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PUBLIC SUMMARY REPORT

RSPO 1st ANNUAL SURVEILLANCE ASSESSMENT (ASA1)

FELDA Lepar Utara 4 Palm Oil Mill Jengka, Pahang, Malaysia

Report Author:

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SUMMARY

BSi has conducted the First Annual Assessment (ASA 1) of FELDA Operating Unit Lepar Utara 4 (LU 4) comprising Lepar Utara 4 Palm Oil Mill, supply base, support services and infrastructure. LU 4 Certification Unit is located in Jengka, Pahang, Malaysia comprising one palm oil mill, six FFB supply base, support services and infrastructure. The ASA1 was conducted on 11 – 14 June 2013. BSi concludes that Lepar Utara 4 Palm Oil Mill and supply base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance Assessment; and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation]

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

ABBREVIATIONS USED

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

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 IDENTITY OF CERTIFICATION UNIT

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

Table 1: Mill GPS Locations

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

1.2 PRODUCTION VOLUME

The actual production tonnages for CPO and PK for the Initial certification period (Jan. 2012 – Dec. 2012) and projected for the next twelve months (Jan. 2013 – Dec. 2013) are listed in Table 2.

TABLE 2: CPO AND PK PRODUCTION TONNAGES

LU 4 Palm Oil Mill	FFB	CPO	OER	PK	KER
Projected (Initial Certification) Jan. 12 – Dec. 12	137,063	30,200	22.03	7,000	5.11
Actual (ASA 1) Jan. 12 - Dec. 12	112,134	24,400	21.76	4,968	4.43
Projected (ASA2) Jan. 13 – Dec. 13	123,287	27,123	22.00	6,177	5.01

1.3 CERTIFICATION DETAILS

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

1.4 DESCRIPTION OF SUPPLY BASE AND SUPPLY CHAIN

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

The FFB production from LU 4 Certification Unit's supply base that was processed at LU 4 palm oil mill for the period January 2012 – December 2012 and projection for Financial Year 2013 are listed in Table 3.

Table 3: FFB Tonnages Processed

Supply Base	Estimate (Certification Assessment) 2012	Actual 2012	Projected (ASA1) 2013
Lepar Utara 1	0	2,677	2,800
Lepar Utara 2	0	0	1,572
Lepar Utara 4	0	0	2,380
Lepar Utara 5	38,578	38,827	44,542
Lepar Utara 10	830	655	1,247
Lepar Utara 14	49,029	46,592	45,746
Lepar Utara 9*	48,626	23,383	25,000
Total	137,063	112,134	123,287

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

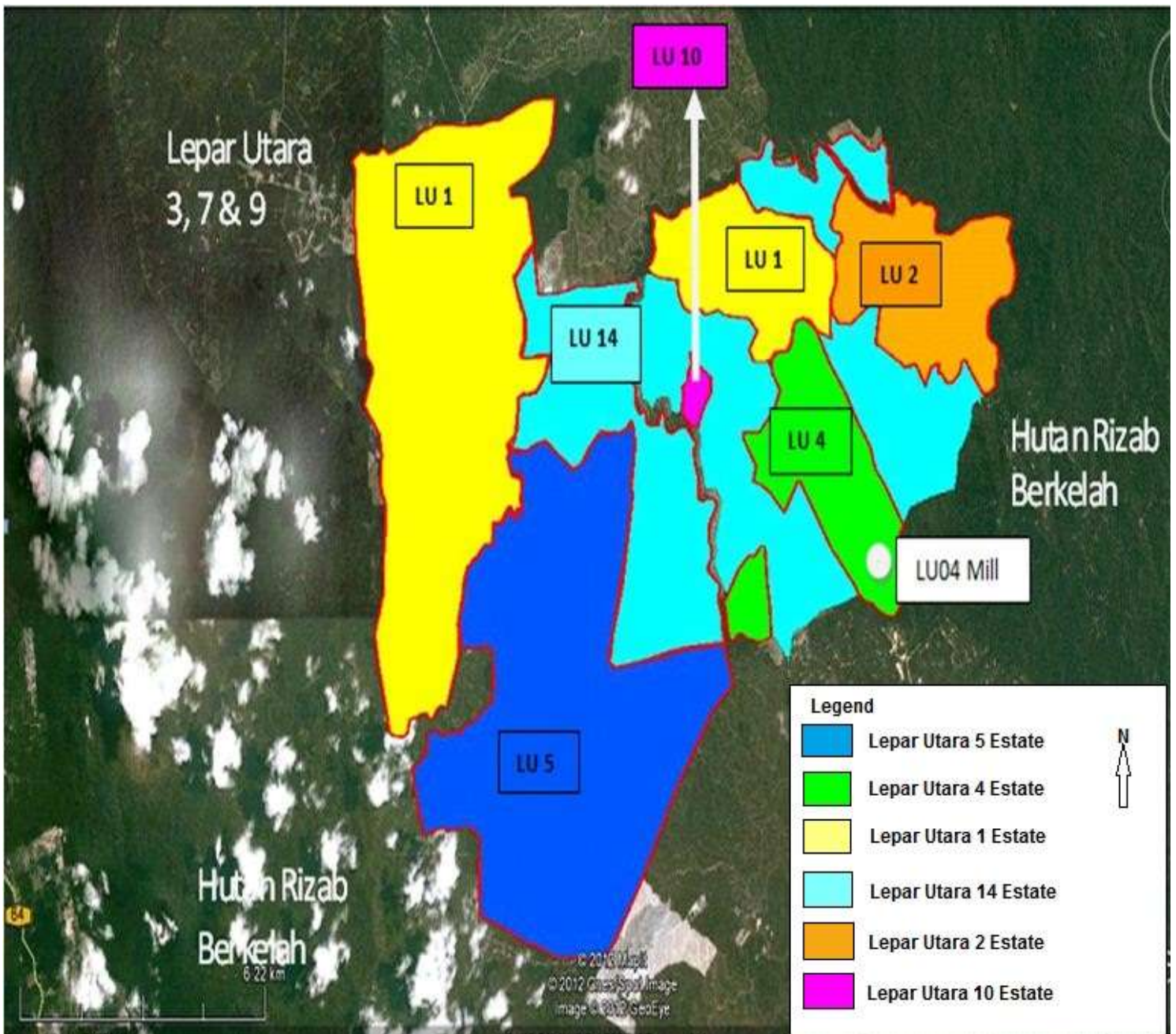


Figure 2: Location of the LU 4 Palm Oil Mill and FFB Supply Base

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

Table 4a: Age Profile of Palms

<i>Estate</i>	<i>AGE (years)</i>	<i>% of PLANTED AREA</i>
LU 1	0-3	78.70
	4-10	21.30
	11-20	0
	21-25	0
LU 2	0-3	52.55
	4-10	47.45
	11-20	0
	21-25	0
LU 4	0-3	28.16
	4-10	71.84
	11-20	0
	21-25	0
LU 5	0-3	28.99
	4-10	43.48
	11-20	0
	21-25	27.53
LU 10	0-3	0
	4-10	100
	11-20	0
	21-25	0
LU 14	0-3	0
	4-10	38.61
	11-20	61.39
	21-25	0

Table 4b: Estates and Areas Planted

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>	<i>Total Planted Area (ha)</i>
LU 1	350.59	1,295.49	1,646.08
LU 2	393.11	435.43	828.54
LU 4	595.50	233.47	828.97
LU 5	2,289.59	934.69	3,224.28
LU 10	103.91	0	103.91
LU 14	2,782.84	0	2,782.84
TOTAL	6,515.54	2,899.08	9,414.62

Supply Chain

LU 4 certification Unit (LU 4 Palm Oil Mill) uses the Segregation (SG) supply chain model for the entire

certified palm production. All deliveries of FFB to the Mill are issued with a weighbridge docket that records the details of the plantation, truck registration number, driver's name, tonnage and marked as RSPO Certified SG. The weighbridge system is computerised. FFB received and product (CPO and PK) despatch records are complete with supply chain model indicated on the deliveries and invoicing for shipments. Inspection of documents confirmed that LU 4 Palm Oil Mill maintains all of the documentation required for verification of implementation of the RSPO Supply Chain Certification Standard: November 2011 and the requirements for Segregation Mechanism – Refer to Appendix E for details.

1.5 Other Certification Held

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

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

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

OHSAS 18001: 2007 (Occupational Health and Safety Management Systems), Malaysian Society for OSH achieved since 23 November 2005.

ISCC: International Sustainable Carbon Certificate since 2011

1.6 Organizational Information / Contact Person

The contact details of the organisation as follows:

Contact Person:

Mr. Anthonius P. Sani

Sustainability Manager

PSQM Department, SPO Unit, Level 8,

Balai FELDA, Jalan Gurney 1, 54000 Kuala Lumpur.

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Fax: +60328591999

Email: anthonius.s@feldaglobal.com

1.7 Progress against Time Bound Plan

Felda is operating 70 palm oil mills and has a time bound Plan to certify all the palm oil mills and supply base by 2017.

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

Felda is a RSPO member (Membership number: 1-0013-04-000-00) since October 2004. On the basis of information provided by Felda and that collected at the time of the audit, the Audit Team has concluded that there are no significant land conflicts, no replacement of primary forest or any area containing HCVs since

November 2005, no labour disputes that are not being resolved through an agreed process and no evidence of noncompliance with the law at any of the noncertified holdings. There was no any dispute was highlighted during the stakeholder consultation conducted during the ASA1.

Furthermore, Felda has undertaken self-assessment to assess the requirement and compliance to the partial certification. This self-assessment result was made available to the audit team. The audit team satisfied that Felda conforms to the RSPO requirement for partial certification.

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

1.8 Progress of Associated Smallholders/Out growers towards RSPO Compliance

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

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy - Lead Assessor

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

2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training and Sustainability Report Assurance (SRA) Assessor Training. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. He has completed RSPO Lead Auditor Training Course. He also has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He had assisted with conducting audits of oil palm plantation for more than 8 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

Nabila Seth Nivan – Team member

Nabila Seth Bt Mohd Niven is a fulltime employee with BSI Services Malaysia. She graduated in Business Administration from University Technology Mara, Malaysia. She attended internal RSPO training in September 2012. Currently she is an ISO 9001:2008 auditor with BSI. She has audited more than 17 companies against the ISO 9001 standard for the past 2 years and recently involved as Social Auditor during the RSPO Assessment to assess the social aspects and gender issues.

2.3 Assessment Programme

The ASA1 was carried out on 11 – 14 June 2013. The Assessment Programme is included as Appendix C. The Programme included assessments of LU 4 Palm Oil Mill as the Certification Unit. LU 2/4 and LU 15 Estates were sampled; LU 10, LU 14 and LU 1 estates were visited to verify the implementation of the finding and observations raised during certification assessment. Assessment was conducted against all of the RSPO P&C MYNI 2010; Procedure for Surveillance Assessment and Supply Chain Certification Standard: November 2011,

Module D – CPO Mills: Segregation and applicable indicators.

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

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

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

2.4 Stakeholder Consultation

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

3.0 ASSESSMENT FINDINGS

3.1 SUMMARY OF FINDINGS

During the ASA1, two major nonconformities, five minor nonconformities and one observation/Opportunity for improvement were identified. Lepar Utara 4 Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi audit team. For the Major nonconformities, evidence of the closing out the Major nonconformities was assessed, verified and accepted before finalising this report. Minor nonconformities raised during the initial certification were followed up and evidence of closing the nonconformities were checked and verified for continuous closing out the nonconformities. Minor nonconformities raised during the ASA1 will be followed up during the next surveillance and will be reported in ASA2. Details of the nonconformities are in section 3.2 and 3.3.

PRINCIPLE 1: Commitment to Transparency

Lepar Utara 4 has continuously maintained the system for receiving and responding to stakeholder requests for information. The requests for information received over the past year were from external stakeholders such as MPOB, DOE and DOSH.

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

The Mill and Estates have maintained records on file of requests for information received from Government Departments such as MPOB and other interested parties, together with the response. For example, DOSH visited the Mill on the 11 June 2013 to inspect the new air compressor and commented on the cabling system. Mill rectifies the issue and replied to DOSH immediately. Other example such as information request on FFB data from MPOB on 31/5/1013 was replied on 5/6/2013. It was noted that LU 4 Palm Oil Mill had replied in a timely manner and documented under file QOHSE-FPI/L2/QOHSE-06. Documents such as company policies are available on request.

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

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

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

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

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

Compliance with legal requirements is demonstrated by internal and external audit report findings and review of documents and records on site during this assessment. The Mill and Estates maintain copies of applicable Permits and Licences. Sample of permits inspected reveal that all valid. The most recent visit by DOSH on the 11 June 2013 did not find any issues related to safety and health regulations. Similarly, no issues raised by DOE during the visit to the mill.

Mill effluent BOD latest test results (Ref. Number: (225)4035/LU4/840A/51) by FPISB Bukit Goh Lab for May 2013 is range from 21ppm to 45ppm which is lower than approved limit of 100ppm. Other compliance includes MPOB permit valid until 28/2/2014 (No. 5589600002000), SPAN permit (No. SPAN/EKS/(PT)/800-4 (1)/5/12 valid until 10/6/2015.

Similar to initial assessment, the FELDA Compliance Unit provide legal updates on all applicable legislation throughout Felda operation. For example, legal updates on changes to labour laws and worker pay and conditions such as the minimum wage order and compliance was found during this assessment. Legal list was last updated on 3/6/2013 documented under file number FPI/L4/QOHSE-2.1 Pin. 0.

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

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

The Estates are hold copies of Land Titles. The oil palm operations are consistent with the land title for agricultural purposes. Sample of the land title recorded was H.S. (D) 3392, 3393, 3394, 3395, 3396, 3397. Inspection of the boundary stones at LU 2/4 and LU 5 Estate confirmed that steel pipes have been installed beside the concrete boundary stones and were continuously maintained visibly.

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

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

restrict access with regards to travel through the estates along established roads.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

LU 4 Palm Oil Mill and estates have made progress towards achieving their performance production targets for the current financial year. FELDA has continued its commitment to long term sustainability and improvements through a capital expenditure programme. Replanting of palms is being carried out progressively. Construction of new housing for the workers is also budgeted for the 2013 Financial Year.

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

The Estates and Mill have an Annual Operational Budget for 2013 financial year and capital expenditure budget that are projected for the next five years until 2018. The budgets include performance objectives and targets related to production, efficiency and quality covering cost of FFB and CPO production per hectare, OER, KER etc.

The Mill achieved average OER was 21.76% for the 2012 financial year. The OER is expected to improve and the projection for 2013 was 22.00%. The latest OER recorded for the month of May 2013 was 21.89%. The mill is expected to improve on the process and aiming for higher OER to achieve the targeted 22%. This will be followed up during the next surveillance.

The Estates have a Replanting Programme that is projected until 2018 and was revised in January 2013 for the new financial year. The replanting will take place in Financial Year 2015 at LU 5 estate.

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

LU 4 Mill and estates operates in accordance with the FELDA management systems and standard operating procedures. The practices consistently monitored by mill and plantation advisors and recommendations for improvements are given to maintain the sustainable practices.

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

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

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

Estate field standards are documented for all stages and management is by SOP's (Manual available are, "Manual Ladang Sawit Lestari, 2007" and "Manual Pengurusan Rancangan, 2010") revised on June 2012 which are readily available in all areas. The implementation of SOPs is checked during daily inspection by staff as well as by internal audits. Mill operators record operating parameters hourly on log sheets and the Mill Engineer and Shift Supervisor check these each shift and on a daily basis. The Mill Advisor recently visited on 6 February 2013 to monitor the mill operation (Report number: (18)010/13/FGVPM/Report2013).

The Plantation Advisor visits the Estates twice yearly, with the most recent visit to LU 2/4 Estate between 15 and 16 October 2012. The Estates hold copies of previous internal audit reports that include the Manager's response to issues raised and corrective action to be taken.

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

"Pusat Penyelidikan Petani Tun Abdul Razak" research department conduct annual field inspection of the palms and leaf sampling to monitor palm nutrient status through lab analysis. Latest visit was carried out in October 2012 and the information is used for the annual fertiliser recommendation for the 2013 Financial Year. The Soil Sampling was completed as part of a five year rolling plan which just recommended for the period 2011/2015 whereby 20% of all estate soil is sampled each year. Agronomist visit is carried out annually to observe the palms physically before the final fertilizer recommendation is finalised. The last visit was recorded on 18/10/2012. However the report was not available during the assessment. Nonconformity was raised.

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

show the field observation status and comments on the status of the palms.

All palm by-products including fronds, EFB, and decanter cake are recycled. EFB is applied at the rate of 40mt/ha on selected area close to the mill. Semi-mechanised application system is used. This includes smallholders' plots. There is no POME recycling due to logistic constraints and difficulty to build piping through the smallholders' plots. Lepar Utara 4 mill's DOE permit allows discharge to stream with BOD limit of 100ppm. Latest mill effluent BOD latest test results (Ref. Number: (225)4035/LU4/840A/51) by FPIB Bukit Goh Lab for May 2013 is range from 21ppm to 45ppm which is lower than approved limit of 100ppm. DOE regular onsite inspection records shows that POME discharged are within limit and comply with the permit. The decanter cake is recycled as organic fertilizer. These are used as nutrients and are applied to improve organic matter and to supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB. It was noted that the EFB records are incomplete and no details of application is as per recommended 40mt/ha. Nonconformity was raised.

NC Ref: 935933N3 (Minor): nonconformity was assigned against Minor indicator 4.2.3 at LU 2/4 and LU 5 estates because EFB application records did not contain any details of area where the EFB was applied and total hectare applied. There is no detail of total quantity applied per hectare. No evidence whether EFB is applied 40mt/ha as per briefing by the executives.

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

Risk of erosion was assessed internally during the field inspection. The assessment includes road drainage and effectiveness of road grading programmes to prevent erosion of estate roads. This includes a check of road conditions by Field Managers to check erosion. It is also further checked by planting adviser during the routine visit and reports are maintained including action taken. During the ASA1, audit team found that estates have implemented best practices to minimise erosion such as road side drainage, silt pits and maintaining soft grasses.

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

Road maintenance programme for FY 2013 was prepared on January 2013. Example of programme checked at LU 5 and LU2/4 estate shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface.

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

Both estates assessed has prepared map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection at LU 2/4 and LU 5 Estates confirmed that the buffer zone beside the stream has been demarcated clearly and maintained.

Palm Oil Mill monitors water quality of Sungai Lepar and Sungai Rami upstream and downstream to identify any adverse effect from the mill activities. The laboratory analysis results indicate no significant difference in quality between upstream and downstream locations. Analysis report (Cert. Number: 444/2013) dated 11/06/2013 shows all the specifications are within the permitted with BOD <1ppm.

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

The Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB processed, and put into the graph against target value of 1.48mt water/mt FFB processed. The water usage for 2012 was 1.71mt/Mt FFB processed. As for 2013, average of 1.58mt/Mt FFB was used from Jan – May 2013.

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

There is an Integrated Pest Management Programme (IPM) for specific pests as documented in FELDA Sustainable Oil Palm Management Manual (Operasi Ladang Sawit Lestari). There is a measurement of the amount of each pesticide used and type for each specific pest. There are no outbreaks of leaf eating pest noted. Beneficial plants have been established along the main access roads, including *Turnera subulata* and *Antigonon leptopus*. Rhinoceros beetle handle by beetle trap (1 trap for every 2 hectares), pheromone traps for rhinoceros beetle is implemented. At LU 5 estate, a total of 80 barn owl boxes have been placed with occupancy rate of 76% as at January 2013 identified through occupancy census.

NC Ref: 935933N4 (Minor): A nonconformity was assigned against Minor indicator 4.5.4 at LU 2/4 estate because, it was noted "Butik" rat bait was applied on 22/7/2012 only show area applied. No calculation of a.i used per hectare.

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is

no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.

There is a formal justification for agro chemical use and this is documented within the IPM, which attempts to ensure that the most effective and least harmful chemicals are always first choice. Inspection of the Pesticide Stores confirmed only pesticides registered by the Pesticides Board were held. All chemicals were labelled in Bahasa Malaysia. MSDS's were displayed in the Pesticides Store for each of the chemicals held in both Bahasa Malaysia and English. FELDA has developed Pictorial Work Instructions with text in Bahasa Malaysia for chemical mixing and spraying.

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

Observation 1: (4.6.4): Chemical mixing drums should be considered to be marked with permanent warning sign/label rather than using marker pen which will be faded very fast.

Both estates and Mill have a programme of conducting annual medical surveillance of all pesticide operators as per CHRA done by DOSH approved Dr. Yasriza Bin Yahaya (Registration number: JKPP 1H127/171-2(08) from Occumed Consultancy and Services Sdn Bhd. Latest medical check-up at Mill was done on 31 January 2013 at "Klinik Sulaiman Temerloh" by OHD Doctor Halim Bin Ishak (HQ/08/DOC/00/387) found fit for duty. However, there is one operator was not send for medical check up. Nonconformity was raised.

NC Ref: 935933M0 (Major): nonconformity was assigned against Major indicator 4.6.5 at LU 2/4 and LU 5 estates because medical surveillance for the agrochemical mixer (agrochemical handler) was not available. During interview with the agrochemical mixing operator at the field PM 06K (Lepar Utara 5) confirm that he carry out the agrochemical mixing since 2011 and at Lepar Utara 2/4 interview with store keeper reveal that no medical surveillance conducted.

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

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

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

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

The Mill HIRAC was reviewed for each of the workstations and was last updated December 2012. Revised training plan for the safe working and work instruction for the 2013 includes all the work station at mill and estates. The estates have prepared a Training Matrix that lists the OSH core competency training for Staff and Workers. The Mill and Estates hold training records, including details of the topic, trainer, list of attendees and signatures. Details are in indicator 4.8 below.

The mill and estates maintained up to date accident records in term of Accident Register (Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan) using JKPP 6 and 8 forms. Latest accident in the mill was on the 5 January 2013 involving worker recorded in the DOSH log book and JKPP 8 [Ref. Number: Bil (77) 4035/LU4/840A/35].

All the workers are covered by the accident insurance. Malaysian is covered by SOCSO (Perkeso-Pertubuhan Keselamatan Sosial) while foreign workers are covered under AXA Insurance by Master Policy LWX/90643122/26/09/SA valid till 6 December 2013. Inspections of the mill and estates visited indicated that safe work practices were being implemented and proper PPE's are in use by the workers. All operating units conduct quarterly Safety Committee Meetings with the most recent held on 14 March 2013 attended by 18 persons and 8 people absent with approval. The OSH Committees discussed accident reports, workplace inspections and issues raised by representatives. The topics discussed are communicated to workers at muster briefing and by the OSH Committee representatives. No any pending issues.

All operating units review the Emergency Response Plan. Emergency Rescue Team training conducted on the 17 April 2013. An OSH Training was also conducted on the 14 March 2013. First Aid Kits are available in the Office and at Work Stations in the Mill. The Estates have issued First Aid Kits to Supervisors and Mandors. A sample of First Aid Kits was inspected and was found to be appropriately stocked.

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

The Mill has prepared an annual training plan for 2013 that details the training to be carried out for each work station and work area. In addition, the Mill carries out informal on-the-job instruction to improve skill levels. The Mill and Estates maintain records of training for workers and staff. For example, Estate has conducted chemical spraying training for sprayers on the 29 March 2013 that was done by the spray pump supplier, fire drill on 17/4/2013, first aid training on 30/4/2013; Proper steam utilization training on 10/4/2013 involving 5 mill workers from sterilization station and boiler, harvesting training on 29/3/2013. Mill staffs were also sent for external training conducted by National Institute of Occupational Safety and Health on 6-7/2/2013 attended by 2 staffs. However it was noted no training program at the estates. Training conducted on ad-hoc basis. Nonconformity was raised.

NC Ref: 935933M1 (Major): nonconformity was assigned against Major indicator 4.8.1 at LU 2/4 and LU 5 estates because, during the document audit, it was noted that training program for the year 2013 was not available. Training records and training need assessment for workers, contractor and contractor's workers was not available.

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

LU 4 mill and supply base estates continue to ensure that environmental improvements are implemented consistently towards the reduction of waste, such as oil losses at the Mill and the efficient use of natural resources such as water. Riparian buffer are being reinstated during replanting and the company continued to make employees aware of the need to protect biodiversity areas. Inspection at estate fields shows the riparian area has been demarcated. Scheduled wastes were well controlled.

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

The Mill and Estates carried out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans. The last review was conducted in December 2012 with no changes due to no changes in the overall operational activities.

Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats if any, that exist in the plantation or that could be affected by plantation or mill management, shall be

identified and their conservation taken into account in management plans and operations.

As reported during initial assessment, University of Malaya graduates has carried out an assessment of the presence of HCVs within and adjacent to the Felda plantations assessment covering all the operating units. Report [Document Number: ML-1A/L3-GP5 (0)] is available at all sites dated 1 July 2011. Three HCVs are identified during the assessment e.g. HCV 2, HCV 3, and HCV 4 totalling an area of 62.41ha. Surrounding HCV is found in the outside boundary at the adjacent Berkelah Reserve Forest. The report format includes location and general description, action to be taken with regard to the identified HCV, timeframe for action. Monitoring is recorded in form RSPO-PS/C 5.2/5.2-1

Staff and workers were given briefing on company policies that prohibit disturbance of designated protected areas. Signage are maintained at the entrance to the estates (and also sample seen at field number 89E) prohibiting illegal hunting, fishing and the use of fire. Posters are displayed on the notice boards at muster areas.

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

Scheduled waste stores and stored materials well managed with appropriate label, segregation and the inventory is up-to-date. Authorised and licensed schedule waste collector engaged to dispose the schedule waste. For example, mill has send schedule waste through consignment Note: 0028505 dated 28 January 2013 for Spent Hydraulic oil, Electrical waste and used oil filters through licenses national waste collector Kualiti Alam.

Domestic wastes are collected and send to municipal council landfill through Scheme Development Cooperative (JKKR) contractor twice a week.

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

The Mill reports total renewable energy use monthly to Head Office. For example, comparison for the month of March was 0.76kwh/mt of renewable energy generated in 2012 and 0.66 kwh/mt in 2013 have been recorded as renewable energy used. Slight reduction was due to incorporating the lower crop season during the month.

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

All operating units are not using fire for waste disposal as per company policy on zero burning. Recently replanted areas confirmed palms were felled, chipped

and windrowed. No evidence of fire used for domestic waste found during the facilities visit to the line site.

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

Pollution prevention plan has been updated on 3 January 2013. It includes planting of vetiver grass to protect slope earth erosion and to avoid sediments from going into waterways and avoid river water pollution. Mill is focusing on improving the storage area for fibre and ash to avoid any leaching. The mill is consistently controlled water usage for processing to ensure water is reduced. At the moment the development of methane capturing is at very initial planning stage due to the high cost involve.

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

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

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

Social Impacts are identified via the stakeholder consultation process and grievance process for employees, contractors and other parties for negative impacts and through social interaction for positive impacts. The assessment identified negative and positive impacts with action to be taken to mitigate or minimise any negative impacts. The annual review is conducted recently in January 2013. However it was noted that the required timetable and status was not updated. Nonconformity was raised.

NC Ref: 935933N5 (Minor): nonconformity was assigned against minor indicator 6.1.3 at LU 2/4, LU 5 Estates and Mill because during document audit noted that Social Impact Assessment dated May 2011 and reviewed in January 2013. The assessment includes recommendation for monitoring and managing the impacts. However, the management did not prepare the required timetable and responsibility including the status of the action taken. This was highlighted during

last assessment as an area for improvement but no improvement was noted.

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

Communication with local communities and other effected parties are carried out through Scheme Development Cooperative (JKKR) and management meetings and informal gatherings at worshipping places. Stakeholder list is available and updated. This list includes local community leaders, representatives, suppliers, contractors, government departments and contacts details. Interview with stakeholders confirm that there are regular meetings were conducted. Last JKKR meeting was held on 7/2/2013 which involved local land department and religious department. Another stakeholder meeting was held on 29/5/2013, attended by 18 stakeholders.

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

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

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

No any kind of disputes noted during this assessment. Stakeholder interview and meeting did not highlight any disputes as well. Due this reason no negotiation was needed.

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

Pay and conditions are documented in accordance to agreement between Felde Palm Industries Sdn Bhd and Workers Union (Kesatuan Pekerja-Pekerja) of Felde Palm Industries Sdn Bhd Collective Agreement 2010 for the period of 01 January 2013 until 31 December 2015. The Collective Agreement is revised every three years. Agreement book is distributed to all workers. For foreign workers, every worker has signed work contract (Surat Perjanjian Kontrak Pekerjaan) between Felde and Foreign Workers prior to employment. The contract

detail term and condition of the employment, such as wages, paid leave, and facilities provided annual leave, medical, etc. All the workers earn more than the minimum wage of RM 900.00 set by the government. Payslip given to all workers and written in local language and explain to foreign workers. It was noted that the operating units did not keep the consent letter from worker for deduction and some copies of contracts are missing. Nonconformity was raised.

NC Ref: 935933N6 (Minor): nonconformity was assigned against minor indicator 6.5.2 at Mill and LU 2/4 Estate because, at mill, inspection of the payslip of Staff ID: 01207086 and Staff ID 01210099 reveals that deduction was made but without consent letter (Surat Persetujuan) as per internal memo dated 16/1/2005 No. PP3/34/1013. At Lepar Utara 2/4, inspection on the employment contract for local and foreign workers reveal that copy of the employment contract was not available.

Housing is provided for free to the workers; Felde are in an on-going process to replace wooden houses with new brick houses. Free medical treatment for workers is available up to workers and family. Clinic is available in Bandar Jengka and Temerloh, around 25 minutes from mill. Mill and estate provides dedicated van for transport to clinic. Government schools are within close proximity of the Estate and Mill. Electricity and water are available from government supply.

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

Workers and staff are represented in Joint Consultative Committee (JCC) through Workers Union (Kesatuan Pekerja-Pekerja) which was established since September 2007. Members are elected from representatives of every division including foreign workers. Regular meetings are held every three months. Latest meeting was held on 27/5/2013. The JCC representatives were elected to represent each workers category such as work stations at mill, estate sprayers, fertiliser applicators, mandor and harvesters.

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

The minimum working age is 18 under the Malaysian Labour Ordinance 1969. At time of hire, age was checked by examination of ID card for local persons. Check of Passports of foreign workers is carried out prior to hire. Children and under-age workers were not

observed at any of the Mill or Estate operational areas during the field visit. Stakeholders further confirmed that no any issue of child labour.

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

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

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

Felda has prepared policy on Code of Conduct of their workers since 2007, including sexual harassment. Similar to the initial assessment, interview of female Staff and Workers confirmed their knowledge of the Policy and there were no outstanding issues.

Latest Gender committee (GPW - "Gerakan Persatuan Wanita") meeting was conducted on the 22 March 2013 together with Mill and estate representatives attended by 14 members. Social activities, T-shirt printing for the Committee and fund raising are the issues discussed.

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

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

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

FELDA continuously implementing the initial objectives establishment in 1959 such as providing land for landless, uplifting socio-economic status of rural communities (and landless) and encourage the development of a progressive, productive and disciplined settlers community. Under Felda scheme, settlers generally have good access to Government services, healthcare and education and infrastructure which are well established. Furthermore the management of the land is fully taken care of Felda.

Principle 7: Responsible Development of New Plantings

Supply base under LU 4 certification unit has not carried out any new oil palm developments and there are no

plans for expansion of plantings. Principle 7 is therefore not applicable to this assessment.

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

All operating units committed to continuously improve the efficiency of its performance as a grower and producer of palm oil.

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

The Mill has continued to look for ways to increase processing efficiency and reduce water usage. Similar to initial assessment, recycling efforts are carried out wherever possible. Pesticides is minimised and only used with justification. Continued efforts are being implemented to minimise environmental effect by complying with DOE regulation and regularly conduct monitoring as per schedule. The company has an approved additional budget for construction of new houses and upgrading current workers housing. Observations raised during initial assessment has been rectified and recorded as continuous improvement plan under pollution prevention plan.

3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA1)

There were two nonconformities assigned to Major Compliance Indicators 4.6.5 and 4.8.1. Five nonconformities were assigned against Minor Compliance Indicators 4.2.2, 4.2.3, 4.5.4, 6.1.3 and 6.5.2 together with one Observation/Opportunity for Improvement were identified during this assessment.

Corrective action plans with respect to the major nonconformities raised during the ASA1 have been reviewed on 24 June 2013 and found to be effectively implemented and the NC was closed on 9 August 2013. The management submitted corrective action plans for all the minor nonconformities on 21 June 2013. The Audit Team has reviewed and accepted the Corrective Action Plan. Implementation of corrective actions and closing out the minor nonconformities will be followed up during the next Surveillance Assessment.

The details of the nonconformities are listed below.

Major Nonconformity

Two major nonconformities were raised during the ASA1. Corrective Actions and closing out evidence for the major nonconformity identified during the ASA1 has been effectively implemented and the nonconformity is closed. The detail as follows:

NC Ref: 935933M0: Major nonconformity against indicator 4.6.5: Annual medical surveillance as per CHRA for plantation pesticide operators. At LU 2/4 and

LU 5 estate, medical surveillance for the agrochemical mixer (agrochemical handler) was not available. During interview with the agrochemical mixing operator at the field PM 06K (Lepar Utara 5) confirm that he carry out the agrochemical mixing since 2011 and at Lepar Utara 2/4 interview with store keeper reveal that no medical surveillance conducted.

Detail of close out evidence and implementation: The LU 2/4 and LU 5 estates management analyzed the root cause and found that the management did not include the agrochemical handler and store keeper in the medical surveillance required list. The list has been updated immediately by including both employees. The management sent the agrochemical mixers and store keeper for medical checkup. They were sent to "Klinik Sulaiman Temerloh" on the 24 June 2013 and checked by OHD Doctor (Registration number: HQ/08/DOC/00/387). Medical check-up results were received on 5 July 2013 found both are fit to continue work. Updated list and medical result evidence was submitted to the audit team. Audit team conducted document assessment and reviewed the corrective action and implementation. The evidence of implementation was accepted. The Major NC was closed on 3 July 2013.

NC Ref: 935933M1: Major nonconformity against indicator 4.8.1: A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept. At LU 2/4 and LU 5 estate, during the document audit, it was noted that training program for the year 2013 was not available. Training records and training need assessment for workers, contractor and contractor's workers was not available.

Detail of close out evidence and implementation: The LU 2/4 and LU 5 estates management analyzed the root cause and found that there was a lapse in preparing the training programme due to changes in the management team whereby manager and assistant was replaced. The management appointed the compliance executive as person-in-charge to handle future training program. The operating units conducted the training need assessment based on FELDA training matrix for workers; contractor and contractor's workers and a training program prepared on 20 June 2013 effective to cover the period July 2013 to June 2014. The programme includes OSH, Environment, HIRARC, SOP training, First Aid training, Emergency Response Plan awareness training, Chemical handling training, Schedule waste management training. Work instruction trainings etc. Training need assessment and training programme was submitted to the audit team. Audit team reviewed the corrective action plans and accepted to be appropriate. The implementation was carried out. There were four training conducted in July 2013 (First aid training and safe driving technique which include contractors, schedule waste management and RSPO Training). Induction was conducted in early August for the newly arrived foreign workers. Further

training conducted will be verified during next surveillance assessment. The Major NC was appropriately closed on 9 August 2013.

Minor Nonconformities

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

The details of these nonconformities are as follows:

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

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

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

NC Ref: 935933N5: Minor nonconformity against indicator 6.1.3: A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. At LU 2/4, LU 5 Estates and Mill, during document audit noted that Initial Social Impact Assessment dated May 2011 and reviewed in January 2013. The assessment includes recommendation for monitoring and managing the impacts. However, the management did not prepare the required timetable and responsibility including the status of the action taken. This was highlighted during last assessment as an area for improvement but no improvement was noted.

NC Ref: 935933N6: Minor nonconformity against indicator 6.5.2: Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice,

etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit. At the mill, inspection of the payslip of Staff ID: 01207086) and Staff ID 01210099) reveals that deduction was made but without consent letter (Surat Persetujuan) as per internal memo dated 16/1/2005 No. PP3/34/1013. At Lepar Utara 2/4, inspection on the employment contract for local and foreign workers reveal that copy of the employment contract was not available.

Observations/Opportunities for Improvement (ASA1)

One Observation/Opportunity for Improvement was identified. The progress of the Observation/Opportunity will be checked during the next Annual Surveillance Assessment (ASA2).

Observation (4.6.4): Chemical mixing drums marked with temporary warning sign/label which will be faded very fast.

Noteworthy Positive Components

- The maintenance and upkeep of the oil palm blocks were well implemented and consistent with the FELDA internal standards.
- LU 4 palm Oil Mill is in the process of Installation of Single Element Boiler/ Fuel Balance for improving the mill efficiency.
- No complaints neither grievances highlighted by stakeholders and scheme settlers.
- Good government facilities were established at the Felde with good access roads, schools, clinics, mosque etc.

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

Corrective Actions for Nonconformity (A605202/1, A605202/2, A605202/3, A605202/4, A605202/5 and A605202/8) assigned to Major Compliance Indicator during Initial Certification Assessment were found to be consistently implemented and the nonconformities remain closed. Minor nonconformities identified during the Certification assessment were followed up and found that minor nonconformities were effectively and consistently implemented and the minor nonconformities were closed during ASA1.

A605202/6: 2.1.3 (minor): A mechanism for ensuring that they are implemented. Even though the estate has assigned officers to track and update the relevant regulations, however, inspection to the record indicated that check to the legal compliance has not been carried out.

ASA 1 Findings: Inspection to the record indicated that check to the legal compliance has been carried out consistently and the latest was on January 2013. Legal updates on changes to labour laws and worker pay and conditions such as the Minimum Wage Order 2013 included and compliance were found during this assessment. The minor nonconformity is closed.

A605202/7: 2.2.3: Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained. Boundary stones are not identified and mapped in all estates. Inspection to Lepar Utara 14 estate boundary along perimeter adjacent to Bukit Berkelah forest reserves indicated that some boundary stone was cannot be located either missing or not visible.

ASA 1 Findings: Inspection to Lepar Utara 14 estate boundary along perimeter adjacent to Bukit Berkelah forest reserves was carried out during the ASA1. Physical inspection indicated that all boundary stones were located through survey and visibly maintained. The field staff makes inspection records on his notebook. The latest inspection was on May 2013. The minor nonconformity is closed.

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

ASA 1 Findings: 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. Field inspections confirmed soil conservation practices generally were consistently implemented including silt pits to avoid surface run-off. Gradient map is available. Replanted area was re-visited and found that there is no any erosion noted. The cover crops were well established. The minor nonconformity is closed.

A605202/10: 4.4.3: Monitoring of water usage in mills (tonnage water use/tonne FFB processed). Mill wastewater (POME) was treated by facultative system before discharging to the nearby small river. POME is monitored weekly in accordance to the DOE requirement. Inspection to the filed monitoring form indicated dilution factor in the river is too small during dry seasons. Mill to ensure wastewater quality always-meet DOE requirements, by implemented documented programme to mitigate this situation. Priority should be

given in Aspect and Impact Register so that the issue can be properly mitigated.

ASA 1 Findings: Mill monitors water quality of Sungai Lepar and Sungai Rami upstream and downstream to identify any adverse effect from the mill activities. The laboratory analysis results indicate no significant difference in quality between upstream and downstream locations. Analysis report (Cert. Number: 444/2013) dated 11/06/2013 shows all the specifications are within the permitted with BOD <1ppm. The minor nonconformity is closed.

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

ASA 1 Findings: The pollution prevention plan and continuous improvement plan has been reviewed on 3 January 2013 relate to the assessment findings. The plans are well developed with the respective operation aspects and impacts with proper mitigation. Management plan relates to the aspect impact identification. Authorised and licensed schedule waste collector engaged to dispose the schedule waste. For example, mill has send schedule waste through consignment Note: 0028505 dated 28 January 2013 for Spent Hydraulic oil, Electrical waste and used oil filters through licenses national waste collector Kualiti Alam. Domestic wastes are collected and send to municipal council landfill through Scheme Development Cooperative (JKKR) contractor twice a week. The minor nonconformity is closed.

A605202/12: 5.5.3: No evidence of burning waste (including domestic waste). 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.

ASA 1 Findings: No evidence of fire used for domestic waste found during the visit to the line site at all the operating units. Employees interviewed demonstrate awareness on zero burning practices and aware of company's commitment to zero burning. The minor nonconformity is closed.

A605202/13: 5.6.2: Plans are reviewed annually. Estates have prepared a Plan to reuse pesticide containers and wastewater however the plans were not properly documented.

ASA 1 Findings: The pollution prevention plan and continuous improvement plan has been reviewed on 3 January 2013. Estates are now re-using the pesticide containers to prepare pre-mix agrochemical for field spraying. Wastewater at the mill is managed as per the DOE's regulation. The minor nonconformity is closed.

Review of Progress with Observations/ Opportunities for Improvement Previously Identified

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

ASA 1 Findings: The extension of the rent has been approved by Felda Land Department on the 1 January 2012 and valid for 5 years.

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

ASA 1 Findings: Inspection to the estate in Lepar Utara 14 found no area of bare soil close to the buffer zone of Sg Lepar.

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

ASA 1 Findings: Field inspection found riparian buffer zones has been marked consistently for future replanting.

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

ASA 1 Findings: Mill has installed water meter separately for process to calculate the ratio of water use/tonne FFB precisely.

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

ASA 1 Findings: The plan is deferred as the amount of FFB processed is still under capacity due to the segregation mechanism used by the mill. Only certified segregated FFB is processed.

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

ASA 1 Findings: The estate has documented all the IPM implementation in "File IPM". It includes barn owl box establishment, beneficial plants record and rat census records.

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

ASA 1 Findings: Monitoring data on pesticide reduction relation with the IPM has been prepared. For example, rat baiting has been reducing based on rat damage census relation with barn owl occupancy census. IPM implementation has resulted in reduction of rat damage.

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

ASA 1 Findings: This observation has been upgraded as Minor NC as it was noted "Butik" rat bait was applied on 22/7/2012 only show area applied. No calculation of a.i used per hectare.

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

ASA 1 Findings: The procedure and collection/storage system for used chemicals in laboratory has been improved to meet the safety standard.

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

ASA 1 Findings: Signs and symbols have been improved to meet the latest regulation requirement at the chemical store and mixing area.

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

ASA 1 Findings: Signs and labels have been improved to meet the latest regulation requirement at the mill chemical store.

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

ASA 1 Findings: The Paraquat usage has been reduced to 1565 litres in 2012. The trend id reducing.

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

ASA 1 Findings: The accidents were quarterly reviewed during OSH meetings. All operating units conduct quarterly Safety Committee Meetings with the most recent held on 14 March 2013 attended by 18 persons and 8 people absent with approval.

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

ASA 1 Findings: This observation has been upgraded as Major NC because, during the document audit, it was noted that training program for the year 2013 was not available. Training records and training need assessment for workers, contractor and contractor's workers was not available. The nonconformity was later addressed and closed on 9/8/2013.

5.1.1. Mill has an Environmental Aspects and Impacts Register (updated on 02 June 2009), covering all aspect and impact of its operations. Record held on file "FPI/L2/QOHSE-1.0". This aspect impact was updated on 2011, Register No. FPI/L4/QHSE-1.8 Pind 0, however, the plan did not detailed priority of action to be carried out in relation to the identified environmental impacts. Estates have prepared aspect and impact of it operation but the mitigation measure was not related to the environment and there is no pollution prevention and continual improvements consideration. Aspect impact was not well prepared, since environmental impact management plan was mixed up with safety measure (which leads to the use of PPE to remedy environment impacts identified).

ASA 1 Findings: The Mill and Estates carried out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans. The last review was conducted in December 2012 with no changes due to any changes in the operation. The plan does detailed priority of action to be carried out in relation to the identified environmental impacts.

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

ASA 1 Findings: The pollution prevention plan has been reviewed by estate and it was consistent and relevant to the finding of aspect impact register.

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

ASA 1 Findings: Inspection to the report indicated all HCVs have been included, for example area of more than 25 degree inside the estate has been assessed of the possibility of HCV. Also, buffer zone along Sg Lepar has also been assessed for the possibility of HCV. HCV monitoring report also covered all the HCV areas mentioned in the report. The date has been amended to 1/7/2011.

5.3.1. Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Register for the mill and estates. Documentation of waste have been carried out however it did not clearly

identified types of waste, source of waste, as well as annual quantity of the wastes.

ASA 1 Findings: Documentation of waste has been reviewed clearly identified types of waste, source of waste, as well as annual quantity of the wastes such as hazardous waste.

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

ASA 1 Findings: The plan is deferred as the amount of FFB processed is still under capacity.

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

ASA 1 Findings: Detail of public consultation, detail of SIA method, outcomes have been included in the revision of SIA.

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

ASA 1 Findings: The action plan has covered all the issues as identified during the assessment and further stakeholder communication feedbacks.

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

ASA 1 Findings: This observation has been upgraded as Minor NC because; during document audit noted that Social Impact Assessment dated May 2011. The assessment includes recommendation for monitoring and managing the impacts. However, the management did not prepare the required timetable and responsibility including the status of the action taken. This was highlighted during last assessment as an area for improvement but no improvement was noted.

6.3.1. Stated by mill officials that the dispute resolution procedure has been socialized to workers during morning muster, however the socialization process was not documented. At LU14E, in the early of February 2011 a group of Indonesian harvesters (Group O2G) complaining about seasonal low crops, which affected their monthly income. A meeting was carried out between the harvesters and management; it was advised that the workers are eligible for additional work to get more income. However, details of the grievances, meeting with the workers and dispute resolution outcome have not been recorded.

ASA 1 Findings: Details of the grievances, meeting with the workers and dispute resolution outcome have been recorded in the file.

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

ASA 1 Findings: Felda are in an on-going process to replace wooden houses with new brick houses that meet government regulation. Existing houses were renovated and combined to give three rooms.

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

ASA 1 Findings: Pesticide usage record shows the reduction of pesticide use which has been recorded in file "Pengunaan Racun".

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

ASA 1 Findings: Relevant mitigation measures have been identified for the aspect impact identified.

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

ASA 1 Findings: Separation of garden waste from domestic refuse is being socialised to create awareness. Minimizing waste by reusing cleansing water was done and documented properly with quantity of wastewater being recycled.

3.4 Issues Raised By Stakeholders

Stakeholders interviewed, both internal and external, had mainly positive comments. There were no issues raised during the ASA1 stakeholder interview process. Local communities highlighted that the operating units always assist when any request for donation are sent to the management.

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

During this ASA 1, the majority of stakeholders had positive comments about LU 4 Certification Unit. The detail of stakeholders comment has provided in each criterion above as part of this summary report.

Issues Raised by Stakeholders previously

The issue raised during the Certification assessment and companies respond was verified during this assessment. The details are as below:

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

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

ASA 1 Findings: *There were no issue on the visa renewal process as Immigration department has improved the system which makes the process faster. Interview of foreign workers did not find any issue related to visa renewal.*

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next annual surveillance Visit (ASA2)

The next Surveillance Assessment (ASA2) will be scheduled within twelve months of RSPO Certificate anniversary.

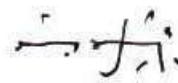
4.2 Date of Closing Nonconformities (Major and Minor)

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

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

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

Signed for on behalf of
FELDA Lepar Utara 4



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

Signed for on behalf of
BSI Group Singapore Pte Ltd



Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: FELDA Time bound Plan

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

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

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

BSI RSPO Certificate No: SPO 571230

Date of Initial Certificate Issued: 12 September 2012

Date of Expiry: 11 September 2017

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

Felda Lepar Utara 04 Palm Oil Mill and Supply Base		
Location	Bandar Pusat Jengka, Pahang, Malaysia.	
Address	Kilang Sawit Lepar Utara 04, Peti surat 55, Pejabat Pos Bandar Pusat Jengka, 26400 Bandar Pusat Jengka, Pahang	
GPS	102° 48.928' E ; 3° 52.738 N	
CPO Tonnage	27,123	
PK Tonnage	6,177	
Plantations FFB Tonnages	Lepar Utara 1:	2,800
	Lepar Utara 2:	1,572
	Lepar Utara 4:	2,380
	Lepar Utara 5:	44,542
	Lepar Utara 10:	1,247
	Lepar Utara 14:	45,746
	Lepar Utara 9*:	25,000
	Total:	123,287

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

Appendix C: ASA1 Assessment Program

Date	Time	Subjects	Senniah	Muhd Haris	Nabila
Tuesday 11/6/2013 Lepar Utara 4 Palm Oil Mill	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none">• Presentation by the Estate and mill managers• Presentation by Audit team leader.• Confirmation of assessment scope and finalize Audit plan. (including stakeholder's consultation).	√	√	√
	09.00 – 12.00	Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	-	√
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Wednesday 12/6/2013 Lepar Utara 5 Estate	08.00 – 12.00	Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Training records, review pay documents etc).	√	-	-
	8.00 – 17.00	Verify Initial Audit Findings (LU10E, LU14E & LU01E)	-	√	√
Thursday 13/6/2013 Lepar Utara 4 (Scheme) Lepar Utara 2 (Scheme)	8.00 – 10.00	Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Training records, review pay documents etc).	√	√	√
Friday 14/6/2013	8.00 – 10.30	Verifying outstanding issues and prepare for closing meeting.	√	√	√
	10.30 – 11.30	Closing meeting	√	√	√
	12.00	Audit team travel back to KL	√	√	√

Appendix D: List of Stakeholders Contacted

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

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

Requirements	Compliance
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	Lepar Utara 4 palm oil mill have written documented procedures for the chain of custody with SG and MB model covering certified and non-certified FFB. The mill manager has the responsibility to ensure implementation. The SG model used at the moment because only certified FFB is processed at the moment. However, the palm oil mill also have the system in place to use Mass Balance model through either down grading the SG to MB or through purchasing non certified FFB in the future (which was used previously). The mill manager and assistant has the overall responsibility to ensure the implementation of the Segregation Module.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Lepar Utara 4 mill has documented procedures Felda Group procedure No. RSPO SCCS FGVPM – RSPO SCCS, issue 1.0, revised on 1/12/2012 (Segregation) for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received. The weighbridge Standard Operating Procedure FPI/L3/2-01 covers all the relevant work instruction as an additional guideline beside the supply chain procedure page 4, section “Weighbridge Clerk”.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit. Weighbridge ticket dated 10/4/2013 (number 06002235) was checked and verified. Daily summary of FFB received records (Rumusan Harian) are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. All consignment of FFB received from the estates are accompanied by Delivery Note (Nota Penghantar) with unique running numbers which includes details whether certified source or non-certified, field number, block, total FFB, date harvested, estimated tonnage, transport vehicle number and driver’s details.
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
D.3. Record keeping	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records (Rumusan Penerimaan BTS Harian) are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified in the Supply Chain Procedure (No. RSPO SCCS FGVPM – RSPO SCCS, issue 1.0, revised on 1/12/2012) page 1 as ten years and financial documents retained longer based on the local regulation requirement.
D.3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory on the “Reporting Spreadsheet”. The “Reporting Spreadsheet covers the FFB received, CPO and PK produced and despatched or sold on a three monthly basis. Since there is no kernel crushing activity at the Lepar Utara 4 Palm Oil Mill, no PKO and Palm kernel meal produced at Lepar Utara 4 Palm Oil Mill.
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	System in place to indicate RSPO CPO/SG and RSPO PK/SG on the documents related to the supply chain. Sample checked dated 11/6/2013.
D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There are no certified palm product sales during the 2012 period (ASA1). Mill was certified in September 2012. Sample of existing sales documents were checked and found that palm products are sold as conventional palm products. The information on the documents are as per below.
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice. i.e. CSPO sold to FVOP, Kuantan, Pahang. CSPK sold to KCP Semambu.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents. Sample checked dated 11/6/2013.
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written. RSPO CPO/SG and RSPO PK/SG are written.
(d) The quantity of the products delivered	Quantity in tonne. Sample checked dated 11/6/2013 for 43.40mt.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Weighbridge ticket number 04000792 checked and verified. Transport details i.e. Vehicle number (WT 1400) and transport company’s name (Felda Transport Services Sdn Bhd) are included.
D.5. Processing	
D.5.1 The facility shall assure and verify through clear	During this assessment it was confirmed that only certified source of FFB from own

procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed	plantation is processed. This ensures that there is no possibility of mixing during processing.
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Processing and storage records can trace back to only certified segregated raw material (FFB) and finish product (CPO and PK). Externally, Felda Palm Industries representative conduct internal audits to verify the accuracy of the records. Evidence is maintained through daily, monthly and three monthly spread sheet.
D.5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: <ul style="list-style-type: none"> The crush operator conforms to these requirements for segregation The crush is covered through a signed and enforceable agreement 	There is no outsourcing activity directly handled by the mill. The kernel is sold to a subsidiary kernel crushing plant belong to FELDA (KCP SEMAMBU).
D.6 Training	
D.6.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Training conducted on 4 April 2013, 11 staff attended including mill manager, executives, weighbridge clerk, lab personnel and administrative personnel. Training conducted by PSQM officials from FELDA Plantation Sustainability and Quality Management Department covering Module D: Segregation. There were also training on supply chain and e-trace conducted on the 28 February 2013 by the representative from the Felda Head Office. A followed up e-trace training was conducted on 11 April 2013 by Sustainability Department attended by 22 staffs including personnel from other Felda Palm Oil Mills.
D.7. Claims	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Actual Certified Palm Production - 01 January 2012 - 31 December 2012 (ASA1)

Mill	Processing Capacity	CPO	PK
LU 4 Palm Oil Mill	40 mt/hr	24,400	4,968

Actual Sales of Certified Palm Products - 01 January 2012 - 31 December 2012 (ASA1)

Month	CPO (Certified)	Buyer	PK (Certified)	Buyer
Jan. – Dec. 2012	0	N/A	0	N/A

Remark: No certified palm product sales. Palm product sold as conventional palm product.

Actual Certified FFB Received Monthly - 01 January 2012 - 31 December 2012 (ASA1)

Month	LU 1	LU 2	LU 4	LU 5	LU 10	LU 14	LU 9*	Total FFB/Month
Jan'12 (Not Certified)	115	0	0	2,761	41	2,167	1,757	6,841
Feb'12 (Not Certified)	89	0	0	2,347	59	1,632	1,030	5,157
Mar'12 (Not Certified)	110	0	0	2,116	52	1,486	845	4,609
Apr'12 (Not Certified)	117	0	0	2,417	46	1,688	931	5,199
May'12 (Not Certified)	116	0	0	2,499	61	2,143	1,102	5,921
Jun'12 (Not Certified)	222	0	0	2,635	63	3,052	1,614	7,586
Jul'12 (Not Certified)	300	0	0	3,742	64	5,099	2,358	11,563
Aug'12 (Not Certified)	311	0	0	3,938	67	5,636	2,400	12,352
Sep'12 (Certified)	350	0	0	4,884	70	6,968	3,152	15,424
Oct'12 (Certified)	241	0	0	4,267	57	6,105	3,177	13,847
Nov'12 (Certified)	341	0	0	3,898	44	5,687	2,581	12,551
Dec'12 (Certified)	365	0	0	3,323	31	4,929	2,436	11,084
Total	2,677	0	0	38,827	655	46,592	23,383	112,134

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