



...making excellence a habit.™

## PUBLIC SUMMARY REPORT

### INITIAL RSPO CERTIFICATION ASSESSMENT

# FELDA

Lepar Hilir Palm Oil Mill  
Gambang, Pahang, Malaysia

*Report Author:*

**Senniah Appalasamy – Revised December 2013**

---

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)  
1 Robinson Road #15-01,  
AIA Tower,  
SINGAPORE 048542.  
Tel: +65 6270 0777  
Fax: +65 6270 2777  
[www.bsi-asia.com](http://www.bsi-asia.com)  
Aryo Gustomo: [Aryo.Gustomo@bsigroup.com](mailto:Aryo.Gustomo@bsigroup.com)

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

## TABLE of CONTENTS

Page N<sup>o</sup>

SUMMARY...	1
Abbreviations USED.....	1
1.0 SCOPE OF CERTIFICATION ASSESSMENT.....	1
1.1 National Interpretation Used.....	1
1.2 Certification Scope.....	1
1.3 Location and Maps.....	1
1.4 Description of Supply Base.....	4
1.5 Date of Plantings and Cycle.....	4
1.6 Other Certification Held.....	4
1.7 Organization Information/Contact Person.....	4
1.8 Time Bound Plan for Other Management Units.....	4
1.9 Area of Plantation.....	5
1.10 Approximate Tonnage Certified.....	5
1.11 Date Certificate Issued and Scope of Certificate.....	5
2.0 ASSESSMENT PROCESS.....	5
2.1 Certification Body.....	5
2.2 Qualifications of the Lead Assessor and Assessment Team.....	5-6
2.3 Assessment Methodology, Programme, Site Visit.....	6
2.4 Stakeholder Consultation and List of Stakeholders Contacted.....	6
2.5 Date of Next Surveillance Visit.....	6
3.0 ASSESSMENT FINDINGS.....	6
3.1 Summary of Findings.....	6
3.2 Detailed Identified Nonconformities, Noteworthy Negative and Positive Observations.....	22
3.3 Corrective Action and Closeout of Nonconformities.....	23
3.4 Noteworthy Positive Components.....	23
3.5 Issues Raised By Stakeholders and Findings with Respect To Each Issue.....	23
3.6 Acknowledgement Of Internal Responsibility And Formal Sign-Off Of Assessment Findings.....	23

### LIST of TABLES

Table 1. Mill GPS Location.....	1
Table 2. Projected FFB Production for 2013.....	4
Table 3. Age Profile of the palms at each Supply Base.....	4
Table 4. Supply Base Hectarage Statement.....	5
Table 5. Approximate CPO and PK Tonnages Certified.....	5

### LIST of FIGURES

1 Location Map of FELDA Lepar Hilir Palm Oil Mill and Supply Base in Pahang, Peninsular Malaysia.....	2
2 Field map of the Lepar Hilir 6 Estate.....	3

### List of Appendices

A FELDA Lepar Hilir Certification Unit's RSPO Certificate Details
B Initial Certification Audit Programme
C Major NC Close out visit Programme
D Corrective Action Plan and close out evidence for Major Non Conformity
E Lepar Hilir Palm Oil Mill Supply Chain Assessment
F Time Bound Plan

## SUMMARY

BSI has conducted the Initial Certification Assessment of FELDA Lepar Hilir Operating Unit comprising Lepar Hilir Palm Oil Mill, supply base, support services and infrastructure. This audit was conducted from 7<sup>th</sup> – 9<sup>th</sup> January 2013. BSI concludes that Lepar Hilir operations comply with the requirements of RSPO Principles & Criteria: 2007 and Malaysia National Interpretation Working Group (MY-NI) Indicators and Guidance: November 2010 and RSPO Supply Chain Certification Standard: November 2011 and the requirements for Mass Balance Mechanism. All the operations are organized by Felda management and records are made by the estate management. Due to this reason the scheme smallholders were assessed using the MYNI for plantation/estate.

During the initial assessment the audit team raised five (5) major nonconformities which need to be addressed and closed by the management unit prior to proceed with the recommendation for certification. Based on the findings during the initial assessment, the audit team also raised a concern to carry out a special audit to verify the evidence of the close out of the major non conformity raised once the management unit is ready.

BSI conducted special audit on 16<sup>th</sup> April 2013 to verify the corrective action and implementation for the major nonconformity. During this audit, evidence of the close out of the major nonconformities and its implementation on site was assessed and verified.

With the successful close out of the major nonconformity, BSI recommends that Lepar Hilir management unit that comprising of Lepar Hilir Palm Oil Mill and supply base be approved as producer of RSPO Certified Sustainable Palm Oil.

## ABBREVIATIONS USED

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

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

## 1.0 SCOPE OF CERTIFICATION ASSESSMENT

### 1.1 National Interpretation Used

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

### 1.2 Certification Scope

The scope of Certification covers production of one (1) palm oil mill, Lepar Hilir Palm oil mill and six (6) supply bases.

### 1.3 Location and Maps

The Lepar Hilir Management Unit is consists of the Lepar Hilir Palm Oil Mill and supply bases are located in the State of Pahang, Malaysia (**Figure 1**). An additional field map of the Lepar Hilir 6 Estate is included in **Figure 2**. The GPS location of the mill is shown in **Table 1**.

**Table 1: Mill GPS Location**

Mill	Easting	Northing
Lepar Hilir (Capacity: 55mt/hr)	E 103.0118	N 3.6438

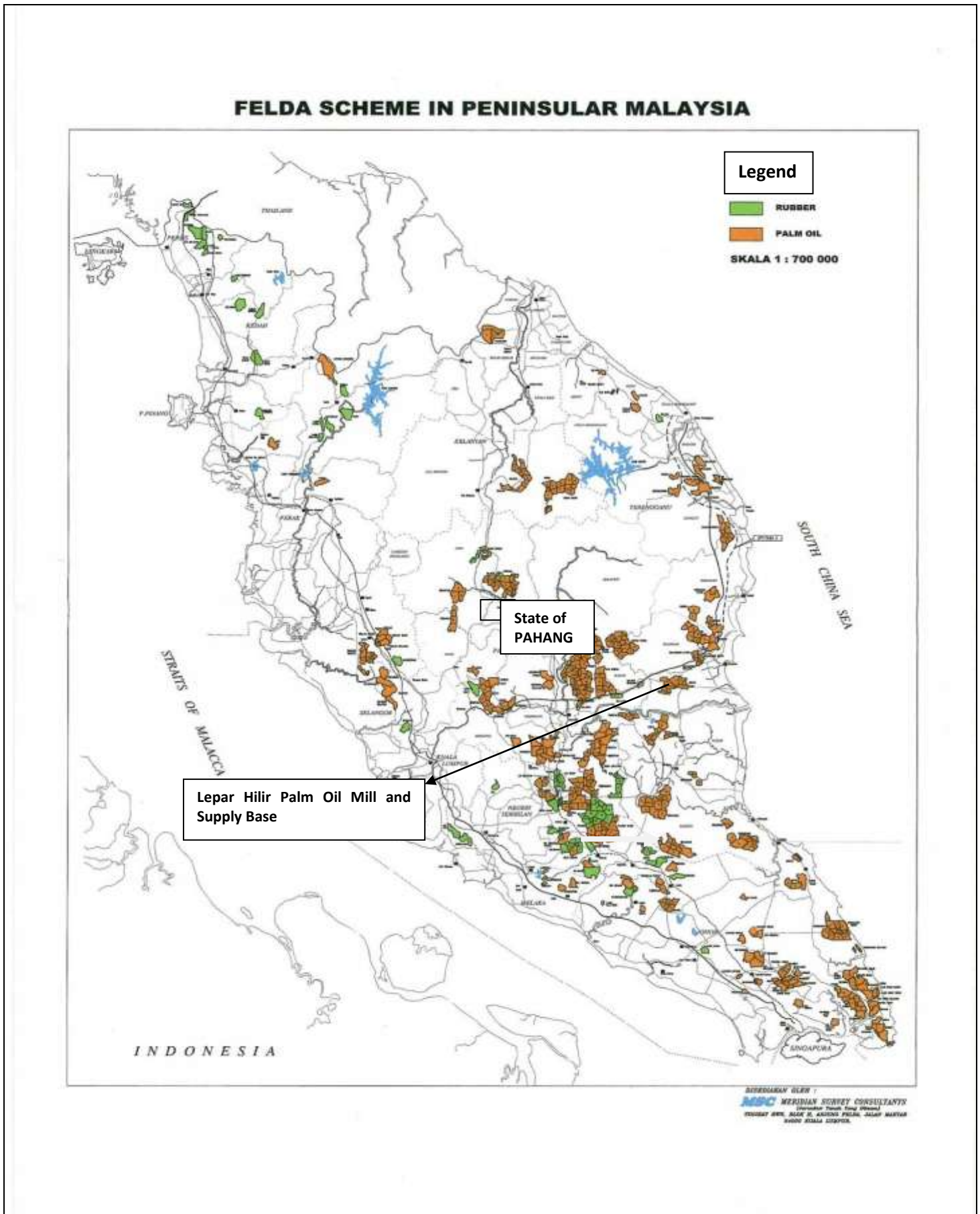


Figure 1. Location Map of FELDA Lepar Hilir Palm Oil Mill and Supply Base in Pahang, Peninsular Malaysia

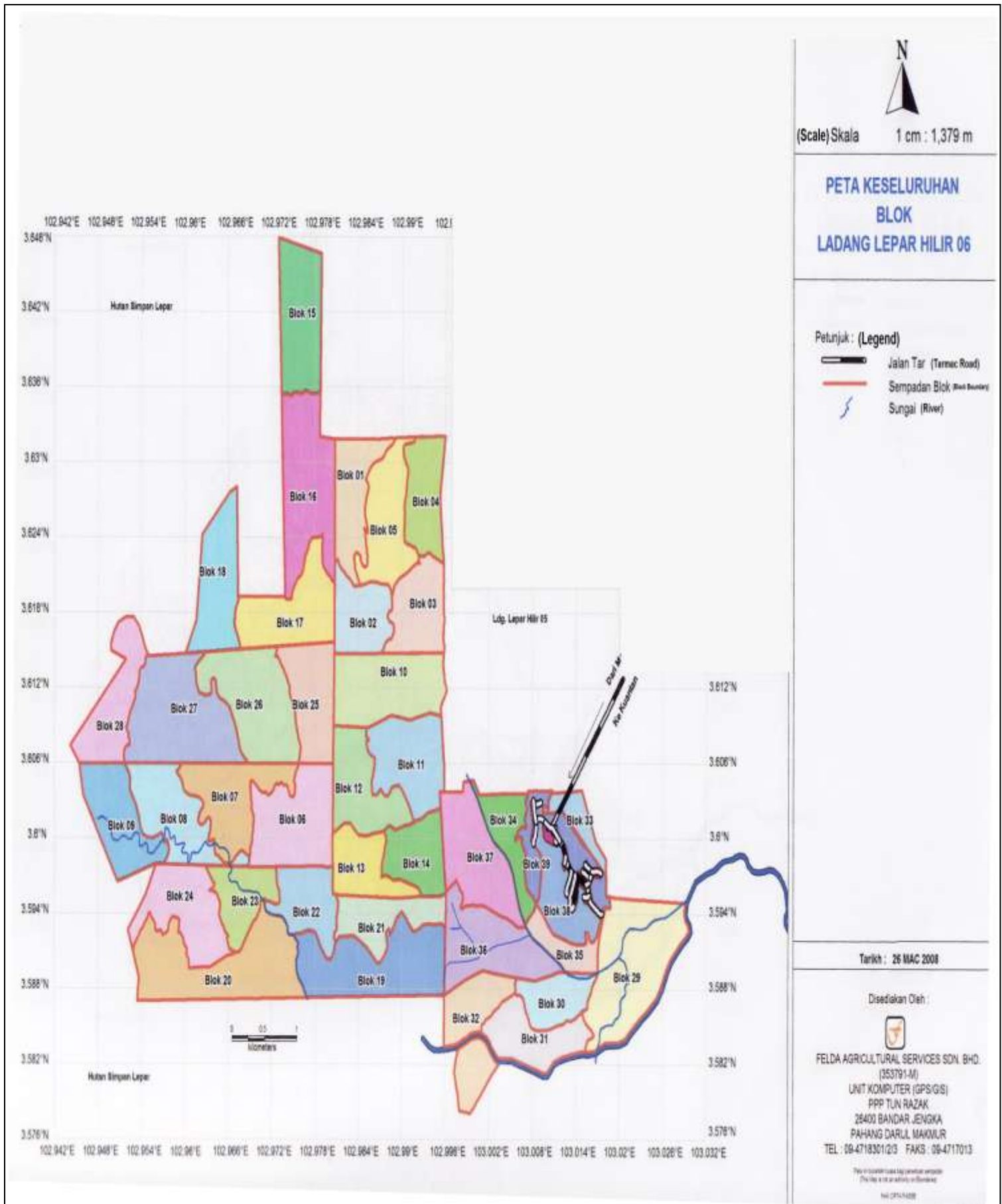


Figure 2. Field map of the Lepar Hilir 6 Estate

#### 1.4 Description of Supply Base

It is noted that FELDA is fully managing smallholder plots through Felda Techno Plant and a scheme manager and delivering the FFB to Felda mill. FELDA Techno Plant management carry out and monitor the field works and regularly through best management practices. The overall field work such as maintenance, manuring, road maintenance, supervision are carried out through workers and staff employed by the Techno Plant manager. This operation is monitored and supervised by the Techno Plant field staff to ensure quality of work and traceability is maintained. All the operations are organized by the estate manager and records are made by the estate management. Due to this reason the scheme smallholders were assessed using the MYNI for plantation/estate.

FFB is sourced from Felda's smallholders under FELDA scheme and FELDA Plantation. The FFB production from the supply base is listed in Table 2. A total of 212,116 tonnes of FFB produced by the supply base and delivered to the Lepar Hilir Palm Oil Mill. The FFB is considered as segregated. However, the palm oil mill is using mass balance supply chain requirements because there are cases where FFB from other Felda mill is received during inspection at other mills. Sometimes, FFB is received from FFB Trader to Lepar Hilir palm oil mill for processing; therefore the mass balance model is applied.

**Table 2: Projected FFB Production for 2013**

FFB Supply Base	FFB (Tonnes)
Felda Lepar Hilir 1/4	43,636
Felda Lepar Hilir 2	18,530
Felda Lepar Hilir 3	4,942
Ladang Lepar Hilir 5	49,636
Ladang Lepar Hilir 6/7	46,577
Ladang Lepar Hilir 8	48,795
<b>Grand Total</b>	<b>212,116</b>

#### 1.5 Date of Plantings and Cycle

FELDA Lepar Hilir management unit supply base are mixture of matured and immature palms. The palms are in the first and second planting cycle. The age profile of the palms is shown in Table 3 for each of the supply base.

**Table 3: Age Profile of the Palms at each supply base (ha)**

Estate	AGE (years)	% of PLANTED AREA
Felda Lepar Hilir 1/4	0-3	0%
	4-10	59%
	11-20	0%
	21+	41%
Felda Lepar Hilir 2	0-3	34%
	4-10	66%
	11-20	0%
	21+	0%
Felda Lepar Hilir 3	0-3	100%
	4-10	0%
	11-20	0%
	21+	0%
Ladang Lepar Hilir 5	0-3	14%
	4-10	0%
	11-20	0%
	21+	86%
Ladang Lepar Hilir 6/7	0-3	15%
	4-10	0%
	11-20	11%
	21+	74%
Ladang Lepar Hilir 8	0-3	31%
	4-10	0%
	11-20	1%
	21+	66%

#### 1.6 Other Certification Held

The Lepar Hilir Palm Oil Mill holds three other certifications as follows:

- i) ISO 14001: 2004 (Environmental Management Systems), dated 16 May 2011
- ii) ISO 9001: 2008 (Quality Management Systems), dated 16 May 2011
- iii) ISCC (System GmbH), dated 10 February 2011

#### 1.7 Organization 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.  
Phone: +60328590000  
Fax: +60328591999  
Email: [anthonius.s@feldaglobal.com](mailto:anthonius.s@feldaglobal.com)

#### 1.8 Time Bound Plan for Other Management Units

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

Felda is implementing a programme to achieve RSPO Certified Sustainable Palm Oil for all of its operation in

Malaysia. There are seven certification units already certified. The time bound plan and progress is shown in Appendix F.

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

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

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

### 1.9 Area of Plantation

The hectare statement for the supply base is shown in Table 4.

**Table 4: Supply Base Hectare Statement**

Supply base	Mature (ha)	Immature (ha)
Felda Lepar Hilir 1/4	2,487	0
Felda Lepar Hilir 2	1,029	525
Felda Lepar Hilir 3	1,685	0
Ladang Lepar Hilir 5	2,354	399
Ladang Lepar Hilir 6	2,479	431
Ladang Lepar Hilir 8	2,218	968
<b>Total</b>	<b>12,252</b>	<b>2,323</b>

### 1.10 Approximate Tonnage Certified

The approximate projected tonnages of CPO and PK that would have been certified on the basis of 2012 production and projected for the next twelve months in 2013 are shown in Table 5.

**Table 5: Approximate CPO and PK Tonnages Certified**

Lepar Hilir POM	Actual 2012	OER & KER	Projected 2013	OER & KER
CPO	48,795	19.81	42,572	20.07
PK	13,727	5.56	12,069	5.69

### 1.11 Date Certificate Issued and Scope of Certificate

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

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

BSI Group Singapore Pte Ltd  
1 Robinson Road #15-01,  
AIA Tower,  
Singapore 088934  
RSPO Scheme Manager: Mr Aryo Gustomo  
Phone: +65 6270 0777 Ext 115  
Fax: +65 6270 2777  
Email: [aryo.gustomo@bsigroup.com](mailto:aryo.gustomo@bsigroup.com)

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

### 2.2 Qualifications of the Lead Assessor and Assessment Team

#### Senniah Appalasamy - Lead Assessor

He holds degree in Resource Economics from University of Agriculture, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS and RSPO NPP in Malaysia and Indonesia. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course and International Sustainable Carbon Certification (ISCC) Lead Auditor training. Besides RSPO, he is also qualified as ISCC lead auditor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

#### Isman Yusoff – Team member

He holds Executive MBA from University Technology Mara and a degree in Electrical Engineering from University of Missouri, USA. He worked as an ISO 9001 Lead Auditor with SIRIM and as an ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor with Det Norske Veritas (DNV) for the past 6 years. He is also experience in Bio Mass CDM Projects. Currently he is a Lead Auditor with BSI for ISO 9001, ISO 14001 and OHSAS 18001. Isman

Yusoff attended RSPO internal training on September 2012. He attended RSPO Certification Body workshop on October 2011, February 2012, June 2012 and Supply Chain Training organised by RSPO Secretariat on February 2012. He has involved in auditing palm oil mills as well as wood industries. He has been involved in RSPO assessment since September 2012 as a team member covering assessment with RSPO P&C in Malaysia. During this assessment, he assessed on the aspect of legal, environment, safety and health and mill best practices.

#### **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.

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

### **2.3 Assessment Methodology, Programme, Site Visit**

The assessment was organised in two stages. There was no pre assessment conducted.

Stage II Assessment Visit (Initial RSPO Certification) for FELDA Lepar Hilir Palm Oil Mill and Supply Base was conducted from 7 – 9 January 2013. The assessment plan is included as Appendix B.

There was a special audit conducted on 16<sup>th</sup> April 2013 to verify the close out evidence of the major nonconformities raised during initial certification assessment and its implementation.

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

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

The major non-conformity was successfully closed due to action taken being effective which have been verified during the special audit visit.

### **2.4 Stakeholder Consultation and List of Stakeholders Contacted**

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

Telephone calls were made to arrange meetings. As part of the audit, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees; sub-contractors, surrounding schools, local villagers and suppliers who have an interest in the FELDA Lepar Hilir operations. Stakeholder consultation took place in the form of meetings and interviews.

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

#### **List of Stakeholders Interviewed**

Workers and Staff  
Fertilizer Applicator  
Government Clinic Staff  
Pesticide Sprayers  
Harvesters  
FFB Loader  
Mill Workshop  
Grading operators  
Women Representative  
Union Representatives  
Settlers JCC Representative  
Local Community  
Contractors and their workers  
Supplier  
Government Officials

### **2.5 Date of Next Surveillance Visit**

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

## **3.0 ASSESSMENT FINDINGS**

### **3.1 Summary of Findings**

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for



the palm oil mill and the sampled supply base. The results for each indicator from each of these operational areas have been compiled to provide an assessment of overall conformance of the Company's operations within each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the assessment five (5) Nonconformity against Major Compliance Indicators and five (5) Nonconformities against Minor Compliance Indicators were identified. Three (3) Observations/Opportunities for improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2.

Felda Lepar Hilir operating unit has prepared a Corrective Action Plan (Appendix D) for addressing the identified major nonconformity. This Corrective Action Plan was reviewed and accepted by BSI Lead Auditor. The implementation of the corrective action plan and evidence of closing out the major nonconformity was checked and verified during the special audit and will be followed up during the first surveillance assessment.

BSI audit team concludes that Felda Lepar Hilir certification unit's operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NIWG Indicators and Guidance: November 2010 and RSPO Supply Chain Certification Standard: November 2011 and the requirements for Mass Balance Mechanism.

BSI recommends that Felda Lepar Hilir be approved as producer of RSPO Certified Sustainable Palm Oil.

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

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

All information made available is in the local language and is available in hard copy if required. At Lepar Hilir Palm Oil Mill, Chief Clerk is the person who responsible for receiving, handling and responding to request. For example, mill required filling out regular MPOB questionnaire monthly. Inspection indicated report of the last month (December) was submitted at 03 Jan 2013. Record held on file "Perkara MPOB".

As for Estates, MPOB requested FFB production to be reported on monthly basis not later than 7<sup>th</sup> of every month. Inspection to estate confirmed that estate responded promptly to respond of request, e.g. LH2

Estate had filled out and sent to MPOB the report for the month of December on 04 Jan 2013. Record held on file "Pernyataan Bulanan BTS – Porla".

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

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

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

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

Lepar Hilir Palm Oil Mill hold land certificate from State of Pahang Government in the form of 99 years leased title. Records held on file "Law and Regulations (Pematuhan kepada Undang-Undang dan Peraturan Berkaitan)". LH6E holds 5 land titles respectively, HS (D) 3597 (Lot PT 3347), HS (D) 3601 (Lot PT 3348), HS (D) 3599 (Lot 3349), HS (D) 3598 (Lot PT 3350) and HS (D) 3600 (Lot PT 3351).

Farmers are given a copy of contract scheme, paid off planting cost, contract agreement, land title, training on IPM, charge and fees are available to public. Inspection to estate record confirmed that estate holds a copy of every land title.

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

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

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

Environmental Impact Assessment Management Action Plans and Continuous Improvement Plan prepared in 01 October 2010 and have been updated each year. The current updates are made available to the public. The Company holds details of complaints and grievances including grievance of female workers and staffs. Felda has developed a generic grievance procedure in form of grievance reporting flowchart that was introduced during training and morning muster briefings. Interviews with workers confirmed that they understand Felda grievance procedure and mechanism.

The Social Impact Assessment & Management Action Plans for Lepar Hilir Palm Oil Mill and its supply base was initially prepared in July 2010 and being a five years plan this runs until June 2015. The plan is updated with improvements made and actions taken each year and the status of these action. This latest review was made available upon request.

An Improvement plan with objectives and targets is detailed in Environmental Impact Assessments, Management Action Plans and Continuous Improvement Plan is prepared and is continuously updated with the latest update issued in 5 October 2012.

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

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

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

Mill Boiler Emissions were tested on 17 October 2012; by Nabbir Laboratory (KL) Sdn Bhd found that dust particulate is lower than emission limit stipulated in Regulation 25 on Environmental Quality (Clean Air) Regulation 1978. Boiler and Diesel Generator have certificates and were verified during the audit.

According to the above permit, effluent transport should using separate system from rain water drainage; flow meter reading should be done daily and reported monthly not exceeded 14 days. Tri monthly report should be reported not exceeded than 14 days and approved by registered chemist. Air pollution monitoring should be conducted every six month according to Malaysia Standard (MS 1596: 2003) and reporting should not exceeded 14 days from the sampling date. Latest result dust boiler (3 stacks) particulates 0,3510 g/Nm<sup>3</sup> and 0,3816 g/Nm<sup>3</sup>, and 0,3320 g/Nm<sup>3</sup>, monitoring date 6 August 2012.

Monitoring System (CEMS) for air quality recording and alarm system on particulate concentration and emission load (max 0.4 gr/Nm<sup>3</sup>) is fixed and in testing period.

Hazardous storage facility is available. Mill has sent an application letter to Hilap Huat Chemicals Sdn Bhd on 4 December 2012 to transport Hazardous waste (SW 305/SW306/SW307/SW312/SW410) to avoid storage more than 6 months as regulated by DOE.

Mill also holds a letter from BOMBA dated 10 July 2002 (Ref. No.: JBPM:PGK/010/5/7/1(100)) stating that Palm Oil Mill that only process FFB to CPO does not required to have BOMBA Certificate.

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

List of applicable regulation updated on 05 July 2012 (Form No. FPI/L6/QOHSE-2.1 Pind 0); record held on file “Legal and Other Requirement”. All major applicable Licenses and Permits are displayed at both the Mill and the Estate. All licenses and permits are listed and sighted during the audit. For Example, LH2 hold MPOB License No. 500967002000 valid till 31 March 2013.

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

At the mill, the last legal audit was carried out on 5 July 2012. Record held on file “Legal and Other Requirement”. At estates, Regional Office has staff whose main responsibility is carried out regular check of permit expiration. Regional office sends reminder should a license about to expire to every operating unit for further action. LH6: Estate has updated legal list on 29 June 2012—all showing compliance. LH2: holds list of legal requirement however it is undated. Estate has also Record on legal requirement monitoring “Pematuhan Undang-Undang”. The Boilerman, Chageman, Electrician and Engine drivers have certificates and comply to regulation. Mill Engineer have grade 1 steam certificate.

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

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

LH2, on 15 June 2012, HQ notifies changes on the MPOB license regulation (2005) effective from 01 July 2012 as per MPOB circular 02/2012 (PK (EL) MPOB 02/2012).

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

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

Lepar Hilir Palm Oil Mill: Land permit (Pelan Tanah – Hak Milik Sementara No. Lot: PT 17480 granted by Pahang Government. The permit is for 99 years lease. Records held on file “Law and Regulations (Pematuhan kepada Undang-Undang dan Peraturan Berkaitan”.

LH6: The land is under “Akta Tanah (Kawasan Penempatan Berkelompok) 1960 (Land Act 1960); that is belong to government (JSE) which cannot be transferred without government approval. FelDA Program in Lepar Hilir was started in mid 1970s, when FelDA developed rubber estate after getting approval from Pahang government. In 1977 settlers arrived, and currently all of the settlers have paid the debt off. There is a conversion of crops to oil palm following a smallholders voting in 1984, where the vast majority of smallholders choose to convert their crops into oil palm.

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

**A819765/1 (Major): A Non Conformity was assigned against Major Indicator 2.2.1., as in LH6E, Document audit on the legal land ownership record reveal that there is no copy of the land title for the ex-Lepar Hilir 7 land holding covering an area of 701 ha.**

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

**A819765/1 (Minor): A Non Conformity was assigned against Minor Indicator 2.2.3.1, as in LH6E, during the field visit to the estate boundary adjacent to the state forest, it was noted that there is no boundary stones visibly maintained.**

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

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

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

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

There is in place an implemented management plan that aims to achieve long-term viability for FelDA Sdn Bhd as well as the whole FELDA Global Ventures. There are in place annual budgets with projections until 2015/16. These projections are split into each operational group.

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

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

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

Budget available for the period of 2012 – 2014 on “Asas Perkiraan Belanjaan Ladang Berhasil”, includes estimation of FFB yield (tonnes/ha), FFB price and cost prediction for three years. There is monitoring to identify, monitor and implement stricter controls to

ensure costs do not overrun. This is carried out through internal and external audits, planting advisors inspections and monthly reports which sent to the Regional General Managers.

Replanting program is part of five years plan. For all the Lepar Hilir Estates except for LH2 and LH3, replanting programme has been drafted for every year. For example, at LH1/4, 413.77ha will be replanted in 2013 as the palm age is 35 years. As for LH2 and LH3, the planting has been started since 2007 and therefore replanting not due until next 15 years.

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

Felda have "Felda Manual Procedure of Quality, Safety, Health, and Environmental (QOHSE)" for the Estates, the Mill and other pertinent areas of operations such as stores and workshops available in Bahasa Malaysia. Standard Operating Procedures (SOPs) are also in place for each operation in the process from weighbridge to storage as well as in each estate.

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

Manager ensure that smallholders aware of the procedures by conducting socialization on best practice, the most recent JKKR meeting was done on the 22 November 2012 recorded in the file "Latihan". Felda appoint penyelia peringkat (field officers) for every 400 hectare, to ensure implementation of the mention SOP.

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

Mill Advisor visits the mill regularly with the most recent visit was between 5 and 6 December 2012. Report arrived at mill on 20 December 2012. Four key issues were raised; mill prepared an improvement action plan at the early of January 2013. Inspection to the record indicated that most of issues have been resolved at 4 January 2013. Record held on file "810/720/KSLH/144PT1".

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

SOP's also covers the estates and that scheduled field inspections are taking place in line with the SOPs. These are further supported by an Internal Audit Programme. SOPs on safe working practices include application of pesticides.

The EMS/OHS system requires that records of monitoring are kept e.g. Drain and Pollution Control Devices (PCD's), as well as use of Personal Protective Equipment (PPE), etc. and any actions taken such as cleaning of PCD's are recorded. Palm Oil Mill has its own SOP for safe working practices covering all the work stations and work type including permit to work system and use of PPE.

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

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

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

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

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

The most current monitoring was carried out on 09 February 2012 by Felda Agricultural Services Sdn Bhd. for the whole Lepar Hilir Estates. Beside the result from the leaf analysis, the monitoring result was used to develop annual fertilizer recommendations for the year 2012. The next visit for 2013 is planned to be on 22 January 2013.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as

nutrients and are applied to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB. At LH2E, at the time of soil sampling FAS also carried out annual inspection of the palms and leaf sampling to monitor nutrient status Soil nutrient status is assessed by review of the leaf tissue analysis results. Soils are sampled and analysed for fertilizer requirement. Last report on leaf sampling was 09 February 2012. Estate holds a summary of the results on file "Percontohan Baja".

LH6: Felde applied EFB application at blocks throughout the year; for example, 701.69 tons of EFB have been applied to Block 93C. POME application is only done at LH8 Estate through land irrigation at 3 areas equal to 40ha in total.

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

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

Inspection indicated LH6 and LH2 are located in a relatively flat area, no area more than 20 percent gradient. Through effective ground cover LH2 estates attempt to avoid bare and exposed soils as far as possible. Inspections also check on the amount of ground cover plants, plantings especially in steeper areas where required to ensure that risks of erosion are reduced and eliminated when possible. Effective frond stacking is also instrumental in preventing erosion in steeper areas.

In all estates there is terracing in areas to reduce soil erosion. In the areas of replanting in LH6 there is an amount of terracing – slopes are not in excess of 15°. However any terraces that require remediation are being repaired during the replanting as required. To prevent erosion, cover crop (CC), is introduced at the time of the formation of the terraces and once palms are mature, the pruned fronds placed in a position to reduce erosion in the form of frond boxing. Rainfall run off is minimised where necessary by construction of strategically placed drains. Inspection of field conditions confirmed that Felde has implemented appropriate practices for minimising soil erosion. These include stop bunds on terraces and maintenance of adequate groundcover vegetation. Inspection to the estate indicated good ground cover.

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

Inspection confirmed field roads are surfaced with gravel and well maintained. The Estate has an annual programme of grading, resurfacing and roadside pruning for maintenance of roads as part of "Perancangan Kerja 2012", where road maintenance is carried out twice a year. Inspection to the record indicated Felde has assigned contractors to maintained road, e.g. on 15 March 2012 Felde assigned "Koperasi Felde Lepar Hilir to Carry out road maintenance. Inspection to the estate indicated that road is well maintained.

Inspection to soil map and ground confirmed no peat soil in the Felde area. Also there were no sandy or acid sulphate soils, which required special treatment.

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

There is a road-grading programme in place that ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads. Scupper drains are also constructed if required.

Estate has prepared a road maintenance programme for 2013. Inspection to the field indicated good road. The road management plan for LH6 and LH2 show details of actual roads to be graded and maintained in the road management plan. It also indicates dates and roads to be maintained as well as whether the plan has been followed.

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

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

The riparian buffer zones in the LH2 estate (Sungai Sema) were inspected and found in general to be maintained in good condition and within the limits as prescribed by the Government of 20 metres width on both sides of streams. All permanent watercourses have buffers in place and these comply with the permits respectively. Extensive buffers are in place in all estates and are on estate land and are indicated on each estate map. There are signs in place to protect these buffers from encroachment by outsiders. Any palms planted in buffers previously are no longer fertilised or treated with pesticides/herbicides and will not be re-established at the next replant. It is also ensure that native species of trees are used in all areas where buffer trees are planted.

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

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

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

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

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

Biological Oxygen Demand (BOD) of water samples is tested in the company laboratory and also supported by external testing agencies. Records are in place for the last 5 years at least, and indicate that at all times, apart from abnormal rain events, BOD levels are within the prescribed limits of the Environmental permits and Government guidelines.

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

At LH6, the daily rainfall has been recorded daily since 1991. Rainfall information is used for crop forecasting and the timing of fertiliser application and upkeep. While at LH2, the rainfall monitoring was started since 2000 and records held on file "Laporan Hujan".

Lepar Hilir Palm Oil Mill monitors water usage and reports the information on a daily basis and calculated use/tonne FFB. A target value of 1 mt water/1 mt CPO have been set and graphed; inspection to the mill record indicated target value has been met since February 2012. Record held on file "Environment & Biodiversity".

There is no water drainage into the protected areas. Effluent was minimised with POME reused for land irrigation at LH8 estate. According to DOE permit, No: AS: C31/152/000/074jld,3 (04) POME must meet following requirements: BOD<sub>3</sub> (300C) < 100 mg/l; SS < 400 mg/l; Oil and Grease < 50 mg/l; Ammoniacal Nitrogen < 150 mg/l; Nitrogen total < 200 mg/l; pH between 5.0-9.0 and temperature < 45°C, sampling weekly and reporting weekly. Currently, Lepar Hilir Palm Oil Mill carried out sampling and reporting of final POME sampling and analysis to DOE.

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

A Mill Water Management Plan has been prepared and there is adequate control of water usage and treatment of monsoon drain wastewater for protection of downstream areas. There is a plan for treating wastewater (POME) using an-aerobic system in the tank following with facultative wastewater treatment (reutilize old water pond) and polished by aerobic system.

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

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

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

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

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

The last rat bait was on March 2012. Bait replacement/intake is 19%. The baiting is stopped once the bait replacement/intake fall below 20%.

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

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

Even though the monitoring of IPM is present however it was lacking of data on chemical use reduction. The Estate maintains monthly records of pesticide application for each field. Recording of information commenced November 2011.

LH6: Estate carried out monthly monitoring of pesticide usage "Laporan JKKS Bulanan"

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

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

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

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

LH2: The Estate commenced monitoring pesticide usage units per ha since 2009. However, there is insufficient information for a trend of usage and need to put into graph. Area of pesticide application recorded as Rumusan Bancian Serangan, however, there is no records showing the reduction of pesticide use due to IPM implementation.

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

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

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

**Observation 1: HIRAC and Environmental Aspect and Impact dated 5/11/2012 are available. The assessment can be improved by indicating the impact by referring to the matrix table to indicate significant (Ketara) when it's ranking is 12 and above.**

Purchase of all chemical is controlled by "Pusat Penyelidikan Pertanian Tun Razak". Inspection of the store confirmed only approved chemicals held. The Estate has not used any Class 1 Chemicals since 2005. This was supported by the chemicals listed for use by

Pesticides Act 1994 in accordance with USECHH Regulations (2000).

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

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

**A819765/2 (Major): A Non Conformity was assigned against Major Indicator 4.6.3., in LH2E, during the visit to the oil palm nursery, it was found that the balance Agrochemical kept at the transit store was not arranged and labelled, agrochemical was kept inside drinking water bottle and food items (banana) are stored inside the store. Also, MSDS for ACTION 13 SL (Racun Kelas 1b paraquat) is not available at the Main Chemical Store.**

There is no aerial spraying of pesticides.

Chemical sign and labels in the mill chemicals storage need improvement in order to meet government requirement (appropriate size of sign and colours). Most MSDS still in English that may not be understood by the workers language need to be in Bahasa Malaysia. Inspection to LH6 for example found that more than 50% of MSDS is in English.

Records of training are kept in each estate office for the Pesticide Mixers and Sprayers. The training records also show the training topics covered.

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

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

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

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

2012. Annual medical Check-up for sprayers and chemical handlers were done by Dr. Tuan Sahardi Bin Ismail at “Poloklinik AR Razi Perubatan & X-Ray”. All results are kept by the clinic and only the check-up confirmation records are kept by the estate.

**A819765/3 (Major): A Non Conformity was assigned against Major Indicator 4.6.5., in LH2E, the Agrochemical mixing was done by the staff. However the staff did not go for Annual Medical Surveillance. Sprayer and fertilizer applicator that did not go for Fomema must have medical check as well.**

Records held on file – confirmed that Class 1 chemical has not been used since mid-2006. Actually the use of paraquat is reducing in 2012. During the special audit, it is noted that the overall paraquat used in 2012 is reduced compared to 2011. The total paraquat used in 2011 is 0.30Lit/ha. Compared to 2012 the usage is 0.29Lit/ha.

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

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

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

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

- Estates
- Mill
- Workshops
- Clinics
- Stores

Safety Policies have now in place and current.

- a) There is health and safety policy in place. Safety measure such as high noise level area, fire extinguishers locations, and evacuation map are available at the announcement board close to mill entrance. Inspection also confirmed every high-risk area is appropriately signed.
- b) Lepar Hilir palm oil mill hold Chemical Health Risk Assessment (CHRA) by third party prepared on 04 July 2012 covered all operational areas. Report issued on 18 October 2012 indicated 4 inadequate and 9 improvement points.
- c) The Mill has an Annual Training Programme with a schedule of monthly trainings for the year 2013, for workers and contractors workers. The Estate maintains records for individuals—file “Kemampuan, Kesedaran, dan Latihan”. The last training was held on 01 November 2012 (induction training for new workers). Felda have training

programme for its employees. Records held on file “Latihan Para Pekerja”.

- d) Mill has provided the correct PPE and monitor the implementation. Inspection to the mill and Estate found an evident of correct use of PPE on the field work, e.g. sprayers wear complete PPE for spraying work.
- e) The Mill Manager is the designated person. The Executive Assistant Manager is the designated safety coordinator.
- f) There is first aider on the facility and HSE Officer.
- g) Confirmed that first aid equipment was available on strategic area.

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

**Observation 2: The operating units should give safety briefing to visitor prior to the visit for each operating units in order for the visitors to be aware on the emergency evacuation procedures.**

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

**Observation 3: Emergency Response procedure dated 1/7/2009 is available complete with the personnel, responsibility, contact details and details of emergency assembly points. Testing this procedure will be helpful.**

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

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

There is accident records at the mill involving on hot work accident on boiler burning chamber door, is being follow up by JKKP8 and mitigation form and improving SOP. The records reported to HQ monthly and to government annually, but there is no quarterly reviewing. While in estates, accident was recorded but mitigation report not yet filled out properly.

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



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

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

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

All potentially hazardous operations are identified and if required PPE is provided. Workplace inspection by the onsite compliance executive includes audit on PPE used. PPE used are in compliance to DOSH requirement. Employees exposed to high noise levels are sent for Audiometric tests annually. The last test done on workers employed in the noisy areas of the factory was in 26 August 2012. High noise area is covered and only authorised personnel with ear protector are allowed to enter these area. Regular lubrication and periodically maintenance of noisy machine parts carried out. Limiting the amount of time a workers spends in noisy areas and allowing them to exit to quiet areas throughout the working hours.

All workers are covered by workers compensation accident insurance—AXA Affin General Insurance. All Malaysian staff and workers are covered by SOCSO, and in addition “Takaful Berkelompok” (group Insurance) covers all Felde staffs and workers. LH2: Foreign workers: RHB Insurance (M) Bhd. Policy No.: LBP/90679718/26/12/AMY.

The safety policy is in place and widely distributed and placed on notice boards in all areas. Records of all accidents and incidents are kept for each estate and the mill.

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

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

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

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

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

Other training includes Emergency Response training and many topics associated with field and mill related work. Employees exposed to high noise levels provided with training as required by Regulation 27. The training was conducted by DOSH approved competence person. The training includes explanation on the effects of noise on hearing, purpose of using ear plug and how to use.

Annual training was provided and training need assessment and records was appropriately maintained.

The Mill has an Annual Training Programme with a schedule of monthly trainings for the 2013, for workers and contractors workers, prepared on 20 December 2012. The Estate maintains records for individuals – file “Kemampuan, Kesedaran, dan Latihan” – last training 01 November 2012 (induction training for new workers).

LH6E: The estate has an Annual Training Programme with a schedule of monthly trainings for the 2012, for workers and contractors workers. Programmes for 2013 are yet to be complete. The Estate maintains records for individuals – file “Latihan”. The last training was held on 24 October 2012 on recycle program for workers.

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

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

**A819765/4 (Major): A Non Conformity was assigned against Major Indicator 4.8.1., in LH2E, It was noted that the store keeper who is handling the chemical store and fertilizer store is not been trained on safe handling of agrochemical.**

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

An Environmental Aspects and Impacts Register has been developed and is reviewed and updated at least

annually to indicate any progress made in the plan and the results that have been achieved in the intervening period. These aspects further nominate which are the significant. This register scope covers all operations of Lepar Hilir Palm Oil Mill and Estates.

The Mill has an Environmental Aspects and Impacts Register (updated on 07 October 2012), covering all aspect and impact of its operations. Record held on file “FPI/L2/QOHSE-1.0”. LH6E hold “Dokumen Penilaian EAIA dan Kesan Risiko Dipantau dan Dikemaskinikan” prepared on 28 January 2012. In LH6E, Environment Aspect and Impact register were prepared at 05 January 2012, covering all aspect of estates activities from transporting workers to field, harvesting, spraying, and fertilizer application. The assessment later used as base for management plan. Record held on file “Aspek, Impak & Pelan Mitigasi Alam Sekitar.

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

The plans are in the form of a five-year plan and were recently reviewed and clearly indicate improvements which have been made. Mill has an Environmental Aspects and Impacts Register, the priority was given to the impact of used chemicals at the laboratory that only having small quantity. This aspect impact should be reviewed to reflecting real situation and consider the quantity of waste or magnitude of impact.

***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.***

Lepar Hilir operating unit had internal HCV identification and assessment for both mill and estates. The estate is bordering with state Reserve Forest, where ERT have been identified. Assessment concluded three HCV present on site, e.g. HCV 1, 4, and 6. However, the HCV assessment can be improved by incorporated information from public consultation as well as consult to Forestry Department and Wildlife Office, to determine status the HCV. There were appropriate consultation processes as per the HCV Toolkit-Malaysia which covers the three main components of identification, management and monitoring.

LH6E: In house HCV assessment was prepared on July 2011. Record held on file “Status spesies jarang ditemui, terancam, & pupus”. Public involvement have been sought in form of survey in 21 August 2011 to 96

stakeholders, however, the result has not been included in the report—there have been no HCV inside the estate.

LH2E: In house HCV assessment already carried out by Felda Staff. Draft of the HCV assessment is available on site. Inspection to the HCV Assessment report indicated that the presence of HCV in and around the property was not properly assessed; as robust methodology to determine the presence of HCV has not been employed. However, opinions of Wildlife Department need to be sought and incorporated into the assessment.

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

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

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

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

Socialization of HCV during JKKR meeting is being initiated. Inspection to workers housing confirmed that no caged-bird was found—indicated good awareness of the workers.

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

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

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

The following waste streams have been identified and are controlled:

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

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

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

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

**A819765/2 (Minor): A Non Conformity was assigned against Minor Indicator 5.3.2, as during field visit in Lepar Hilir 2, it is noted that the domestic waste dumping site is identified as a source of pollutant, however the plan to reduce or recycle not fully implemented. The site is poorly managed and waste is scattered everywhere. At Lepar Hilir 6, chemical containers (lubricant, agrochemical), tyres and florescent lamps are disposed at the landfill.**

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

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

Biomass generated as empty bunch has been recycled using composting system but not yet commercialized, and have permit from DOE. Mill monitors the use of

steam turbine to generate electricity, e.g. in June 2012 mill generate 95.5 kWh/mt CPO which is account for 90% of total energy usage. Graphs have been prepared since January 2012 to show fluctuation of energy usage. Record held on file "Pengunaan Elektrik".

Direct fossil fuel usage is monitored, e.g in November 2012 the mill generate 4.47 kWh/mt CPO. Annual usage for 2012 is 4.66 kWh/mt CPO and 4.76 kWh/mt CPO in 2012. Data already put into the graph showing fluctuation of fuel usage.

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

There is no replanting taking place during this assessment. Last replanting completed in 2012. Visit to replanted area reveal there is no evidence of any open burning. There is a zero burn policy for replanting is in place and implemented.

Inspection of the Estate confirmed no evidence of open burning.

**A819765/5 (Major): A Non Conformity was assigned against Major Indicator 5.5.1., in LH POM; the incinerator is being used by the mill to burn the empty fruit bunch. There is a copy of the approval letter from DOE. However, the page containing the condition of the approval is not available. There is no evidence to show that the mill is complying with the condition of the approval such as monitoring of the parameters required by DOE. Internal letter issued recently by the Felda Head office to stop the use of incinerator from 1 Jan 2013. However, during the audit the burning activity is still being carried out. The instruction from the Head Office is not adhered as well.**

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

**A819765/3 (Minor): A Non Conformity was assigned against Minor Indicator 5.5.3, in LH 6 and 2 Estates, during site visit to worker's housing and nursery site at FELDA Lepar Hilir 6, found evidence that there is use of fire for burning domestic waste and operational waste at the nursery. This was confirmed by the workers residing at the housing site and the worker working at the nursery site.**

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

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

leaks or drips, which waste resources and cause pollution are now reported and repaired immediately.

The Estate has a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts 14 January 2012.

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

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

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

Social Impacts are identified in part via the grievance process for employees, contractors and other parties for negative impacts and through social interaction for positive impacts as reported in 6.5. The SIA is prepared for the whole Lepar Hilir operating unit.

Social Impact Assessment was prepared on February 2012 by seeking input from stakeholders. There are 8 issues raised by stakeholders during stakeholders consultation session (which was attended by settlers, JKRR representatives, local communities, and surrounding estate) held on 10 January 2012. A minute of meeting is documented and a list of attendants is available. The result then analysed and developed into aspect impact registers. An improvement plan has also been prepared for each issue raised.

Felda Lepar Hilir mill and estates have Social Action Plan for mitigation of issues identified and raised by local communities with person in-charge to monitor target and implementation of action plan and have been updated. Action plans are in line with findings and target dates has been set to address the issues.

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

Felda Lepar Hilir Palm oil mill has prepared a list of stakeholders in on 20 June 2012. The list includes suppliers, contractors, local communities, Government Departments, e.g.: Dept of Forestry, DOE (State and Federal), Labour Department, Neighbouring Schools, and NGOs. Record held on file “Transparency (Komitmen Kepada Stakeholders)”.

At Lepar Hilir 2, Stakeholder List has been updated on 30 October 2012 – including government offices, local schools, local communities, contractors and suppliers. Records are held on file “List of Stakeholders”.

As for Lepar Hilir 6, stakeholder list available however, it is incomplete as it was not included suppliers and have not been updated since 2011.

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

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

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

LH2/LH6: There are several procedures in relation to communication,

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

Social Liaison Officer or Mill Manager (or Estate Manager) is the person responsible for communications with communities and other stakeholders. For example, Mr. Abdul Rasyeed Bin Mahat (Assistant Manager) has been appointed as person in-charge for any social issues at LH2.

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

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

Lepar Hilir Palm oil mill: A dispute resolution procedure is documented in Manual Procedure of Complaints, Nonconformity, Incidents Investigations, and Corrective

Actions revised on 03 August 2010. There were no complaint have been received so far.

LH2/LH6: Internal dispute resolution procedure is documented in contract agreement; e.g. between foreign workers, chapter 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders was prepared.

Felda has also established and implemented JCC (Joint Consultative Committee) for resolving employment issues at local level. Internal stakeholder communications are recorded during the JCC meetings. The JCC has meetings regularly with the representative of management and workers (including women and foreign workers). The JCC is open to external parties including foreign workers. It was confirmed during assessment that foreign workers have their representatives in JCC.

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

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

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

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

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

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

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

Most of the workers are migrants from Indonesia, who work on 3 years contracts and can be extended as necessary. Pay and conditions are documented in the employment agreement between Felda and workers. Felda and its Contractors who employ workers have complied with Section 16 of the Employment Act.

Mill pay and conditions are documented in accordance to agreement between Felda Palm Industries Sdn Bhd and Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd (Semenanjung) Collective Agreement 2012 for the period of 01 January 2012 until 31 December 2013. The Collective Agreement is revised every two years. Agreement book is distributed to all workers.

For foreign workers, every worker has to signed up “Surat Perjanjian Kontrak Pekerjaan, between Felda and Foreign Workers” prior to employment. This agreement was made by the Felda HQ before distribute the workers to individual operating units. The contract detail term and condition of the employment, such as wages, paid leave, etc.

**A819765/4 (Minor): A Non Conformity was assigned against Minor Indicator 6.5.2, as Workers Contract for foreign workers at Felda Lepar Hilir 2 and Lepar Hilir 6 Estates was not found during the assessment. At Lepar Hilir 6, only sample of two workers contacts were available for Indonesia and Bangladesh workers. There were no details on Nepal and Myanmar workers contracts.**

The Pay slips are in Bahasa Malaysia, and interviews with workers indicated understanding of the details of payment in the pay slip. Harvesters, FFB loader, and fertilizer applicators are paid on piece rate. The rate was made available and interviews with the Harvesters, FFB loaders, and fertilizer applicators confirm understanding of pay rate. Sample pay slip of sprayer (Teddy Siraturahman) at LH2 checked shows that pay was in accordance to the contract and deductions were clearly stated.

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

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

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

Each operating unit has a budget for workers and staff new housing projects in 2013.

Free medical treatments for workers are available up to RM 200 for single and RM 500 for family. If the cost is exceeding the limit, company will pay for 80 percent. Government hospital and Clinic facilities are available at Gambang and Pusat Bandar Jengka around 30 minutes from the mill. Mill provides dedicated van for transport to clinic. Government schools are within close proximity of the operating units. Electricity and water from government supply at subsidized rate at RM 2 per person of maximum 6 people. These terms was agreed by the workers union through collective agreement with the company. This was confirmed by the workers union secretary.

LH2/LH6: Good housing for workers, water supply from government. Workers are mainly foreigners. Estate needs to monitor the housekeeping as it found poor.

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

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

There were no workers union at both Mill and Estates. However, there were regular JCC meetings held between the Company and workers representatives. Also, workers representatives were participated in (Jawatan Kuasa Kemajuan Rancangan) JKRR which are held monthly. Record held on file “Minit Mesyuarat JKRR”. Most recent JKRR meeting was held on the 22 November 2012 attended by 7 worker representatives.

Mill: Workers representative was included during OSH meetings, where workers representatives are able to raise any issues in relation to workers. Latest OSH meeting was held on 12 December 2012 attended by 10 workers. There were also annual JKRR meeting held at regional level for the whole Lepar Hilir operating unit. Record held on file “Hak Menganggotai Kesatuan”.

**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.**

Felda have a policy to contract workers in age range from 18 – 50 years old. At time of hire check of age is confirmed by ID card or Passport for foreign workers. Confirmed during assessment that age check was done prior to employment where Malaysian workers must provide National Identity Card while Indonesia and other

foreign workers provide passport. No children workers were observed in field. Record of the workers check confirmed no underage employed by Felda. Workers stated during assessment that no underage worker was employed in Felda. Therefore, Felda Lepar Hilir operating unit is in compliance to the minimum working age of 18 under in accordance to the Labour Ordinance 1955.

**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.**

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

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

**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. It was informed by company officials that the Code of Conduct has been distributed to all workers. A Gender Policy has been implemented and a Gender Committee formed (27 April 2012). On October 2010, Felda supplemented the code of conduct with a “Polisi Gangguan Seksual dan Keganasan” dated 28 June 2011 signed by the Director General. The policy is available in Bahasa and displayed in each office. Interviews with female workers confirmed that they are aware of the policy and understand where to report the occurrence of sexual harassment.

A gender grievance mechanism has been prepared by FELDA where gender committee is established at mill and estates. Mill appoints gender committee representative at 18 March 2012. Confirmed during interview of female Staff and Workers awareness and statement was made that they would be comfortable to use the procedure if necessary.

Meeting between gender committee members were held regularly for example, the recent meeting was held on 4 July 2012 attended by 30 participants for the whole Kuantan complex. Record held on file “Gender Consultative Committee”. Record book for recording any Sexual Harassment case (Gangguan Seksual ke Atas Wanita) is checked. No case reported.

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

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

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

The Company has standard terms and conditions of contracts bound into the contractor contract agreement. In addition, during induction, details of the contract were explained. Interviews with contractors confirmed they understand contract terms and conditions. However, there was a non-conformity assigned for the following reason.

**A819765/5 (Minor): A Non Conformity was assigned against Minor Indicator 6.10.3, in LH6, there is evidence that all parties understand the contractual agreements SPK section 4 (b) and 5. However it is noted that the FFB Transport contractor is not comply to the contractual agreement because there are lorry drivers who are not in possession of driving license and lorry was not insured.**

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

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

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

Each settler was given 0.1 hectares of land for a house plot measuring 20m x 50m. This also allowed sufficient land to grow vegetables and fruit trees. They were also given a plot of about 10 acres (4 ha). The early settlers grew rubber and cocoa and it was until 1975 that oil palm was given to the settlers. Although there has been no intake of settlers into any scheme since 1990, the fact remains that there are 103,156 settlers and their families who are living in the 275 villages created by FelDA. More than half a million people are employed in villages occupying an area of 42,173 ha. Over the past 50 years this selected population has aged and some have passed on. The second generation has matured and a third generation has sprung up.

In this regards, the wealth of local community was basically indebted to FelDA. Under FelDA scheme,

settlers generally have good access to Government services, health and education and infrastructure is well established.

Local communities generally have good access to Government services, health and education and infrastructure is well established. Community assistance is related to the local situation. Examples of contributions include assistance with places of worship and donations to schools for activities.

LH6E: Donation for the local community disabled contributed on the 12/8/2012. Total of 48 people were given.

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

Not applicable as there were no new planting in the supply base.

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

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

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

Improvements are being carried out but Mill yet to prepare an Improvement Plan. Estate improvements are documented as the Pollution Reduction Plan. Annual aspect and impact was developed but should be followed with specific management program related to the significant impact.

LH6/LH2: Significant Environmental Impact has been identified but the mitigation measures still no relevant mitigation measures on that aspect identified.

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

The company has implemented a best practice system for the segregation of wastes at source into composts, recyclables and non-recyclable for disposal at landfills. This program has reduced substantially the quantity of waste disposed in landfills.

Reuse and recycling of palm products is well implemented. Separation of garden waste from domestic refuse is yet to be implemented. Mill improvements for pollution prevention are planned but

have not yet been documented. The Estate has prepared a Pollution Reduction Plan.

Management Review process shares information on best practices for performance improvement, as part of evaluation process. Riparian buffer strips are being established at replant to trap coarse-grained sediment from discharge into streams. Vetiver and Guatemala grass are being used to strengthen river and creek banks to prevent erosion.

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

### **3.2 Detailed Identified Nonconformities, Noteworthy Negative and Positive Observations**

#### **Nonconformities**

#### **MAJOR NONCONFORMITIES**

Five (5) Non-Conformities was assigned to major non-conformance against indicators 2.2.1, 4.6.3, 4.6.5, 4.8.1 and 5.5.1, details as follows. The close out evidence are as per in Appendix D. All major nonconformities were appropriately closed.

**A819765/1 (Major):** A Non Conformity was assigned against Major Indicator 2.2.1., as in LH6E, Document audit on the legal land ownership record reveal that there is no copy of the land title for the ex-Lepar Hilir 7 land holding covering an area of 701 ha.

**A819765/2 (Major):** A Non Conformity was assigned against Major Indicator 4.6.3., in LH2E, during the visit to the oil palm nursery, it was found that the balance Agrochemical kept at the transit store was not arranged and labelled, agrochemical was kept inside drinking water bottle and food items (banana) are stored inside the store. Also, MSDS for ACTION 13 SL (Racun Kelas 1b paraquat) is not available at the Main Chemical Store.

**A819765/3 (Major):** A Non Conformity was assigned against Major Indicator 4.6.5., in LH2E, the Agrochemical mixing was done by the staff. However the staff did not go for Annual Medical Surveillance. Sprayer and fertilizer applicator that did not go for Fomema must have medical check as well.

**A819765/4 (Major):** A Non Conformity was assigned against Major Indicator 4.8.1., in LH2E, It was noted that the store keeper who is handling the chemical store and fertilizer store is not been trained on safe handling of agrochemical.

**A819765/5 (Major):** A Non Conformity was assigned against Major Indicator 5.5.1., in LH POM; the incinerator is being used by the mill to burn the empty fruit bunch. There is a copy of the approval letter from DOE. However, the page containing the condition of the approval is not available. There is no evidence to

show that the mill is complying with the condition of the approval such as monitoring of the parameters required by DOE. Internal letter issued recently by the Felda Head office to stop the use of incinerator from 1 Jan 2013. However, during the audit the burning activity is still being carried out. The instruction from the Head Office is not adhered as well.

#### **MINOR NONCONFORMITIES**

Five (5) Non-Conformities were assigned to minor non-conformance against indicator 2.2.3.1, 5.3.2, 5.5.3, 6.5.2 and 6.10.3, detail as follows:

**A819765/1 (Minor):** A Non Conformity was assigned against Minor Indicator 2.2.3.1, as in LH6E, during the field visit to the estate boundary adjacent to the state forest, it was noted that there is no boundary stones visibly maintained.

**A819765/2 (Minor):** A Non Conformity was assigned against Minor Indicator 5.3.2, as during field visit in Lepar Hilir 2, it is noted that the domestic waste dumping site is identified as a source of pollutant, however the plan to reduce or recycle not fully implemented. The site is poorly managed and waste is scattered everywhere. At Lepar Hilir 6, chemical containers (lubricant, agrochemical), tyres and florescent lamps are disposed at the landfill.

**A819765/3 (Minor):** A Non Conformity was assigned against Minor Indicator 5.5.3, in LH 6 and 2 Estates, during site visit to worker's housing and nursery site at FELDA Lepar Hilir 6, found evidence that there is use of fire for burning domestic waste and operational waste at the nursery. This was confirmed by the workers residing at the housing site and the worker working at the nursery site.

**A819765/4 (Minor):** A Non Conformity was assigned against Minor Indicator 6.5.2, as Workers Contract for foreign workers at Felda Lepar Hilir 2 and Lepar Hilir 6 Estates was not found during the assessment. At Lepar Hilir 6, only sample of two workers contacts were available for Indonesia and Bangladesh workers. There were no details on Nepal and Myanmar workers contracts.

**A819765/5 (Minor):** A Non Conformity was assigned against Minor Indicator 6.10.3, in LH6, there is evidence that all parties understand the contractual agreements SPK section 4 (b) and 5. However it is noted that the FFB Transport contractor is not comply to the contractual agreement because there are lorry drivers who are not in possession of driving license and lorry was not insured.

#### **OBSERVATIONS**

**Observation 1 (4.7.1):** HIRAC and Environmental Aspect and Impact dated 5/11/2012 are available. The assessment can be improved by indicating the impact



by referring to the matrix table to indicate significant (Ketara) when it's ranking is 12 and above.

**Observation 2 (4.7.1):** The operating units should give safety briefing to visitor prior to the visit for each operating units in order for the visitors to be aware on the emergency evacuation procedures.

**Observation 3 (4.7.1):** Emergency Response procedure dated 1/7/2009 is available complete with the personnel, responsibility, contact details and details of emergency assembly points. Testing this procedure will be helpful.

Felda Lepar Hilir certification unit has prepared a Corrective Action Plan that has been reviewed and accepted by BSI. Progress on Corrective Action will be checked during the Surveillance Audit.

### 3.3 Corrective Action and Closeout of Nonconformities

Felda Lepar Hilir Management Unit has prepared Corrective Action Plan for the major non conformity. It was assessed by the audit team and accepted to be appropriate to close out the major non conformity. A special audit was conducted on the 16<sup>th</sup> April 2013 to verify the implementation of the Corrective Action plan. The corrective action and implementation details are listed in Appendix D. It is confirmed that the implementation was effective. The Major nonconformity is closed. Therefore, it is the recommendation of BSI that Lepar Hilir Palm Oil Mill and its supply base is approved as producer of RSPO Certified Sustainable Palm Oil.

The close out evidence for the Minor Nonconformities will be assessed during the first surveillance assessment scheduled within twelve months of the RSPO approval of the Initial Certification. The progress with the observations/opportunities for improvement will also be checked at the Surveillance Assessment visit.

### 3.4 Noteworthy Positive Components

#### 1. Roads

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

#### 2. Amenities (Housing)

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

#### 3. Local Economy

It is widely known that FELDA scheme is providing better income opportunities for the settlers. This can be easily

noted that most of FELDA settlers are enjoy huge welfare improvement compared before Felda has developed the land for them. Interview of community indicated good relationship and respond positively toward FELDA.

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

#### Stakeholders Comments

Mill, Estate Workers, Foreign workers JCC representative and Staff: Workers in general are happy to work with the Felda. Positive comments were received during the assessment.

Contractors (and their workers) and Suppliers: Contractors and suppliers commented positively with the company, having good relationship, doing business fairly. No issue was raised by the Contractors.

Union Representatives:

No complaints or disputes highlighted. Relationship with the management is good.

Settlers JCC Representative:

Settlers are happy that the government continue to help the settlers through Felda Management. They hope that this will continue to be implemented. The settlers are also happy that Felda is started to carry out the housing project for the Felda second generation as promised.

Local Community:

No issue raised by local community

Government Official:

No issues raised by Government Official

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

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

Signed for on behalf of  
Felda Lepar Hilir Certification Unit,



.....  
Mr. Anthonius P. Sani  
Sustainability Manager -PSQM, Felda  
Date: 27.09.2013

Signed for on behalf of  
BSI Group Singapore Pte Ltd



.....  
Mr. A.Senniah  
Lead Auditor  
Date: 27.09.2013

## ***Appendix A: FELDA Lepar Hilir Certification Unit Certificate Details***

**Lepar Hilir Palm Oil Mill**

**Gambang, Pahang, Malaysia**

**[www.felda.net.my](http://www.felda.net.my)**

Certificate Number: **SPO 593395**

Certificate Issue Date: **14 April 2014**

Applicable Standards: RSPO Principles & Criteria: 2007; Malaysian National Interpretation: November 2010 and RSPO Supply Chain Certification Standard: November 2011 and the requirements for Mass Balance Mechanism.

<b>Lepar Hilir Palm Oil Mill and Supply Base</b>		
Location	Gambang, Pahang, Malaysia.	
Address	Pejabat FELDA Lepar Hilir palm Oil Mill, Gambang, Pahang, Malaysia.	
GPS	E 103.0118, N 3.6438	
CPO Tonnage	42,572	
PK Tonnage	12,069	
FFB Tonnages	Felda Lepar Hilir 1/4	43,636
	Felda Lepar Hilir 2	18,530
	Felda Lepar Hilir 3	4,942
	Ladang Lepar Hilir 5	49,636
	Ladang Lepar Hilir 6/7	46,577
	Ladang Lepar Hilir 8	48,795
	<b>Grand Total</b>	<b>212,116</b>

## Appendix B: Initial Certification Audit Programme 7 – 9 January 2013

### Main Assessment: Lepar Hilir Palm Oil Mill and Supply Base

Date	Time	Subjects	Senniah	Isman	Muhd Haris
Monday 7/1/2013	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none"> <li>• Presentation by the Estate and mill managers</li> <li>• Presentation by Audit team leader.</li> <li>• Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation).</li> </ul>	√	√	√
	09.00 – 12.00	<b>Lepar Hilir Palm Oil Mill</b> 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	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	09.00 – 12.00	<b>Ladang Felda Lepar Hilir 6</b> 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	<b>Lepar Hilir Palm Oil Mill:</b> Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	-	√	√
	13.00 – 17.00	<b>Ladang Felda Lepar Hilir 6</b> Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	-	-
Tuesday 8/1/2013	08.00 – 12.00	<b>Felda Lepar Hilir 2</b> 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	<b>Felda Lepar Hilir 2</b> 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 9/1/2013	8.00 – 13.00	<b>Ladang Felda Lepar Hilir 6</b> Document Audit Continue	√	√	√
	13.00 – 14.00	Lunch	√	√	√
	14.00 – 16.00	Auditor meeting & Preparation for closing meeting	√	√	√
	16.00 – 17.00	Closing Meeting	√	√	√

**Appendix C: Major NC Close out Audit Programme 16 April 2013**

<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Senniah</b>	<b>Muhd Haris</b>
Tuesday 16/4/2013	8.00 – 9.00am	<b>Lepar Hilir Palm Oil Mill:</b> Opening meeting	√	√
	9.00 – 12 noon	Verification of Major NC and close out evidence at Lepar Hilir complex	√	√
	12 noon - 1.00pm	Lunch	√	√
	1.00 -4.00pm	Verification continues	√	√
	4.00 -5.00pm	Closing meeting	√	√

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

No	RSPO Indicators	NCR Ref	Description	Corrective Action Plan	PIC	Date Due
1.	2.2.1: Evidence of legal ownership of the land including history of land tenure.	A819765/1	A Non Conformity was assigned against Major Indicator 2.2.1., as in LH6E, Document audit on the legal land ownership record reveal that there is no copy of the land title for the ex-Lepar Hilir 7 land holding covering an area of 701 ha.	The land title has been obtained from HQ on the 21 February 2013. Title No. H.S. (D):3583 (PT 3356) covering an area of 701ha has been sighted during the special visit.	Estate Manager	Completed on 21/2/2013.  With this evidence of implementation, the major non conformity is addressed effectively and closed.
2.	4.6.3: Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations.	A819765/2	A Non Conformity was assigned against Major Indicator 4.6.3., in LH2E, during the visit to the oil palm nursery, it was found that the balance Agrochemical kept at the transit store was not arranged and labelled, agrochemical was kept inside drinking water bottle and food items (banana) are stored inside the store. Also, MSDS for ACTION 13 SL (Racun Klass 1b paraquat) is not available at the Main Chemical Store.	All the agrochemical from the transit store has been moved to main store. Agrochemicals were no longer kept in the transit store. Visit to the store during the special visit found no agrochemical kept inside the transit store. Also no agrochemical kept inside drinking water bottle and no food item found inside the store. MSDS has been placed at the Main store for ACTION 13 SL.	Assistant Manager and Storekeeper	Completed on 16 April 2013.  With this evidence of implementation, the major non conformity is addressed effectively and closed.
3.	4.6.5: Annual medical surveillance as per CHRA for plantation pesticide operators.	A819765/3	A Non Conformity was assigned against Major Indicator 4.6.5., at LH2E; the Agrochemical mixing was done by the staff. However the staff did not go for Annual Medical Surveillance. Sprayer and fertilizer applicator that did not go for Fomema must have medical check as well.	The chemical mixing staff (Mohd Ghazali), Fertilizer applicator (Tedi Siraturahman) and Fertilizer applicator (Rashidah) has been send for medical check-up on the 22 January 2013 at Poliklinik Ar Razi by OHD Doctor Tuan Sahardi Bin Tuan Ismail and the result shows that all of them are fit. The medical check-up results were sighted during the special visit.	Assistant Manager	Completed on 22 January 2013.  With this evidence of implementation, the major non conformity is addressed effectively and closed
4.	4.8.1: A training programme (appropriate to the scale of the organization) that	A819765/4	A Non Conformity was assigned against Major Indicator 4.8.1., in	Safe handling of Agrochemical and Fertilizer training has been conducted on the 22 February 2013 attended by 17 staff	Assistant Manager and	Completed on 22 January 2013.

	includes regular assessment of training needs and documentation, including records of training for employees are kept.		LH2E, It was noted that the store keeper who is handling the chemical store and fertilizer store is not been trained on safe handling of agrochemical.	and workers including sprayers and fertilizer applicators. Training attendance was sighted during the special visit together with interview of storekeeper found they have been attended the training.	store clerk	With this evidence of implementation, the major non conformity is addressed effectively and closed
5.	5.5.1: No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.	A819765/5	A Non Conformity was assigned against Major Indicator 5.5.1., in LH POM; the incinerator is being used by the mill to burn the empty fruit bunch. There is a copy of the approval letter from DOE. However, the page containing the condition of the approval is not available. There is no evidence to show that the mill is complying with the condition of the approval such as monitoring of the parameters required by DOE. Internal letter issued recently by the Felde Head office to stop the use of incinerator from 1 Jan 2013. However, during the audit the burning activity is still being carried out. The instruction from the Head Office is not adhered as well.	<p>The mill has stopped using the incinerator has per instruction given by the Felde Head Office starting from 15 February 2013. Mill using the shredder to convert the EFB to Fiber which is being collected by Contractor Mohamad Isha Bin Hassan. E.g: 1,538mt shredded fiber has been collected for the month of March 2013. The balance EFB is being applied to the Lepar Hilir Estate fields.</p> <p>Interview with the DOE officer from Kuantan confirmed that Lepar Hilir Palm Oil Mill has approval to use the incinerator to burn the EFB but currently the Mill has stopped using the incinerator. DOE also encourage mills to reduce the use of incinerator whenever possible.</p> <p>During the special visit, no evidence of burning found in the incinerator.</p>	Mill Manager	<p>Completed on 16 April 2013.</p> <p>With this evidence of implementation, the major non conformity is addressed effectively and closed</p>

## **Appendix E: Lepar Hilir Palm Oil Mill Supply Chain Assessment**

### Module E – CPO Mills Mass Balance

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

<b>E 5. Training</b>	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Executive and Staffs in the weighbridge, stock control, storage and processing, document control have attended training.
<b>E 6. Claims</b>	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made.



## Appendix F: Time Bound Plan - FELDA

Schedule for RSPO Certification of Felda

No. and Year	Palm Oil Mill and Supply Base Schedule								
	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: Audited. Certified	Belitong Status: Audited. Pending report approval.	Kembara Sakti	Tersang	Pasoh	J. Baru	Aring B
4		Lepar Utara 4 Status: Certified	Waha Status: Certified	Bukit Besar Status: Audited. Pending report approval.	Lancang Kemudi	Besout	Serting	Kertih	Ciku
5		Seroja (J 18) Status: Certified	B. Kepayang Status: Certified	Kahang Status: Audited. Pending report approval.	Palong Timor Status: Sourcing Certification Body	Sg Tenggi	Serting Hilir Status: Sourcing Certification Body		Kechau A Status: Sourcing Certification Body

6		Padang Piol Status: Certified	Bukit Mendi Status: Certified	Kulai Status: Audited. Pending report approval.	Lepar Hilir Status: Audited. Pending report approval.	Trolak	Kerau	H.Badai	Kechau B Status: Sourcing Certification Body
7		Felda Segamat Status: Certified	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	8	9	11	9	9