has not been marking consistently for future replanting.

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

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

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

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

Observation 4.4.3. Mill wastewater (POME) was treated by facultative system before discharging off the small river. POME monitored weekly according to the DOE requirement. A visual evident shown the dilution factor on the river was too small when there is no rain. A documented programme is required to mitigate this evident and prioritize the impact to the river in the aspect and impact register.

At JK16, the daily rainfall has been recorded daily since 1973. Rainfall information is used for crop forecasting and the timing of fertiliser application and upkeep. While at JK18, the rainfall monitoring was started since 2005 “Kualiti dan Kebolehdapatan”. At JK 24 monitored since 2006 record held on file “Laporan Hujan”

Jengka 18 (Seroja) Palm Oil Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB. A target value of 1 mt/mt CPO have been set and graphed; inspection to the mill record indicated target value has been met since February 2011. Record held on file “Environment & Biodiversity”.

4.4.5. Observation. Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, and put into the graph against target value. However, the water used for process not yet separated from overall water usage, so that ratio of water use/tonne FFB processed cannot be calculated precisely. Mill may need to install water meter separately for process water monitoring.

There is no water drainage the protected areas. Effluent was minimised with POME reused for hydration at fertilizer area, and if overloaded the Wastewater (POME) will be treated on Jengka 8 Facility. According to DOE permit No. AS: C31/152/000/074jld,3 (04) POME must meet following requirements: BOD3 (300C) < 100 mg/l; SS < 400 mg/l; Oil and Grease < 50 mg/l; Ammoniacal Nitrogen < 150 mg/l; Nitrogen total < 200 mg/l; pH between 5.0-9.0 and temperature < 45°C, sampling weekly and reporting weekly. Currently, Jengka 18 carried out sampling and reporting of final POME sampling and analysis to DOE. Inspection indicated that the mill should also maintaining same POME (Jengka 18) quality records. The facility planned to treat POME on the new Wastewater Treatment Facility that located on Jengka 21 Mill with additional compost plant.

4.4.7. Observation. Plan for improvement of mill wastewater treatment system is pending until optimum capacity is reached (currently the mill is run under maximum capacity).

A Mill Water Management Plan has not yet been prepared and there is inadequate control of water usage and treatment of monsoon drain wastewater for protection of downstream areas. There is a plan for treating wastewater (POME) using an-aerobic system in the tank following with facultative wastewater treatment (reutilize old water pond) and polished by aerobic system. The an-aerobic system to improve the waste water management was planned to complete by end of 2010. However during the audit in July 2011, it was noted that there was some delay to commission the system due to the contractors unable to supply the equipment on time. During the special audit in July 2012, the system is already operating.

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

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

There is an Integrated Pest Management Programme (IPM) for specific pests as documented in FELDA Manual Operasi Ladang Sawit Lestari. There is a measurement of the amount of each pesticide used and type for each specific pest. At the present time there are no outbreaks of Leaf Eating Caterpillars – for which methamidophos is used. Beneficial plants have been established along the main access roads, including *Turnera subulata* and *Antigonon leptopus*. Rhinoceros beetle handle by beetle trap (1 trap for every 2 hectares), pheromone for rhinoceros beetle, and stack trap for rhinoceros beetle.

Barn owl also implemented but the target to reduce chemicals by IPM implementation not yet set.

4.5.1. Observation. An IPM documentation (including pesticide uses, barn owl and rhinoceros beetle) is sighted during the assessment as per FELDA Policy; however, there was no document available in each estate which shows yearly IPM implementation.

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

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

The last rat bait was on 2009. Bait replacement/intake is 19%. The baiting is stopped once the bait replacement/intake fall below 20%.

Beside rat damage census, leaf eating pest census system is in place for bagworm. The census is carried out by the trained workers and supervised by assistant manager. There was no serious leaf eating pest incidents. Barn owl occupancy census is carried out by individual operating units.

JK24: As many as 77 barn owl boxes were installed in all concession, monitoring every three months. The last monitoring held on 15 October 2010, with occupancy rate of 15.5 %. Record held on file "Laporan Pungguk Jelapang/Tupai/Tikus"

The Integrated Pest Management Plan (IPMP) has been recently updated and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. The IPM is monitored on a regular basis with regards to Rat infestations. There is a census of palms and bunches affected by rats and the percentage of damaged palms against undamaged is measured. The lower the percentage the more successful the IPM.

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

JK24: Estate carried out monthly monitoring of pesticide usage "Laporan JKKS Bulanan"

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

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

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

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

JK21E/14: The Estate commenced monitoring pesticide usage units per ha since 2007. However, there is insufficient information for a trend of usage and need to put into graph.

JK24: Insufficient information on trend, and a need to put into graph.

4.5.4. Observation. JK16: Record of Monitoring of pesticide usage units per hectare or per ton crop can improve by putting the date to graph to show trend. JK18: Area of pesticide application recorded as Rumusan Bancien Serangan, however, there is no records showing the reduction of pesticide use due to IPM implementation.

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

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

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

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

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

Records of chemicals used, areas treated, amount applied and frequency of application is recorded and controlled via the Pest Management Plan and are available. The records of pesticide are available. The information includes amounts used per hectare and number of applications per year.

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

4.6.3. Observation. Inspection found that water for emergency washing was not always available when needed.

There is no aerial spraying of pesticides.

Chemical sign and labels in the mill chemicals storage need improvement in order to meet government requirement (appropriate size of sign and colours). Most MSDS still in English that may not be understood by the workers language need to be in Bahasa Malaysia. Inspection to JK24 for example found that more than 50% of MSDS is in English.

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

- Pesticide Mixers
- Pesticide Sprayers

The training records also show the training topics covered.

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

There is a minimum requirement of PPE that must be worn/used in the handling and application of pesticides. Some chemicals such as methamidophos require more extensive protection and this is nominated in the SOP's for pesticide application. There have been no uses of Methaidophos or Monocrotophos during previous twelve months.

Felda has purpose built pesticides stores. Storage of chemicals is in specially locked areas with restricted access. Inspection at each estate confirmed the stores are secured, signed and are well maintained with good separation of chemicals, spill containment, provision of PPE, and water available for washing.

4.6.4. Observation. Inspection to the chemical store indicated more than 50% of MSDS is in English. These are might not be understood by the workers.

Annual CHRA was carried out by a DOSH a registered doctor (CHRA Industrial Hygiene Service Sdn Bhd) on July 2009.

Medical surveillance for diesel exposure workers and boiler workers were carried out by DOSH registered doctor (Klinik Sulaiman Temerloh) at 19 October 2010. Annual surveillance for sprayers at 15 October 2010, record "Medical Surveillance".

No women sprayers.

4.6.5. Observation. Surveillance has been carried out at some estate and surveillance report is in place. Consideration can be given to follow CHRA recommendation.

Records held on file – confirmed that Class 1 chemical has not been used since mid 2005. Actually the use of paraquat is reducing in 2011. During the special audit, it is noted that the overall paraquat used in 2011 is reduced compared to 2010. The total paraquat used in 2010 is 0.30Lit/ha. compared to 2011 the usage is 0.29Lit/ha.

The observation was raised because the reductions by the operating units are very minimal. It will be useful to look for alternative to paraquat to ensure significant reduction.

4.6.7. Observation. An observation is raised due to the reduction by the operating units are very minimal and there is a need to find alternative to paraquat.

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

Health checks are conducted for pesticide handlers. These are carried out by the clinics on a monthly basis and annually by an Occupational Health Doctor (OHD) via a physical check and annually as per the CHRA for plantation pesticide operators. Records of these checks are kept in each clinic, and for annual surveillance CHRA in each estate office.

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

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

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

- Estates
- Mill
- Workshops
- Clinics
- Stores

Safety Policies have now in place and current.

- a) There is health and safety policy in place. Safety measure such as high noise level area, fire extinguishers locations, and evacuation map are available at the announcement board close to mill entrance. Inspection also confirmed every high-risk area are appropriately signed.
- b) JK 18 (Seroja) palm oil mill hold Chemical Health Risk Assessment (CHRA) by third party prepared on 04 July 2009 covered all operational areas. Report issued on 18 October 2009 indicated 4 inadequate and 9 improvement points. Hazardous waste storage permit extension application has been sent to DOE on 2010, but there is no response yet been received.
- c) The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2010, for workers and contractors workers. The Estate maintains records for individuals—file “Kemampuan, Kesedaran, dan Latihan”. The last training was held on 01 November 2010 (induction training for new workers). Felda have training programme for its employee. Records held on file “Latihan Para Pekerja”.
- d) Mill has provided the correct PPE but implementation needs improvement as some workers appear reluctant to wear it. Inspection to the mill found an evident of incorrect use of PPE on the hot work condition, e.g. workers did not wear gloves at hot workstation.
- e) The Mill Manager is the designated person. The Executive Assistant Manager is the designated safety coordinator.
- f) There is first aider on the facility and HSE Officer.
- g) Confirmed that first aid equipment was available on strategic area.

4.7.1. Observation. Mill has provided PPE for free, however, implementation requires improvement to ensure correct use and improve awareness among workers to the safety in the working place.

PPE is provided as per requirement. Implementation requires improvement. Observation is raised and area for improvement to ensure regular drills is carried out. Accident records are as per DOSH requirements. Quarterly review is carried out during the quarterly Safety Meeting.

4.7.2. Observation. Records of JKPP8 reported to HQ monthly and to government annually, but quarterly review is delayed.

There are emergency procedures in each estate and these are tested to a large degree. There is emergency procedure and evacuation point, but there is no record of evacuation drill. There are vehicles available for emergency evacuations in the field for illness and injury however these could be tested so that workers and

management can be confident that response to any emergency will be quick and effective.

Emergency Shutdown procedures are available in the mill and are in the local language however it could not be demonstrated that these procedures have been tested recently.

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

The company has first aider on the facility and HSE Officer trained first aiders and first aid kits in all field and millwork areas that are checked and restocked regularly. A number of First Aiders are available in the mill at all times including day and afternoon shifts.

There is accident records at the mill involving on hot work accident on boiler burning chamber door, is being follow up by JKPP8 and mitigation form and improving SOP. The records reported to HQ monthly and to government annually, but there is no quarterly reviewing. While in estates, accident was recorded but mitigation report (Siasatan) not yet filled out properly.

A dedicated person has been appointed as the overall OHS Manager who coordinates all OHS matters. Furthermore an OHS representative has been appointed in all operations areas.

All areas have regular meetings to discuss OHS. These are now scheduled at 3 monthly intervals for all operational areas. There is a standardised agenda and meetings are conducted following workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety like use of PPE.

Minutes are kept of all meetings and these are distributed to certain workers to carry out actions as a result of these meetings within given timetable and time frames. The OHS representatives are also responsible for taking the information to other fellow workers and contractors via morning musters. Records of topics discussed a morning musters are available.

In Estates workers appear to use PPE in the correct manner as required. Dust Masks and Respirators are made available for all workers in dusty areas or involved in chemical mixing and spraying. See comments earlier in this report with regards to the use of PPE within the mill.

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

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

All Malaysian staff and workers are covered by SOCSO, and in addition Takaful Klg Berkelompok covers all Felda staffs and workers.

JK21/14: Foreign workers: BH Insurance (M) Bhd.

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

Records of all accidents and incidents are kept for each estate and the mill.

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

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

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

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

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

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

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

JK 18 (Seroja) palm oil mill: The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2011, for workers and contractors workers, prepared on 11 May 2011. The Estate maintains records for individuals – file “Kemampuan, Kesedaran, dan Latihan” – last training 01 November 2010 (induction training for new workers).

JK16E: The estate has an Annual Training Programme with a schedule of monthly trainings for the 2010, for workers and contractors workers. The Estate maintains records for individuals – file “Latihan”. The last training was held on 24 September 2010 on recycle program for workers.

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

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

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

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

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

An Environmental Aspects and Impacts Register has been developed and is reviewed and updated at least annually to indicate any progress made in the plan and the results that have been achieved in the intervening period. These aspects further nominate which are the significant. This register scope covers all operations of Jengka 18 (Seroja) Palm Oil Mill and Estates.

Jengka 18 (Seroja) Palm Oil Mill has an Environmental Aspects and Impacts Register (updated on 07 October 2010), covering all aspect and impact of its operations. Record held on file “FPI/L2/QOHSE-1.0”. JK16E hold “Dokumen Penilaian EAIA dan Kesan Risiko Dipantau dan Dikemaskinkan”. Prepare on 28 January 2010. In JK18E, Environment Aspect and Impact register were prepared at 05 January 2010, covering all aspect of estates activities from transporting workers to field, harvesting, spraying, fertilizer application. The assessment later used as base for management plan. Record held on file “Aspek, Impak & Pelan Mitigasi Alam Sekitar.

5.1.1. Observation. JK16: Estates prepared aspect and impact of its operation (file borang 5.1/5.6), however, the register need to be improved to reflect impact to the environment and its mitigation; JK18: Environment Aspect and Impact register prepared but there is no significant impact due to poor scoring system; JK20: Aspect Impact was developed with 3 significant impacts, but mitigation plan was developed for 2 impacts only.

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

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

5.1.2. Observation. Plan need to be developed in accordance and relevant to the finding in aspect impact register and should prioritize on Pollution Prevention.

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.

JK16: Estate had internal HCV identification and assessment for both mill and estates. The estate is bordering with Jengka Reserve Forest, where ERT have been identified. Assessment concluded three HCV present on site, e.g. HCV 1, 4, and 6. However, the HCV assessment can be improved by incorporated information from public consultation as well as consult to Forestry Department and Wildlife Office, to determine status the HCV.

JK18: In house HCV assessment was prepared on July 2008. Record held on file “Status specis jarang ditemui, terancam, & pupus”. Public involvement have been sought in form of survey in 21 August 2010 to 121 stakeholders, however, the result has not been included in the report—there have been no HCV inside the estate. Need to be improved by identify ERT found not just simply indicated certain HCV (1&6) without sufficient explanation on it.

JK20: In house HCV assessment already carried out by Felda Staff. Draft of the HCV assessment is available on site. Inspection to the HCV Assessment report indicated that the presence of HCV in and around the property was not properly assessed; as robust methodology to determine the presence of HCV has not been employed. Opinions of Wildlife Department need to be sought and incorporated into the assessment.

Observation 5.2.1. JK16: Estate had internal HCV identification and assessment for both mill and estates. The estate is bordering with Jengka Reserve Forest, where ERT have been identified. Assessment concluded three HCV present on site, e.g. HCV 1, 4, and 6. However, the HCV assessment can be improved by incorporated information form public consultation as well as consult to Forestry Department and Wildlife Office, to determine status the HCV. JK18E: In house HCV assessment was prepared on July 2008. Record held on file “Status specis jarang ditemui, terancam, & pupus”. Public involvement have been sought in the form of survey on 21 August 2010 to 121 stakeholders, however, the result has not been incorporated into the report.

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

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

JK16: Management plan was prepared in accordance to HCV assessment finding, including action taken, person in charge, and timetable. Record held on file “Pelan Pengurusan HCV”.

JK18: Need to be more specific location – action.

JK20: plan need to be developed accordingly.

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

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

JK16: Signage has been posted at the entrance to the Estate, close to kampong, at the border of the forest reserve and awareness has been conducted to stakeholders to block head, and letter (dated 12 July 2010 No. (4) 3128/1-10-20) been sent to all local communities to notify the presence of the HCV and advised that no hunting is permitted in the estate. However, inspection to the estate boundary with the Jengka Forest Reserves; signage were not well maintained indicated that monitoring efforts did not carried out properly.

JK18E: Signage has been installed, letter of prohibition of wildlife hunting been issued to all Jengka 18 resident (including workers) at 10 June 2011—inspection to housing found a cage bird (spotted dove) indicated low awareness of the workers to the wildlife protection. The estates have corrective measure by releasing the bird when the case is pointed out by auditor.

JK20: Socialization of HCV during JKKA meeting and rokal. Inspection to workers housing confirmed that no caged-bird was found—indicated good awareness of the workers.

Observation 5.2.3. JK16: Signage has been posted at the entrance to the Estate, close to kampong, at the border of the forest reserve and awareness has been conducted to block heads. A letter (dated 12 July 2010 No. (4) 3128/1-10-20) been sent to all local communities to notify the presence of the HCV and advised that no hunting is permitted in the estate. However, inspection to the estate boundary with the Jengka Forest Reserves; signage were not well maintained indicated that monitoring efforts did not carried out properly. JK18: Signage has been installed, letter of prohibition of wildlife hunting was issued to all Jengka 18 resident (including workers) on 10th June 2011—inspection to housing found a cage bird (spotted dove) indicated low awareness of the workers to the wildlife protection. The estate shave corrective measure by releasing the bird when the case is pointed out by auditor.

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

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

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

The following waste streams have been identified and are controlled:

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

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

JK16E: Land fill not checked.

JK18E: Estate has implemented landfill, however the landfill is inadequate on the following reasons: full capacity of the land fill, separation need improvement, litter around the land fill, the land fill is have too large open area.

JK20E: Landfill available, improvement needed on the reason full capacity of landfill; water into the landfill and surrounding landfill need clean up.

Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Register. Plan available to reduce pollution and implemented already throughout the mill and estates.

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

Observation 5.3.2. JK16 has implemented landfill, however the landfill is inadequate on the following reasons: full capacity of the landfill, separation need improvement, litter around the landfill, the landfill has too large open area. Landfill available, improvement needed on the reason full capacity of landfill; water into the landfill and surrounding land fill need clean up. JK18: Operational plan are available, including mitigation plan but this not yet directly correlated to aspect impact; Plan also should explain quantity of waste to be handled, as there is no quantity estimate yet.

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

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

Biomass generated as empty bunch has been recycled using composting system but not yet commercialized, and have permit from DOE. Mill monitors the use of steam turbine to generate electricity, e.g. in June 2011 mill generate 95.5 kWh/mt CPO which is account for 90% of total energy usage. Overall annual energy use in 2010 was 104.63 kWh/mt CPO and 98.84 kWh/t CPO in 2011. Graphs have been prepared since January 2011 to show fluctuation of energy usage. Record held on file "Alam Sekitar dan Biodiversiti".

Direct fossil fuel usage is monitored, e.g. in November 2010 the mill generate 4.47 kWh/mt CPO. Annual usage for 2010 is 4.66 kWh/mt CPO and 4.76 kWh/mt CPO in 2011. Data already put into the graph showing fluctuation of fuel usage.

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

There is no replanting taking place during this assessment. Last replanting completed in 2005. Visit to

replanted area reveal there is no evidence of any open burning. There is a zero burn policy for replanting in place and implemented.

Inspection of the Estate confirmed no evidence of open burning.

Replanting is due in 2025.

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

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

A Non Conformity was assigned against Minor Indicator 5.5.3 since the inspection to all housing (mill and estates) found evident of burning waste. This indicated lack of awareness among Felda employees on Felda's zero burning policy.

The solid waste was reutilized as boiler fuel (Palm Oil Waste). Inspection of mill housing indicated fire has been used for waste disposal. The use of fire for domestic waste disposal is widespread with the exception of JK20.

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

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

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

Observation 5.6.1. The Estate has a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts, but there is need to improve with quantity and source of waste; JK18M: Plan develop should be focusing on POME which is highest scoring on aspect impact register.

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

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

In the case of stack emissions the level of pollution can be determined through possession and keeping track of records and therefore reduction plans in this case are now meaningful. There is no annual report of plan to reduce pollution and emission.

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

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

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

Social Impact Assessment of Jengka 18 (Seroja) Palm Oil Mill was prepared on October 2010 by seeking input from stakeholders. There are 11 issues raised by stakeholders during stakeholder consultation session (which was attended by settlers, JKPP, local communities, and surrounding estate) held on 23 October 2010. A minute of meeting is documented, photos, and a list of attendants is available.

In JK16, SIA was prepared on 20 May 2011, by survey to 34 respondents. K18: SIA updated on 01 January 2011, by survey to 121 respondents (settlers, contractors, staffs, and foreign workers). Another public consultation session has also been carried out every months to get settlers input (e.g. 14 November 2010), however, the issues has not been included in the SIA.

Observation 6.1.1. JK20 has carried out survey to 59 respondents which is consist of local people (male and female), traders, Felda staffs, office staffs, and foreign workers (Indonesia, Bangladeshi, and Nepalese). The estate needs to ensure that all stakeholders representative have been involved in the assessment to give complete picture of the issues.

JK 18 (Seroja) palm oil mill: mill invited external stakeholders for public consultation carried out at 23 October 2010. During stakeholder consultation assessed in the SIA inform of Mill has carried out stakeholders survey to get their opinion regarding mill operations. A Mill/Estates officer has also visiting the community to find out their opinions on the mill/estates. As many as 98 respondents have been interviewed, including peneroka, local people, field workers, and traders. The result then analyzed and developed into aspect impact registers. An improvement plan has also been prepared for each issue raised

JK16, JK18 and JK20: survey available on site for inspection with public consultation.

JK18/JK16/JK20: Social Action Plan for mitigation of issues identified and raised by local communities was not includes person in charge to monitor target and implementation of action plan and have been updated on October 2010.

JK16: Action plan not in line with finding. Target available, however, the action plan can be improved by

adding responsible person to keep an eye of the implementation.

JK16: Updated on 03 January 2011.

Observation 6.1.2. In Jengka 20, action plan is available, however, it might not reflected the real situation, as the SIA still needs further improvement.

All management units have prepared a Stakeholders List and are current. Appropriate stakeholders have generally been included in the list, complete with contact persons and address.

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

JK 18 (Seroja) palm oil mill: Mill has prepares a list of stakeholders in a list of stakeholders on 25 March 2011. The list includes suppliers, contractors, local communities, Government Departments, eg Dept of Forestry, DOE (State and Federal), Labour Department, Neighbouring Schools, and NGOs. Record held on file “Transparency (Komitmen Kepada Stakeholders)”.

JK16: List been updated on 29 October 2010 – including government offices, local schools, local communities, contractors and suppliers, however, no NGO available in the list.

JK18: list available need to be completed with date of preparation. Inspection to the record indicated that some date is outdated or not been updated.

JK20E: Available however, it is incomplete as there was not include suppliers, contractors, NGO, and have not been updated.

Observation 6.1.3. JK16E: List been updated on 29 October 2010 – including government offices, local schools, local communities, contractors and suppliers, however, no NGO available in the list. JK18E: list available need to be completed with date of preparation. Inspection to the record indicated that some date is out-dated or not been updated. JK20E: Available however, it is incomplete as there was not include suppliers, contractors, NGO, and have not been updated.

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

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

JK 18 (Seroja) palm oil mill: Procedures are documented for internal and external communications in Manual Prosedur in form of flowchart: “Komunikasi, Penglibatan, dan Rundingan (Communication, Participation, and Consultation)”, document number FPI/L2/QOHSE-6.0 dated 02 January 2008. The procedure has been made public, e.g. displayed at the announcement board. Interview to the workers indicated awareness and willingness to use the procedure if necessary.

JK16/JK18/20: There are several procedures in relation to communication, (1) procedure of communication to customers dated 01 September 2010, intended mainly for communication with customers but is also applicable for communication with internal and external stakeholders; (2) Komunikasi Pembangunan (Development Communication) as part of “Manual Pengurusan Rancangan” mainly provide guidance on good communication practice of Felda officials, and (3) Whistle blowing procedure as part of “Stakeholders Booklet” dated 01 August 2010, intended for external parties to raised complaints against Felda’ officials wrong doing, and (4) Internal Communication Procedures (undated).

Social Liaison Officer or Mill Manager (or Estate Manager) is the person responsible for communications with communities and other stakeholders. In JK16: Senior Supervisor—appointment letter No. (65) 3128 /RSPO dated 16 August 2010.

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

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

JK 18 (Seroja) palm oil mill: A dispute resolution procedure is documented in Manual Procedure of Complaints, Nonconformity, Incidents Investigations, and Corrective Actions revised on 03 August 2009. One complaint was received from CPO buyer (KBI Kuantan) in 12 June 2010 on the high content of Volatile Matter in the CPO. Complaint was resolved by investigation the incident and no more complaint been received anymore.

JK16: No complaints—see 2.2.1.

JK18/20: Internal dispute resolution procedure is documented in contract agreement; e.g. between foreign workers, chapter 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders was prepared however it is need to be formalized into SOP.

Felda has also established and implemented JCC (Joint Consultative Committee) for resolving employment issues at local level. Internal stakeholder

communications are recorded during the JCC meetings. The JCC has meetings regularly with the representative of management and workers (including women and foreign workers). The JCC is open to external parties including foreign workers. It was confirmed during assessment that foreign workers have their representatives in JCC.

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

JK 18 (Seroja) palm oil mill: Inspection to the mill records in relation to the complaints raised above (6.3.1.) indicated that system resolved dispute in an effective, timely and appropriate manner. The complaint has been resolved one day after the complaint was raised.

Observation 6.3.1. In JK18/20, Internal dispute resolution procedure is documented in contract agreement; e.g. between foreign workers, chapter 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders have been prepared however it is need to be formalized into SOP.

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

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

FELDA follow land acquisition act 1964. Copy of act is available on site.

The land dispute procedure refers the compensation assessment to the corporate land management department of Felda who assesses and advises on compensation. At the time of assessment there was no land dispute occurred as the land was developed from forest under government program where no inhabitants at the time of development.

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

Most of the workers are migrants from Indonesia, who work on 3 years contracts and can be extended as necessary. Pay and conditions are documented in the employment agreement between Felda and workers.

Mill pay and conditions are documented in accordance to agreement between Felda Palm Industries Sdn Bhd and Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd (Semenanjung) Collective Agreement 2010 for the period of 01 January 2010 until 31 December 2012. The Collective Agreement is revised every two years. Agreement book is distributed to all workers.

For foreign workers, every worker has to signed up “Surat Perjanjian Kontrak Pekerjaan, between Felda and Foreign Workers” prior to employment. The contract detail term and condition of the employment, such as wages, paid leave, etc.

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

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

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

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

JK 18 (Seroja) palm oil mill: Mill housing was constructed in 1981 consists of 70 houses. The wooden house was considered too old and need replacement. Mill already have an approved budget for housing upgrade 26 units (19 houses expected to be completed in March 2012); mill targeted all of the new housing will be constructed by 2013.

Free medical treatments for workers are available up to 200 RM for single and 500 RM for family. If the cost is exceeding the limit, company will paid for 80 percent. Clinic facilities available at Bandar Jengka and Temerloh, around 25 minutes from the mill. Mill provides dedicated van for transport to clinic. Government schools are within close proximity of the operating units. Electricity and water from government supply at subsidized rate at RM 2 per person of maximum 6 people.

JK16/18/20: good housing for workers, water supply from government. Worker mainly from foreign.

JK18: housing is sub-standard—estate needs to set up minimum standard of housing. House keeping is poor.

JK20: relatively clean.

Observation 6.5.2. in Jengka 18, workers housing is sub-standard—estate needs to set up minimum standard of housing.

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

Felda has published policy on Freedom to Join Trade Union (Polisi Kebebasan Menganggotai Khidmat Sukarela) signed by Director General at 28 June 2011. The policy has been distributed to all operating unit. Interview of male and female workers confirmed understanding to the policy.

Mill and Estate Workers and Staff are Union Members. Meetings between the Company and Union Officials are held at Zone Head level in Kuala Terengganu. Mill held incidental meeting with workers union on site; the last meeting was held on 06 May 2011 attended by 7 worker representatives. Record held on file “Minit Mesyuarat Kesatuan”.

JK16: Meeting with workers representatives carried out at 14 June 2011 in Jengka Regional Office Tekam, attended by 84 workers representatives. Record held on file “Hak Menganggotai Kesatuan”.

JK18: 07 April 2010, attended by 13 workers representatives. Record held on file “Hak Menganggotai Kesatuan”.

JK20: No workers union on site, however, workers representative was included during OSH meeting, where workers representatives are able to raised any issues in relation to workers. The last meeting was held at 25 May 2011, attended by 6 participants. Record held on file “Minit Mesyuarat JKKAS Rancangan”.

Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

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

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

Felda has an Equal Opportunity Policy (Polisi Kesetaraan Peluang) signed by Director General at 20 December 2010. The policy has been distributed to all operating unit and displayed to public. Interview of workers confirm understanding to the policy.

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

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

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

A gender grievance mechanism has been prepared by FELDA where gender committee is established at mill and estate. Mill appoints gender committee representative at 18 July 2010. Confirmed during interview of female Staff and Workers awareness and statement was made that they would be comfortable to use the procedure if necessary.

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

JK 18 (Seroja) palm oil mill: The most recent meeting was held on 23 December 2010 at the zone level attended by 72 participants.

JK16: Most recent meeting was held on 02 September 2011 attended by 6 female workers representatives. Record book for recording any Sexual Harassment case (Gangguan Seksual ke Atas Wanita) is checked. No case reported.

JK18E: Gender committee has been set up at 01 April 2010, however no record of meeting available.

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

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

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

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

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

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

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

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

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

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

contributions include assistance with places of worship and donations to schools for activities.

JK 18 (Seroja) palm oil mill: request of assistance received by mill will be scrutiny based on the amount requested. For request of maximum MYR 200, mill have the authority to provide. For example in 15 March 2011; "Pertubuhan Amal Sayang Permata Malaysia"—a local NGO requested a donation for divorce female. Mill provide the donation on the same day. Record held on file "Employee and Communities".

JK18: donation for university intake dated 16 June 2011, Record held on file "Bantuan IPTA".

JK16: Scholarship, soft-loan of MYR 40,000 to build house—interest free.

JK20: scholarship, training... etc

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

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

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

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

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

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

Observation 8.1.1. Continuous improvement not yet been made available shown for environmental aspect. Awareness of workers to the on the pollution prevention is low and as such training on Minimization/Pollution Prevention need to be held to all workers.

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

LU10 & 14: Significant Environmental Impact has been identified but the mitigation measures still no relevant mitigation measures on that aspect identified.

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

The company has implemented a best practice system for the segregation of wastes at source into composts,

recyclables and non-recyclable for disposal at landfills. This program has reduced substantially the quantity of waste disposed in landfills.

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

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

Observation 8.1.2. Annual aspect of impact was developed but should be completed with specific management program to the significant impact.

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

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

Observation 8.1.3. Reuse and recycling of palm products is implemented, but improvement should be done in accordance to the action plan. Minimizing waste by reusing cleansing water was done but not documented properly with quantity of wastewater being recycled.

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

Social impact assessments have been carried out for each operating units and improvement programmes introduced.

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

3.2 Detailed Identified Nonconformities, Noteworthy Negative and Positive Observations

Nonconformities

MAJOR NONCONFORMITIES

One (1) Non-Conformity was assigned to major non-conformance against indicator 1.2.4., detail as follows:

A605205/1 A non conformance was raised against major indicator 1.2.4. since there is no appropriate recycling documents to show recycling activities has been carried out within the estates such as pesticide containers and reuse pesticide containers cleaning wastewater.

MINOR NONCONFORMITIES

Two (2) Non-Conformity were assigned to minor non-conformance against indicator 2.2.3 and 5.5.3, detail as follows:

A605205/2: A Non Conformity was assigned against Minor Indicator 2.2.3., as in JK16, Felde has trenches along the estate boundary to prevent elephant and wildlife attack as well as delineate estate boundary and forest reserve. Inspection to the boundary found boundary stones adjacent to the forest reserve “Hutan Simpan Jengka”, however, it was found that some of the boundary stone are either missing or cannot be located.

A605205/3 A Non Conformity was assigned against Minor Indicator 5.5.3 since the inspection to all housing (mill and estates) found evident of burning waste. This indicated lack of awareness among Felde employees on Felde’s zero burning policy.

OBSERVATIONS

1.1.1. Inspection of Record of Request indicated that Felde JK18 did not respond promptly to information request. For example MPOB required estate to fill out a monthly online questionnaire on oil palm production by 7th of each month, at the latest. However, record of respond to the request from MPOB indicated that it is not sent until 14 July 2011. Record held on file “Pernyataan Bulanan BTS – Porla”.

1.2.2. Follow up and monitoring of the plan not sufficiently implemented in accordance to CHRA and HIRAC.

2.1.1. Inspection indicated most of the requirements were fulfilled, however, sometimes upset of waste water were occurred e.g. on January, February and March 2010 and May for 2011. The black smoke indicator for June 2011 as recorded by ringelman indicated several upset but still less than 5 minute per hour; also less than 15 minute for 24 hour.

4.1.1. Limited understanding of the SOP among the staff. In JK18/20 SOP are available, however, CHRA has not yet been considered as the source of information on the important measure to be taken. The SOP can be improved by develop it based on the risk or hazard level of the chemical assessed. There is no alarm available on site. Inspection to the fertilizer store indicated SOP was displayed on the wall but not fully implemented.

4.1.2. JK16: JKPP8 report is not been filled out and there was no evident that this form has been sent to the JKPP. JK18: JKPP8 report has not been filled out properly, no record of action is available on site. JK20: JKPP8 report has been filled out but there is no JKPP acknowledgement of receipt.

4.3.3. In all estate buffer zone have been delineate along the river and mapped; however riparian buffer zone has not been marking consistently for future replanting.

4.4.3. Mill wastewater (POME) was treated by facultative system before discharging off the small river. POME monitored weekly according to the DOE

requirement. A visual evident shown the dilution factor on the river was too small when there is no rain. A documented programme is required to mitigate this evident and prioritize the impact to the river in the aspect and impact register.

4.4.5. Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, and put into the graph against target value. However, the water used for process not yet separated from overall water usage, so that ratio of water use/tonne FFB processed cannot be calculated precisely. Mill may need to install water meter separately for process water monitoring.

4.4.7. Plan for improvement of mill wastewater treatment system is pending until optimum capacity is reached (currently the mill is run under maximum capacity).

4.5.1. An IPM documentations (including pesticide uses, barn owl and rhinoceros beetle) is sighted during the assessment as per FELDA Policy; however, there was no document available in each estate which show yearly IPM implementation.

4.5.4. JK16: Record of Monitoring of pesticide usage units per hectare or per ton crop can improve by putting the date to graph to show trend. JK18E: Area of pesticide application recorded as Rumusan Bancian Serangan, however, there is no records showing the reduction of pesticide use due to IPM implementation.

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

4.6.3. Inspection found that water for emergency washing was not always available when needed.

4.6.4. Inspection to the chemical store indicated more than 50% of MSDS is in English. These are might not be understood by the workers.

4.6.5. Surveillance has been carried out at some estate and surveillance report is in place. Consideration can be given to follow CHRA recommendation.

4.6.7. Observation. An observation is raised due to the reduction by the operating units are very minimal and there is a need to find alternative to paraquat.

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

4.7.2. Records of JKPP8 reported to HQ monthly and to government annually, but quarterly review has not been carried out in accordance to relevant regulation.

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

5.1.1. JK16: prepared aspect and impact of its operation (file borang 5.1/5.6), however, the register need to be improved to reflect impact to the environment and its

mitigation; JK18E: Environment Aspect and Impact register prepared but there is no significant impact due to poor scoring system; JK20: Aspect Impact was developed with 3 significant impacts, but mitigation plan was developed for 2 impacts only.

5.1.2. Plan need to be developed in accordance and relevant to the finding in aspect impact register and should prioritize on Pollution Prevention.

5.2.1. JK16: Internal HCV identification and assessment for both mill and estates. The estate is bordering with Jengka Reserve Forest, where ERT have been identified. Assessment concluded three HCV present on site, e.g. HCV 1, 4, and 6. However, the HCV assessment can be improved by incorporating information from public consultation as well as the consultation with the Forestry Department and Wildlife Department to determine the status of the HCV. JK18: In house HCV assessment was prepared on July 2008. Record held on file "Status specis jarang ditemui, terancam, & pupus". Public involvements have been sought in the form of survey on 21 August 2010 with 121 stakeholders.

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

5.2.3. JK16: Signage has been posted at the entrance to the operating unit, close to kampong, at the border of the forest reserve and awareness has been conducted to block heads. A letter (dated 12 July 2010 No. (4) 3128/1-10-20) been sent to all local communities to notify the presence of the HCV and advised that no hunting is permitted in the estate. However, inspection to the estate boundary with the Jengka Forest Reserves; signage were not well maintained indicated that monitoring efforts did not carried out properly. JK18E: Signage has been installed, letter of prohibition of wildlife hunting was issued to all Jengka 18 (Seroja) palm oil mill: inspection to housing found a cage bird (spotted dove) indicated low awareness of the workers to the wildlife protection. The operating unit have corrective measure by releasing the bird when the case is pointed out by auditor.

5.3.2. JK16 has implemented landfill, however the landfill is inadequate on the following reasons: full capacity of the landfill, separation need improvement, litter around the landfill, the landfill has too large open area. Landfill available, improvement needed on the reason full capacity of landfill; water into the landfill and surrounding land fill need clean up. JK18M: Operational plan are available, including mitigation plan but this not yet directly correlated to aspect impact; Plan also should explain quantity of waste to be handled, as there is no quantity estimate yet.

5.6.1. There is a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts, but there is need to improve with quantity and source of waste; JK18: Plan develop should be focusing on POME which is highest scoring on aspect impact register.

6.1.1. JK20 has carried out survey to 59 respondents which is consist of local people (male and female), traders, Felda staffs, office staffs, and foreign workers (Indonesia, Bangladeshi, and Nepalese). The operating unit needs to ensure that all stakeholders representative have been involved in the assessment to give complete picture of the issues.

6.1.2. In Jengka 20, action plan is available, however, it might not reflected the real situation, as the SIA still needs further improvement.

6.1.3. JK16: List been updated on 29 October 2010 – including government offices, local schools, local communities, contractors and suppliers, however, no NGO available in the list. JK18E: list available need to be completed with date of preparation. Inspection to the record indicated that some date is out-dated or not been updated. JK20E: Available however, it is incomplete as there was not include suppliers, contractors, NGO, and have not been updated.

6.3.1. In JK18/20, Internal dispute resolution procedure is documented in contract agreement; e.g. between foreign workers, chapter 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders have been prepared however it is need to be formalized into SOP.

6.5.2. Jengka 18, workers housing is sub-standard—estate needs to set up minimum standard of housing.

8.1.1. Continuous improvement not yet been made available shown for environmental aspect. Awareness of workers to the on the pollution prevention is low and as such training on Minimization/Pollution Prevention need to be held to all workers.

8.1.2. Annual aspect of impact was developed but should be completed with specific management program to the significant impact.

8.1.3. Reuse and recycling of palm products is implemented, but improvement should be done in accordance to the action plan. Minimizing waste by reusing cleansing water was done but not documented properly with quantity of wastewater being recycled.

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

Felda Jengka 18 (Seroja) certification unit has prepared a Corrective Action Plan that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

3.3 Corrective Action and Closeout of Nonconformities

Felda Jengka 18 (Seroja) Management Unit has prepared Corrective Action Plan for the major non conformity. It was assessed by the audit team and accepted to be appropriate to close out the major non conformity. A

special audit was conducted on 18 – 19th July 2012 to verify the implementation of the Corrective Action plan. The corrective action and implementation details are listed in Appendix F. It is confirmed that the implementation was effective. The Major nonconformity is closed. Therefore, it is the recommendation of BSi that Jengka 18 (Seroja) Palm Oil Mill and its supply base is approved as producer of RSPO Certified Sustainable Palm Oil.

The close out evidence for the Minor Nonconformities will be assessed during the first surveillance assessment scheduled within twelve months of the RSPO approval of the Initial Certification.

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

3.4 Noteworthy Positive Components

1. Roads

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

2. Amenities (Housing)

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

3. Local Economy

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

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

Stakeholders Comments

Mill, Estate Workers, and Staff

Workers in general are happy to work with the Felda. Positive comments were received during the assessment as the following:

Contractors and Suppliers

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

Local Community

No issue raised by local community

Government Official

No issues raised by Government Official

3.6 Acknowledgement of Internal Responsibility and Formal Sign-Off of Assessment Findings

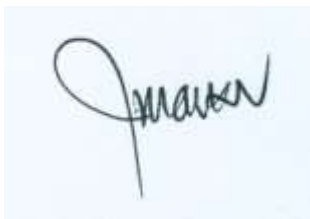
Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of
Felda Jengka 18 (Seroja) Certification Unit.



Mr K. Illangovan
Associate Research Principle - Felda
Date: 10.08.12

Signed for on behalf of
BSi Group Singapore Pte Ltd



Mr Iman K Nawireja
Lead Auditor
Date: 10.08.12

Appendix A: FELDA Jengka 18 (Seroja) Certification Unit Certificate Details

Jengka 18 (Seroja) Palm Oil Mill

Bandar Pusat Jengka,

Jengka, Malaysia

www.felda.net.my

Certificate Number: SPO 571231

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

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

Jengka 18 (Seroja) Palm Oil Mill and Supply Base	
Location	Bandar Pusat Jengka, Jengka, Pahang, Malaysia.
Address	Pejabat Felda Jengka 18 (Seroja) palm Oil Mill, 26400 Bandar Pusat Jengka, Jengka, Pahang, Malaysia.
GPS	102°33.549' E ; 3°35.423' N
CPO Tonnage	58,645
PK Tonnage	13,963
FFB Tonnages	Jengka 15 40,493
	Jengka 16 29,094
	Jengka 17 37,151
	Jengka 18 44,861
	Jengka 19 53,950
	Jengka 20 42,186
	Sg Nerek 23,768
	Kg. Awah 7,761
	Grand Total 279,264

Appendix B: Initial Certification Audit Programme 08 July 2011; 13 – 15 July 2011

Stage 2 – Main Assessment: Jengka 18 Palm Oil Mill and Supply Base

AUDIT TEAM – IN: Iman Nawireja HW: Hendra Wijaya				
DATE	TIME	ACTIVITY	IN	HW
Friday July 08 Jengka 18 (SEROJA) Palm Oil Mill	08.00	Pick up from Hotel to Mill	√	√
	09.00	Combined Opening Meeting (Mill and supply base)		√
	10.00	Physical Inspection Mill/Effluent Ponds/Stores/Workshop/Landfill	√	
		Interview Workers (Male/Female)	√	
		Interview of Contractors/Suppliers		√
		Interview of Worker Union representatives	√	
		Inspect Housing and Interview Residents	√	
	PM	Document Review	√	√
		Review Pay Documentation	√	
		Review SIA – Assessment and Improvement Plans		√
	Review HCV Assessment and Monitoring Plans	√		
	Visit any Local Communities	√		
	Interview of Local Government Official (Labour Dept, DOSH, etc)	√		
	1630	Closing Briefing for Mill Manager	√	√
Wednesday July 13 Jengka 16	08.00	Pick-up from Hotel travel to Jengka 16	√	√
	09.00	Opening Briefing	√	√
	AM	Physical Inspection including buffer zone, Interview Fieldworkers	√	
		Physical Inspection Stores, Landfill		√
		Inspect Housing and Interview Residents		√
	PM	Documents Review	√	
	Visit Local communities	√	√	
	16.30	Closing Briefing for the Manager and management team.	√	√
Thursday July 14 Jengka 18	08.00	Pick-up from Hotel travel to Jengka 18	√	√
	09.00	Opening Briefing	√	√
	AM	Physical Inspection including buffer zone, Interview Fieldworkers	√	
		Physical Inspection Stores, Landfill		√
		Inspect Housing and Interview Residents		√
	PM	Documents Review	√	
	Visit Local communities	√	√	
	16.30	Closing Briefing for Manager and management team.	√	√
Friday July 15 Jengka 20	08.00	Pick-up from Hotel travel to Jengka 20	√	√
	AM	Opening Briefing	√	√
		Physical Inspection including buffer zone, Interview Fieldworkers	√	
		Physical Inspection Stores, Landfill		√
		Inspect Housing and Interview Residents		√
	PM	Follow up any outstanding issues	√	√
	Auditor caucus			
	15.30	Closing Meeting (Mill & supply base) at Jengka 18 (Seroja) Palm Oil Mill	√	√

Appendix C: Special Audit Programme 18 – 19 July 2012

Special Audit at Felda Jengka 18 (Seroja) Palm Oil Mill and Supply Base to close out Major NC and Supply Chain Audit

DATE	TIME	ACTIVITY (AS: A. Senniah)	AS
Wednesday July 18 Jengka 18 (Seroja) palm Oil Mill	08.30 09.30 10.00	Travel to Mill Opening Meeting. Physical Inspection at Mill to verify the implementation of the CAP to close out the major NC on Pollution Prevention Plan, waste management and re-cycling. Interview workers, staff and Manager.	✓
	PM	Supply Chain Audit and Document Review. Latest production data audit. Closing Briefing for Mill Manager.	✓
Thursday July 19 Jengka 16,18 and 20	08.30 09.30 AM PM	Travel to Site Opening Briefing Inspection of documents related to close out evidence for the major NC. 1. Check and verify the Pollution Prevention Plan. 2. Records of Cleaning and Recycling of Pesticide Containers. 3. Interview with the officer in charge of implementation. Closing meeting.	✓

Appendix D: Continuous Improvement Plan

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

Appendix E: Summary of the Non conformities

Major Nonconformity

RSPO Indicator	NCR Ref	Details
1.2.4 Pollution Prevention Plan.	A605205/1	A non conformance was raised against major indicator 1.2.4. since there is no appropriate recycling documents to show recycling activities has been carried out within the estates such as pesticide containers and reuse pesticide containers cleaning wastewater.

Minor Nonconformities

RSPO Indicator	NCR Ref	Details
2.2.3 Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.	A605205/2	A Non Conformity was assigned against Minor Indicator 2.2.3., as in JK16, Felda has a trenches along the estate boundary to prevent elephant and wildlife attack as well as delineate estate boundary and forest reserve. Inspection to the boundary found boundary stones adjacent to the forest reserve "Hutan Simpan Jengka", however, it was found that some of the boundary stone are either missing or cannot be located.
5.5.3 No evidence of burning waste (including domestic waste).	A605205/3	A Non Conformity was assigned against Minor Indicator 5.5.3 since the inspection to all housing (mill and estates) found evident of burning waste. This indicated lack of awareness among Felda employees on Felda's zero burning policy.

Observations / Opportunities for Improvement

1.1.1. Inspection of Record of Request indicated that Felda JK18E did not respond promptly to information request. For example MPOB required estate to fill out a monthly online questionnaire on oil palm production by 7th of each month, at the latest. However, record of respond to the request from MPOB indicated that it is not sent until 14 July 2011. Record held on file "Pernyataan Bulanan BTS – Porla".

1.2.2. Follow up and monitoring of the plan not sufficiently implemented in accordance to CHRA and HIRAC.

2.1.1. Inspection indicated most of the requirements were fulfilled, however, sometimes upset of waste water were occurred e.g. on January, February and March 2010 and May for 2011. The black smoke indicator for June 2011 as recorded by ringelman indicated several upset but still less than 5 minute per hour; also less than 15 minute for 24 hour.

4.1.1. Limited understanding of the SOP among the estate officials. In JK18/20 SOP are available, however, CHRA has not yet been considered as the source of information on the important measure to be taken. The SOP can be improved by develop it based on the risk or hazard level of the chemical assessed. There is no alarm available on site. Inspection to the fertilizer store indicated SOP was displayed on the wall but not fully implemented.

4.1.2. JK16: JKPP8 report is not been filled out and there was no evident that this form has been sent to the JKPP. JK18E: JKPP8 report has not been filled out properly, no record of action is available on site. JK20E: JKPP8 report has been filled out but there is no JKPP acknowledgement of receipt.

4.3.3. In all estate buffer zone have been delineate along the river and mapped; however riparian buffer zone has not been marking consistently for future replanting.

4.4.3. Mill wastewater (POME) was treated by facultative system before discharging off the small river. POME monitored weekly according to the DOE requirement. A visual evident shown the dilution factor on the river was too small when there is no rain. A documented programme is required to mitigate this evident and prioritize the impact to the river in the aspect and impact register.

4.4.5. Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, and put into the graph against target value. However, the water used for process not yet separated from overall water usage, so that ratio of water use/tonne FFB processed cannot be calculated precisely. Mill may need to install water meter separately for process water monitoring.

4.4.7. Plan for improvement of mill wastewater treatment system is pending until optimum capacity is reached (currently the mill is run under maximum capacity).

4.5.1. An IPM documentations (including pesticide uses, barn owl and rhinoceros beetle) is sighted during the assessment as per FELDA Policy; however, there was no document available in each estate which show yearly IPM implementation.

4.5.4. JK16: Record of Monitoring of pesticide usage units per hectare or per ton crop can improve by putting the date to graph to show trend. JK18: Area of pesticide application recorded as Rumusan Bancian Serangan, however, there is no records showing the reduction of pesticide use due to IPM implementation.

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

4.6.3. Inspection found that water for emergency washing was not always available when needed.

4.6.4. Inspection to the chemical store indicated more than 50% of MSDS is in English. These are might not be understood by the workers.

4.6.5. Observation. Surveillance has been carried out at some estate and surveillance report is in place. Consideration can be given to follow CHRA recommendation.

4.6.7. Observation. An observation is raised due to the reduction by the operating units are very minimal and there is a need to find alternative to paraquat.

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

4.7.2. Records of JK18 reported to HQ monthly and to government annually, but quarterly review has not been carried out in accordance to relevant regulation.

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

5.1.1. JK16: prepared aspect and impact of its operation (file borang 5.1/5.6), however, the register need to be improved to reflect impact to the environment and its mitigation; JK18E: Environment Aspect and Impact register prepared but there is no significant impact due to poor scoring system; JK20E: Aspect Impact was developed with 3 significant impacts, but mitigation plan was developed for 2 impacts only.

5.1.2. Plan need to be developed in accordance and relevant to the finding in aspect impact register and should prioritize on Pollution Prevention.

05.2.1. JK16E: had internal HCV identification and assessment for both mill and operating units. The estate is bordering with Jengka Reserve Forest, where ERT have been identified. Assessment concluded three HCV present on site, e.g. HCV 1, 4, and 6. However, the HCV assessment can be improved by incorporated information from public consultation as well as consult to Forestry Department and Wildlife Office, to determine status the HCV. JK18E: In house HCV assessment was prepared on July 2008. Record held on file "Status specis jarang ditemui, terancam, & pupus". Public involvement have been sought in the form of survey on 21 August 2010 to 121 stakeholders, however, the result has not been incorporated into the report.

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

5.2.3. JK16: Signage has been posted at the entrance to the Estate, close to kampung, at the border of the forest reserve and awareness has been conducted to block heads. A letter (dated 12 July 2010 No. (4) 3128/1-10-20) been sent to all local communities to notify the presence of the HCV and advised that no hunting is permitted in the estate. However, inspection to the estate boundary with the Jengka Forest Reserves; signage were not well maintained indicated that monitoring efforts did not carried out properly. JK18E: Signage has been installed, letter of prohibition of wildlife hunting was issued to all Jengka 18 (Seroja) palm oil mill: inspection to housing found a cage bird (spotted dove) indicated low awareness of the workers to the wildlife protection. The operating unit have corrective measure by releasing the bird when the case is pointed out by auditor.

5.3.2. JK16 has implemented landfill; however the landfill is inadequate on the following reasons: full capacity of the landfill, separation need improvement, litter around the landfill, the landfill has too large open area. Landfill available, improvement needed on the reason full capacity of landfill; water into the landfill and surrounding land fill need clean up. JK18M: Operational plan are available, including mitigation plan but this not yet directly correlated to aspect impact; Plan also should explain quantity of waste to be handled, as there is no quantity estimate yet.

5.6.1. The operating unit has a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts, but there is need to improve with quantity and source of waste; JK18: Plan develop should be focusing on POME which is highest scoring on aspect impact register.

6.1.1. JK20 has carried out survey to 59 respondents which is consist of local people (male and female), traders, Felda staffs, office staffs, and foreign workers (Indonesia, Bangladeshi, and Nepalese). The operating unit needs to ensure that all stakeholders representative have been involved in the assessment to give complete picture of the issues.

6.1.2. In Jengka 20, action plan is available; however, it might not reflect the real situation, as the SIA still needs further improvement.

6.1.3. JK16: List been updated on 29 October 2010 – including government offices, local schools, local communities, contractors and suppliers, however, no NGO available in the list. JK18: list available need to be completed with date of preparation. Inspection to the

record indicated that some data is out-dated or not been updated. JK20: Available however, it is incomplete as there was not include suppliers, contractors, NGO, and have not been updated.

6.3.1. In JK18/20, Internal dispute resolution procedure is documented in contract agreement; e.g. between foreign workers, chapter 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders has been prepared however it is need to be formalized into SOP.

6.5.2. Jengka 18, workers housing is sub-standard—estate needs to set up minimum standard of housing.

8.1.1. Continuous improvement not yet been made available shown for environmental aspect. Awareness of workers to the on the pollution prevention is low and as such training on Minimization/Pollution Prevention need to be held to all workers.

8.1.2. Annual aspect of impact was developed but should be completed with specific management program to the significant impact.

8.1.3. Reuse and recycling of palm products is implemented, but improvement should be done in accordance to the action plan. Minimizing waste by reusing cleansing water was done but not documented properly with quantity of wastewater being recycled.

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

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

No	RSPO Indicators	NCR Ref	Description	Corrective Action Plan	PIC	Date Due
1.	1.2.4 Pollution prevention plans.	A605205/1	<p>A non conformance was raised against major indicator 1.2.4. since there is no appropriate recycling documents to show recycling activities has been carried out within the estates such as pesticide containers and reuse pesticide containers cleaning wastewater.</p>	<p>Pollution Prevention Plan specifically to cover the empty pesticide containers and cleaning waste water includes the Procedure on how to conduct triple rinsing for used pesticide containers is in place. Recycling records for pesticide containers are updated. Empty containers are recycled for the purpose of pre-mixing herbicide for the use of field herbicide spraying work. Cleaning is using triple rinsing method. The waste water is reused for the filed spraying. Interview with the store supervisor confirm that he understand the procedure.</p> <p>Recycling records are maintained in the bin-card since 18/01/12. Record updated by the store supervisor and checked by the head of the field operation unit. Records include information on type of pesticide containers, date received/recycled, purpose of recycling and quantity in/out.</p>	Assistant Manager and Store Supervisor	<p>Completed on 18/01/2012 and ongoing all the time.</p> <p>With this evidence of implementation, the major non conformity is addressed effectively and closed.</p>

Appendix G: Jengka18 (Seroja) Palm Oil Mill Supply Chain Assessment

Module E – CPO Mills Mass Balance

Requirements	Mass Balance
E 1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Jengka 18 (Seroja) Palm Oil Mill has procedures for the traceability with Mass Balance model covering certified and non certified FFB received. The mill managers and assistant manager have the responsibility to ensure implementation.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Jengka 18 (Seroja) Palm Oil Mill has procedures for the incoming FFB, processing and outgoing Crude Palm Oil and Palm Kernel. The palm oil mill is planning to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
E 2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Jengka 18 (Seroja) mill make daily records at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal by manager and during external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The Jengka 18 (Seroja) palm oil mill is aware of this procedure. This is monitored by the head office.
E 3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	The weighbridge section makes daily records. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is five years and the management aware of this.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis. Monthly summary report shows monthly inventory. No PKO and Palm kernel meal at the mill.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system is implemented with the delivery deducted automatically in the system.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	The Jengka 18 (Seroja) palm oil mill is aware that only positive stock can be delivered. No short selling from the mill.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Jengka 18 (Seroja) Palm Oil Mill use Mass Balance model and will indicated on the relevant documents once certified.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E 4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	No certified product sales during initial certification. However system in place with the present documents as below:
(a) The name and address of the buyer	Name and address of buyer written on the invoice.
(b) The date on which the invoice was issued	Date is written on the invoice.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description is written. Mass balance model will be written once the management unit is certified.
(d) The quantity of the products delivered	Quantity in tones.

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

Appendix H: Time Bound Plan - FELDA

Schedule for RSPO Certification of Felda

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

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