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PUBLIC SUMMARY REPORT

INITIAL RSPO CERTIFICATION ASSESSMENT

FELDA

(Federal Land Development Authority)

Bukit Sagu Palm Oil Mill

Kuantan, Pahang, Malaysia

Report Author

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| TABLE of CONTENTS | Page N^o |
|---|---------------------------|
| SUMMARY | 1 |
| Abbreviations USED..... | 1 |
| 1.0 SCOPE OF CERTIFICATION ASSESSMENT | 1 |
| 1.1 National Interpretation Used | 1 |
| 1.2 Certification Scope | 1 |
| 1.3 Location and Maps..... | 1 |
| 1.4 Description of Supply Base | 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 |
| 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 | 17 |
| 3.3 Corrective Action and Closeout of Nonconformities | 19 |
| 3.4 Noteworthy Positive Components..... | 19 |
| 3.5 Issues Raised By Stakeholders and Findings with Respect To Each Issue | 19 |
| 3.6 Acknowledgement Of Internal Responsibility And Formal Sign-Off Of Assessment Findings | 20 |

LIST of TABLES

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

LIST of FIGURES

| | |
|--|----|
| 1 Location Maps of Bukit Sagu Palm Oil Mill and Supply Base in Pahang, Malaysia..... | 2 |
| 2 Location of the Bukit Sagu 4 Estate..... | 3 |
| 3 Tools Store..... | 18 |

List of Appendices

| |
|--|
| A FELDA Bukit Sagu RSPO Certificate Details |
| B Initial Certification Audit Programme 18 – 21 Dec 2012 |
| C Major NC Close out Audit programme 15 April 2013 |
| D Corrective Action Plan and Close out evidence for Major Non Conformities |
| E Bukit Sagu Palm Oil Mill Supply Chain Assessment |
| F RSPO Time Bound Plan |

SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the Initial Certification Assessment of FELDA Operating Unit Bukit Sagu comprising Bukit Sagu Mill, supply base, support services and infrastructure on 18 – 21 December 2012. During the initial assessment BSi concludes that Bukit Sagu Certification Unit's operations and its supply base comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance]. 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 three major nonconformities which need to be addressed and closed by the management unit prior to proceed with the recommendation for certification. Major Nonconformities close out audit to verify the evidence of the close out the major non conformities was conducted. Major Nonconformities close out audit took place on 15 April 2013 to verify the evidence of the close out of the major nonconformities and its implementation on site.

With the successful close out of the major nonconformities and implementation of the corrective action, BSi recommends that FELDA Bukit Sagu and supply base be approved as producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

| | |
|-------|---|
| a.i. | Active Ingredient |
| BOD | Biological Oxygen Demand |
| CHRA | Chemical Health Risk Assessment |
| COD | Chemical Oxygen Demand |
| CPO | Crude Palm Oil |
| DID | Department of Drainage and Irrigation, Malaysia |
| DO | Dissolved / Oxygen |
| DOE | Department of Environment, Malaysia |
| DOSH | Department of Safety and Health |
| ECC | Employees Consultative Committee |
| EFB | Empty Fruit Bunches |
| EIA | Environment Impact Assessment |
| EMS | Environmental Management System |
| EPD | Environmental Protection Department |
| EPF | Employees Provident Fund |
| ERT | Endangered, Rare and Threatened species |
| ESA | Environmentally Sensitive Area |
| FCCP | Final Contract Certificate of Payment |
| FFB | Fresh Fruit Bunch |
| Ha | Hectare (s) |
| HCV | High Conservation Value |
| HDPE | High Density Polyethylene |
| INWQS | Interim National Water Quality Standards |
| IPM | Integrated Pest Management |
| IPMP | Integrated Pest Management Plan |

| | |
|----------|--|
| IRCA | International Registration of Certified Auditors |
| IUCN | International Union for Conservation of Nature and Natural Resources |
| JCC | Joint Consultative Committee |
| Kg | Kilogram (s) |
| kW | Kilo Watt |
| LTI | Lost Time Injury(ies) |
| MSDS | Material Safety Data Sheets |
| MSGAP-OP | Malaysian Standard Good Agriculture Practices-Oil Palm |
| NCR | Non Conformance Report |
| NGO | Non Government Organisation |
| OER | Oil Extraction Rate |
| OSH | Occupational Safety & Health |
| PCD | Pollution Control Device |
| PMP | Pest Management Plan |
| POM | Palm Oil Mill |
| POME | Palm Oil Mill Effluent |
| PPE | Personal Protective Equipment |
| RSPO | Round Table on Sustainable Palm Oil |
| SA | Social Accountability |
| SEIA | Social and Environment Impact Assessment |
| SIA | Social Impact Assessment |
| SW | Schedule Waste |
| TDS | Total Dissolved Solid |
| TSS | Total Suspended Solid |
| USECHH | Use and Standards of Exposure of Chemicals Hazardous to Health |

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mill and its supply bases of FFB were assessed against the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance].

1.2 Certification Scope

The scope of Certification covers production of one (1) palm oil mill (Bukit Sagu mill) that is sources FFB from 6 (six) company-managed supply base estates and smallholders.

1.3 Location and Maps

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

Table 1: Mill GPS Location

| Mill | Easting | Northing |
|--------------------------------------|------------|----------|
| Bukit Sagu (Capacity: 55mt/Hr) | 103.1487 E | 3.9669 N |

Figure 1. Location Map of Bukit Sagu Palm Oil Mill and Supply Base in Pahang, Malaysia

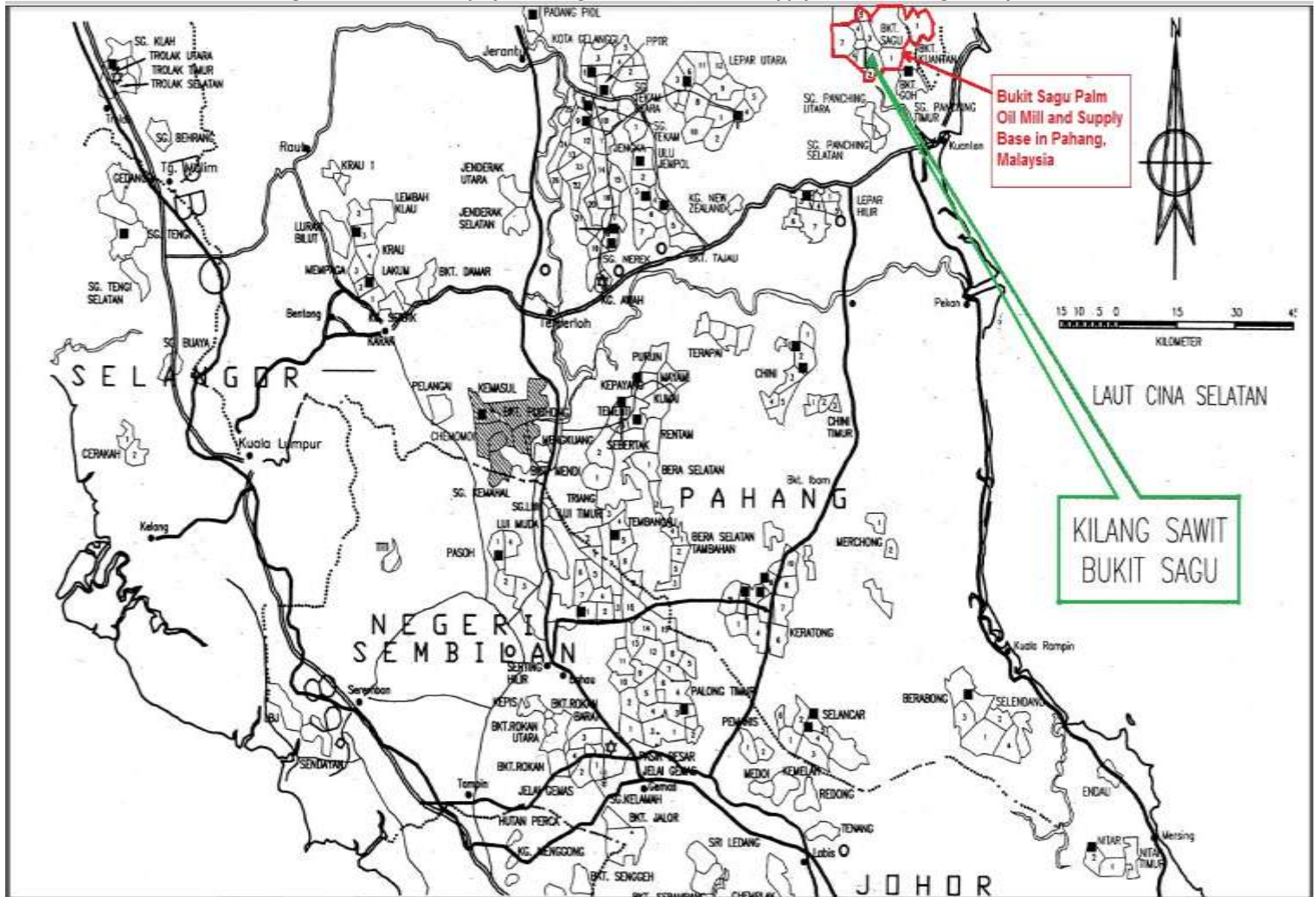
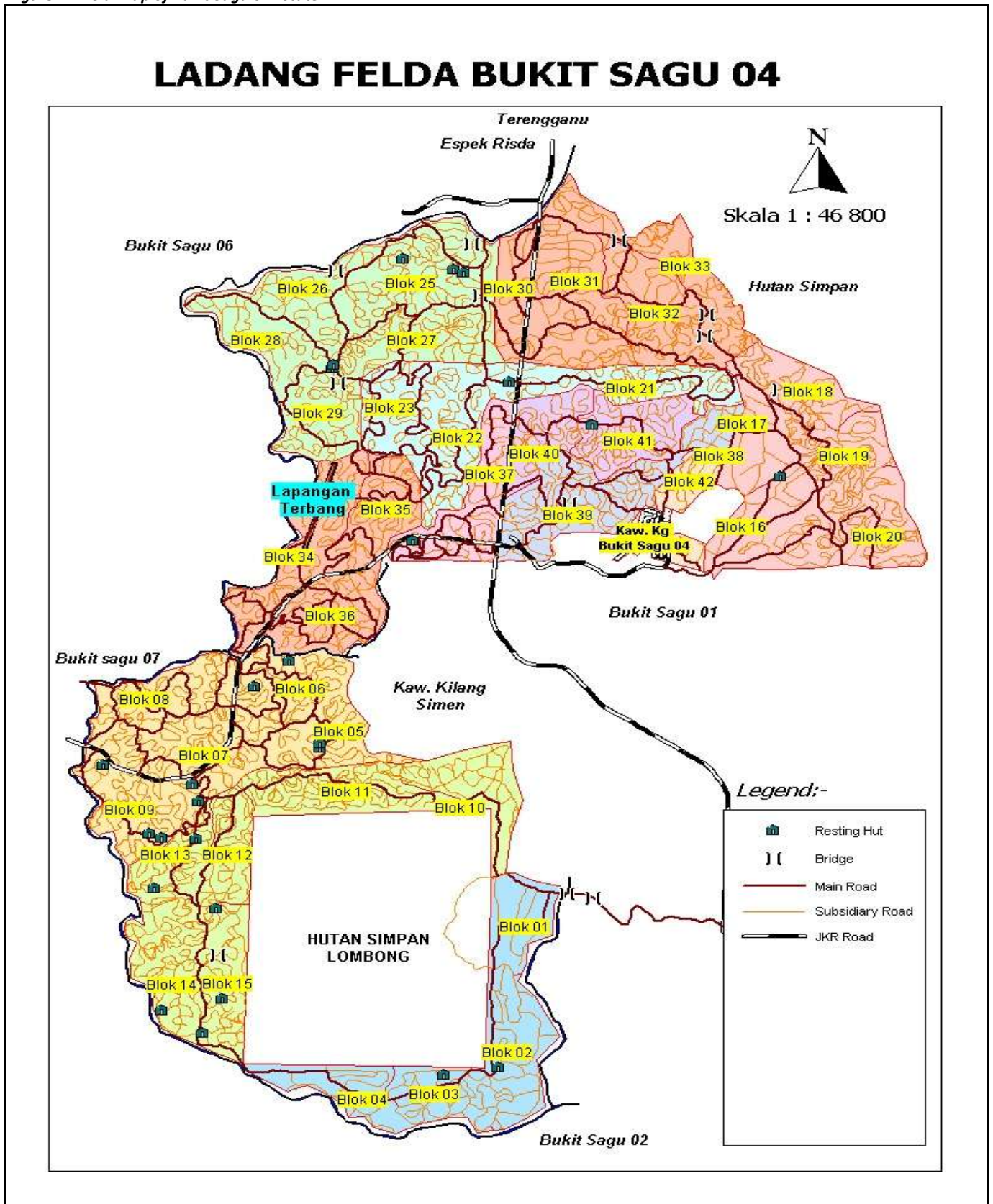


Figure 2. Field Map of Bukit Sagu 04 Estate



1.4 Description of Supply Base and Supply Chain

FELDA fully managed plantations and smallholder plots through Felda Techno Plant and a scheme manager. The FFB produced is delivered to BUKIT SAGU palm oil mill.

The total number of employees for the mill and estates sampled under Bukit Sagu Palm Oil Mill Certification Unit as follows:

Mill: 148 workers (all local employees); Bukit Sagu 1: 110 employees (21 locals and 89 foreigners); Bukit Sagu 2/3: 73 employees (15 locals and 58 foreigners); Bukit Sagu 4: 201 employees (163 locals; 38 locals); Bukit Sagu 6: 77 workers (16 locals and 61 foreigners); Bukit Sagu 7: 109 workers (29 local and 80 foreigners) and Bukit Sagu 8: 90 workers (15 locals and 75 foreigners). The overall average employee ratio at the estates was 20% local and 80% foreigners.

Bukit Sagu Palm Oil mill is using the Mass Balance model because there are times where non-certified FFB is received from the nearby Felda Bukit Goh Complex. The projected FFB production for the year 2013 from the supply base is listed in **Table 2**.

Table 2: Projected FFB Production for 2013

| Supply Base | FFB (Tonnes) |
|----------------|----------------|
| Bukit Sagu 1 | 10,521 |
| Bukit Sagu 2/3 | 0 (Replanting) |
| Bukit Sagu 4 | 29,734 |
| Bukit Sagu 6 | 18,811 |
| Bukit Sagu 7 | 41,098 |
| Bukit Sagu 8 | 30,178 |
| Total | 130,342 |

1.5 Date of Plantings and Cycle

It is noted that FELDA BUKIT SAGU management unit's supply base was undergone replanting program since 2004. The replanting is still ongoing during the assessment. This replanting was carried out through FELDA's subsidiary company, Felda Techno Plant Sdn Bhd. for the smallholders and fully managed by the FELDA.

Table 3: Age Profile of the supply base

| Year Planting | Bukit Sagu1 | Bukit Sagu2/3 | Bukit Sagu4 | Bukit Sagu6 | Bukit Sagu7 | Bukit Sagu8 |
|--------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1985 | - | - | 348.09 | - | - | - |
| 1986-1990 | - | - | 971.97 | 1,265.40 | 1,022.84 | - |
| 1991-1995 | - | - | 271.01 | - | 1,162.46 | - |
| 1996-2000 | - | - | 40.74 | - | - | 140.38 |
| 2001-2005 | - | - | - | - | - | 563.79 |
| 2006-2010 | 791.05 | 1,471.88 | 667.53 | 276.58 | - | 1,098.32 |
| 2011-2012 | 871.86 | - | 720.00 | - | - | - |
| Total | 1,662.91 | 1,471.88 | 3,019.34 | 1,541.98 | 2,185.30 | 1,802.49 |
| Grand Total | 11,683.90 | | | | | |

1.6 Other Certification Held

The Bukit Sagu Palm Oil Mill holds three other certifications as follows:

ISO 14001: 2004 (Environmental Management Systems), Sirim QAS Valid until 16/1/2015; ISO 9001: 2008 (Quality Management Systems), Sirim QAS Valid until 16/1/2015; OHSAS 18001: 2007 (Occupational Health and Safety Management Systems), Malaysian Society for OSH Valid until 16/1/2015 and ISCC Certificate # De-B-BLE-Bm-10-107-70014212.

1.7 Organization Information/Contact Person

The contact detail of the company as follows:

Contact Person: Mr. Rosidi bin Hashim
 Manager, Pejabat Wilayah Kuantan,
 Bandar Indera Mahkota, 25200 Kuantan,
 Pahang, Malaysia.
 Phone: +609 5733684
 Fax: +6095733633
 Email: rosidi.h@felda.net.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 19 palm oil mills certified. There are 7 palm oil mills and supply base audited and summary report under technical review. 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 dispute being highlighted during the stakeholder consultation and during the 30 days public stakeholder consultation period.

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

BSi lead auditor has reviewed Felda's Time Bound Plan and considers this to conform to the RSPO requirements for Partial certification (See appendix F).

1.9 Area of Plantation

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

Table 4: Supply Base Hectare Statement

| Estates | Mature | Immature | Total |
|--------------------|-----------------|-----------------|------------------|
| Bukit Sagu1 | 791.05 | 871.86 | 1,662.91 |
| Bukit Sagu2/3 | - | 1,471.88 | 1,471.88 |
| Bukit Sagu4 | 1,899.52 | 1,119.82 | 3,019.34 |
| Bukit Sagu6 | 1,265.40 | 276.58 | 1,541.98 |
| Bukit Sagu7 | 2,185.30 | - | 2,185.30 |
| Bukit Sagu8 | 1,521.92 | 280.57 | 1,802.49 |
| Grand Total | 7,663.19 | 4,020.71 | 11,683.90 |

1.10 Approximate Tonnage Certified

The approximate projected certified tonnages of CPO and PK for the next twelve months in 2013 are shown in Table 5.

Table 5: Approximate CPO and PK Tonnages Certified

| Bukit Sagu Mill | Projected 2013 | OER and KER |
|-----------------|----------------|-------------|
| FFB | 130,342 | - |
| CPO | 26,720 | 20.50 |
| PK | 7,429 | 5.70 |

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is the CPO and PK production from the Bukit Sagu palm oil mill (one palm oil mill) and the supply base (refer to Table 5 for tonnages). The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
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RSPO Scheme Manager: Mr Aryo Gustomo
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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Management Systems provides independent, third party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur, Jakarta and Thailand.

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy - Lead Assessor

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

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.

Nabila Seth Nivan – Auditor

Nabila Seth Bt Mohd Niven is a fulltime employee with BSI Services Malaysia. She graduated in Business

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

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

2.3 Assessment Methodology, Programme, Site Visit

The assessment was conducted against the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance] to determine compliance of Bukit Sagu certification unit towards certification. The assessment scope included the Bukit Sagu palm oil mill, supply base and support infrastructure. Audit program are included in Appendix B.

There was a major nonconformity close out audit conducted on 15 April 2013 to verify the close out evidence of the major nonconformities raised during initial certification assessment and its implementation.

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

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment. All major non-conformities were closed out appropriately and implemented effectively. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by posting a Notification on the RSPO, BSi and FELDA websites.

Phone calls were made to arrange meetings with stakeholders during the assessment. During the audit, meetings were held with stakeholders to seek their views on the performance of the company with respect

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

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

External stakeholders included organizations such as village leaders, Government, NGOs and Civil Societies, who have an interest in the Bukit Sagu Certification Unit's area.

Stakeholder consultation took place in the form of meetings and interviews without the present of the Bukit Sagu management representatives. 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. The summary of issues raised and company response is discussed in section 3.5.

List of Stakeholders Interviewed

Workers and Staff
Fertilizer Applicator
Agrochemical Applicators
Harvesters
FFB Loader
Mill employees
Women Representative
Union representatives
Local Community
Government Officials
Labour Department
Forestry Department
Non Government Organization

2.5 Date of Next Surveillance Visit

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

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

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

During the assessment three nonconformities against major compliance indicators and five nonconformities against minor compliance indicators were identified.

Seven observations/opportunities for improvement were identified. Details of the nonconformities and observations are given in Section 3.2.

Felda Bukit Sagu has prepared a Corrective Action Plan (Appendix D) for addressing the identified major nonconformity that was reviewed and accepted by BSi. All the major nonconformities were closed prior to the recommendation for the certification.

BSi's assessment of Felda Bukit Sagu certification unit's operations, comprising one palm oil mill, supply base, infrastructure and support services, concludes that Felda Bukit Sagu operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance].

BSi recommends that Felda Bukit Sagu certification unit be approved as producer of RSPO Certified Sustainable Palm Oil.

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

Felda have a system whereby any request for information is directed to local mill or estate manager who later delegated to appropriate officer to respond such as social liaison officer. 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. All incoming letter were stamped and dated for distribution to appropriate officer for further action/implementation. Inspection to the mill record confirmed that the mill regularly sent completed questionnaire to Malaysian Palm Oil Board (MPOB) i.e. last record dated 3rd December 2012. Records are kept in "MPOB" file. Records are maintained indefinitely.

The estate assessed did not receive any request for information other than MPOB.

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.

There is a list of publicly available documents approved by manager and can be produced upon request. Confidential documents are related to financial details.

The list of document that can be made available upon request includes the following as an example:

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

The manager at operating unit is the authorised person for the release of the above documents.

Land titles made available upon request. Original kept by head office, copy available on site.

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

Operating units conduct their own internal audit that includes legal compliance. External audit conducted by the PSQM team and Agriculture Officers from District Felda Office.

Internal legal audit at the mill was carried out every six months by the Head office personnel from Felda Palm Industries. The last audit was carried out on in June 2012, indicated full compliance to regulation relevant to the palm oil mill. Legal compliance records are documented under file "compliance to law" (Pematuhan Undang-Undang).

There is list all laws and legal requirements applicable to each operating units. PSQM team ensures that these regulations are updated regularly when there is a change. The list includes dates of licenses and permits expiry date for easy monitoring and renewal process. Current licences and permits are displayed at the administrative office.

Mill holds copies of relevant regulations, a list of applicable international, national, and regional regulation dated May 2011 (Dokumen 2: Perundangan dan Lain-Lain Keperluan).

Sample documents checked and verified: Diesel permit No. PHG/PD/K/2/95 valid until July 2014; MPOB license 558968002000 valid until 28 February 2014.

All the foreign workers have work permit. The audit team checked the permits to ensure compliance with the law. The assessment team checked the competence certificate of the Mill engineers, Boilermen, Electrician and Chargemen. All of them have relevant certificates. Mill has a boiler log book. The log book indicates to indicate date of commission, cleaned, inspected, tested

or repaired. The register is available and was checked during the assessment. Certificate is available for Boilers and diesel generator. The certificate is in compliance to local law. Foreign workers are treated equally as per the local workers and comply to the Employment Act. They are covered with Public Holidays, rest days and annual leave. Relevant records were checked and verified.

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

The Felda land is in accordance to Land (Group Settlement Areas) Act 1960 (Act 530). Initially all the land under Felda was from the state government. It was developed and managed by the Felda.

BUKIT SAGU Mill holds a lease agreement from Felda Holdings dated 4/5/1994. The lease agreement is for the period of 1994 – 2024. The Land title number is HSD 17995 covering an area of 7.814ha. The term of use is for the use of Palm Oil Mill operation. Restriction clause includes no change of ownership allowed and no leasing to other parties by the mill.

Inspection at the Bukit Sagu 4 estate noted that some of the copies of the land ownership were missing. A major nonconformity was raised due to no evidence/copy of the land title (see below).

(2.2.1) Evidence of compliance with legal requirements.

Bukit Sagu Estate: Document audit on the legal land ownership record reveal that there is no copy of the land title for about 2,146 ha at Ladang Bukit Sagu 4.

Boundary markers are available and maintained visibly. This was verified and checked during the site and field visit at the mill, Bukit Sagu 4 and Bukit sagu 6 estates.

There was no land disputes noted during the assessment and during the interview with stakeholders. An interview with community around the estate operation and government officials confirmed there was no land dispute inside both estates and mill.

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 did not acquire land from landowners. The leased land was directly from the government. Interviews with the local Head of Villages confirmed that no customary land issues. 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 an implemented management plan that aims to achieve long-term viability for the whole FELDA Group. An annual budget with projections until 2016 is available. This projection includes FFB projection, palm product projection from the mill and replanting plans.

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 and plans are to ensure that there is continuous FFB supply to the palm oil mill and income.

The mill and estate have an annual budget with a two years projection and five years long term projection as part of a business plan. The budgets include performance objectives and targets related to production, including efficiency and quality e.g. OER, KER, cost of production, quality of FFB, price, backlog and mill losses. The annual budget contain data on FFB yield/ha, OER, CPO yield/ha, PK and cost of production.

The management monitor the cost of operation on monthly basis through monthly report and compared with the budget. Justification is provided by the managers when the cost exceeds the budget. The quality is inspected through quality assurance team from head office to maintain the quality. There is mechanism 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 prepared with 5 years projection plan. For Bukit Sagu 2/3 Estates, replanting has been completed in 2012. Majority of the palm are going into the first replanting period.

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

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

SOPs on safe working practices include application of pesticides. Palm Oil Mill has its own SOP for safe working practices covering all the work stations and work type.

Estate good agriculture practices are documented in a manual for all field operations and management in local language as well “Manual Ladang Lestari, 2007” and “Manual Pengurusan Rancangan, 2010” which are available in all estates. Work instruction and safe working procedures are posted in appropriate areas such as in Pesticide stores, Fuel storage areas, workshops, and all work station at mill in local language.

Monitoring the effectiveness of procedures are available at mill and estates. The shift supervisors check that all log books are completed for all SOP's. Checks are conducted periodically such as hourly, 2 hourly and this is indicated in the log book. This is done by signing the log book, a copy of which is kept by mill management and also includes planned scheduled inspections. The operators at the mill had completed the required log sheets at each station on the required timetable. These log sheets are collected and reviewed on a daily basis. The log sheets are used to identify breakdowns and cases of wear and tear where breakdowns may be imminent. Any breakdowns, stoppages or major services are recorded in both the log books for each area and in the maintenance records.

Mill Advisor visits the mill annually. Recent visit was between in August 2012. Report received by the mill manager and he respond to the findings by the mill adviser to further improve the mill operation. Inspection to the record confirmed measures are taken promptly following finding. Mill retains all the records for a minimum of 12 months.

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

The estate managers undertake regular field inspections to ensure SOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. The records of items discussed at morning musters are now being documented. Further monitoring was carried out by Kuantan Felde District Office (Felde Wilayah Kuantan). Plantation inspection at Bukit Sagu 1 was carried out by Mr. Rosidi Bin Hashim from the Kuantan District Felde officer in November 2012. Annual monitoring to the estate performance was carried out by the representatives from the Felde Plantation Division. The last visit was held on 12 July 2012. Felde Internal Finance Audit is carried out by the personnels from the Head office in Kuala Lumpur to monitor the estate performance on annual basis

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 application are maintained in the daily field costing book. These details are as per the fertilizer recommendation from the R&D Department which makes the fertilizer recommendation for each supply base estates Felde Agricultural Services Sdn Bhd. acts as the R&D Department responsible for the fertilizer recommendation.

Annual leaf samplings are carried out by Felde Agricultural Services Sdn Bhd. The results of the analysis of the samples are used to formulate the fertiliser requirements. Tun Abdul Razak Reserch Station (Pusat Penyelidikan Petani Tun Abdul Razak) used as the analysis laboratory and issue regular recommendation. The Soil Sampling survey is completed as part of a five year recommended for the period 2011/2015. Soil sampling conducted at 20% of all estate soil. The soil analysis includes periodic tissue and soil sampling to monitor changes in nutrient status.

EFB is applied at the rate of 35mt/ha on selected area close to the mill to reduce transport cost. This includes smallholders' plots. There is no POME recycling due to logistic constraints and difficulty to build piping through the smallholders' plots. Bunch ash is sold to outside company which further processing as organic fertilizer. Bukit Sagu mill's DOE permit allows discharge to stream with BOD limit of 100ppm. Latest BOD records for the year 2012 ranges from 61 – 38 ppm. Quarterly return to DOE was sent on regularly. Report dated 10/5/2012 and 4/10/2012 was checked and found to be in compliance.

The decanter cake is recycled as organic fertilizer. These are used as nutrients and are applied to improve organic matter and to supplement inorganic fertiliser. Frond recycled and staked in the fields in a way to prevent erosion.

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

During field inspections it was noted that there was no any erosion in the field at each estate assessed. Road and drainage system effectively controls any surface run-off through road grading programmes to prevent erosion on the estate roads.

Through effective ground cover established at recently replanted area are attempt to avoid bare and exposed soils to minimise erosion. Inspections in the field reveal that the natural ground cover established with planting of *mucuna* cover crop. Plantings on the steep areas were well established with cover crops besides terracing to reduce and eliminate possible risk of erosion. Effective frond stacking is also implemented in preventing erosion in steeper areas.

In all estates there is terracing in steep areas to reduce soil erosion. Recently replanted steep areas were constructed with terrace. Where slopes are not in excess of 15°, platforms were constructed to facilitate field operation and to reduce surface run-off during rain.

Estate has prepared a road maintenance programme for 2012/2013. Inspection to the field indicated good road

condition. The road management plan for Bukit Sagu 1, 4 and 6 estates shows details of actual roads to be graded and maintained in the road management plan and completion status.

Soil map is available at each estate showing the soil types. There is no peat soil. According to survey carried out by FELDA Agricultural Services Sdn Bhd (FASSB) majority of the land is clay. There are no sandy or acid sulphate soils, which required special treatment.

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

The riparian buffer zones in the estates were inspected and found to be maintained in good condition and within the limits as prescribed by the in the SOP. Estate ensures 3-meter wide river buffer zone is maintained consistently. All permanent watercourses have buffers in place and these comply with the riparian requirements. There are signages 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.

Monitoring of the buffer zone condition is undertaken as part of the overall estate inspection regime so it is virtually ongoing. During field visit to “Sungai Batu” it was noted that there was no construction of bunds, weirs or dams across the waterways.

There is an Integrated Water Management Plan which has been implemented covering water usage and water analysis. 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. Rainfall data is used for the proper water management plan.

Biological Oxygen Demand (BOD) of water samples is tested in the company laboratory. BOD levels are within the prescribed limits of the Environmental permits and Government guidelines. Latest analysis result dated 10/7/2012 Certificate number 677/2012 shows the incoming water BOD was 1ppm and outgoing water BOD was 1ppm which indicates that there was no any pollutants discharged into the river. The report concludes that that the river is not polluted.

The Mill monitors water usage for processing and reports the information on a daily basis and calculated use/tonne FFB. Average water usage for the year 2012 was 1.50mt water/mt FFB processed. The mill management agreed that this is relatively high and targeting to reduce. The reason was due to cleaning work carried out regularly. The progress will be checked during the surveillance assessment.

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

Felda estates are monitoring the toxicity of pesticides used and records are available since 2011.

There is an Integrated Pest Management Programme (IPM) for specific pests as documented in FELDA Sustainable Oil Palm Management Manual (Operasi Ladang Sawit Lestari). There is a measurement of the amount of each pesticide used and type for each specific pest. It was noted from the internal plantation reports that there was no outbreaks leaf eating pest such as bagworm.

Beneficial plants have been established along the main access roads such as *Turnera subulata*, *Antigonon leptopus* and *Antigonon leptopus*. Rhinoceros beetle handle by beetle trap (1 trap for every 2 hectares), pheromone for rhinoceros beetle, and stack trap for rhinoceros beetle mainly at replanted areas. Barn owl establishment implemented as part of the IPM initiative and to reduce pesticide use.

Barn owl housing built at 20 owl boxes/ha. The occupancy is monitored. Latest census in October indicates the occupancy was 38%.

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

The use of all chemicals is justified through SOPs and targeted species indicated to reduce usage. The record includes chemicals used, dosages, field number and frequency of use.

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.

Felda is using only chemicals that are officially registered under the Pesticides Act 1974 in accordance to USECHH Regulations (2000). Section 3 of the agriculture manual “Manual Operasi Ladang Lestari” indicates the quantity of chemical and treatment required for each weeds. The basis of SOP for chemical was developed through CHRA report and rating by HIRAC. The CHRA includes protective equipment needed for each type of agrochemical work. Records are maintained in Form II whenever highly toxic pesticide is used to monitor the hours worked. The information included is date, site treated, pesticide used, quantity, total working hour and method of application and applicators name.

Inspection of the store confirmed only approved chemicals are used. Agrochemical store is well ventilated and locked. 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. However, inspection to the tools store at Bukit Sagu 4 found that balance agrochemicals was kept in tools store which was not locked. A major nonconformity was raised.

(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. Balance Agrochemical was kept at the tools store (Store peralatan) although there is a designated agrochemical store. During inspection the tools store was not locked which indicate it is not secured.

All empty chemical containers are triple rinsed and if not recycled are placed in the Scheduled Waste storage area and later disposed through authorised collector SP Metro (M) Sdn Bhd with permit number 001411. Spill containment is provided at the storage area and premixing area to contain any spillage. The store supervisor is in-charge of managing these spill containers.

Material Data Safety Sheets (MSDS) are available for all chemicals used in local language which understood by the store clerk. Almost all MSDS are translated into Bahasa Malaysia. Records of training for agrochemical applicators are kept in each estate office for the following:

- Pesticide Mixers
- Pesticide Applicator
- Store Clerk

The training program includes training on use of agrochemicals. The training records also show the training topics covered. PPE for agrochemical handlers and applicators are supplied and instructions on the use demonstrated in the SOP's. The company supplies adequate PPE for employees. 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.

Health checks are conducted for pesticide handlers. These are carried out by the clinics on a monthly basis and annually by an Occupational Health Doctor (OHD) via a physical check and annually as per the CHRA for plantation pesticide operators. Records of these checks are kept in each clinic, and for annual surveillance CHRA in each estate office. Beside physical check, complete medical check up by Occupational Doctor is carried out annually. During the field visit workers were interviewed to find out if they suffer from skin disorders or rashes, breathing difficulties or nail problems. No issues were highlighted by workers and workers union representatives. Further interview with DOSH officer confirm that there is no any issues.

It was noted that no women pesticide applicators. Felda has a policy on restricting female pesticide handlers during pregnancy or breast-feeding.

It was noted that Class 1 Chemicals such as paraquat is in use. There is a plan in place to gradually reduce the use of paraquat. The inspection to the records of paraquat use found gradual increase. The gradual increase was due to the recent replanting. Minor nonconformity was raised.

(4.6.7) Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.

Document audit reveal that the use of paraquat use is on increasing trend. At Bukit Sagu 1: 2011: 238lits used compared with 2012: 1,249lits. There is an increase of 1,011 Lits. At Bukit Sagu 4: 2011: 3,940lits used compared to 2012: 9,895lits. There is an increase of 5,955 Lits.

There is no aerial spraying of pesticides. No buyer has yet requested CPO testing for chemical residues.

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.

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

There is Safety and Health Plan at the palm oil mill and all estates. Safety and Health Policy dated 1 September 2012 implemented and communicated with all level of employees.

HIRARC and CHRA conducted to identify risk and control measures. CHRA was dated 25 October 2012 covering all aspects of chemical usages which are hazardous to health. HIRARC was dated 18 June 2012. Hazard Identification and Risk Assessment includes noise exposure risk.

All workers are given PPE and used in a correct manner as required. Dust masks and respirators are made available for all workers in dusty work areas or involved in chemical mixing and spraying. All potentially hazardous operations are identified and if required PPE is provided as per risk assessed.

A dedicated person has been appointed as the overall OHS manager (DOSH registration number: JKPP 127/438/02/6508) at head office level and at operating unit, who coordinates all OHS matters. Furthermore an OHS representative has been appointed in all operations areas.

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 disseminating the information to other fellow workers and contractors via morning musters. Records of safety topics discussed at morning musters are available. All areas have regular meetings to discuss OHS. Safety meeting 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 information or to reinforce safety like use of PPE. Workplace inspection by the onsite compliance executive includes audit on PPE used. PPE used are in compliance to DOSH requirement. Hearing loss prevention audit done for employees exposed to noise levels by external consultants. Monitoring of the hearing hazard was carried out by external consultant. 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. Employees exposed to high noise levels are given ear protector such as ear muffs and ear plug. Monitoring noise level was done at the mill by DOSH certified competent person on 12 February 2012. The noise level at the sterilizer plant was below 85dBa and Boiler station was above 90dBa. Baseline audiogram and occupational and medical history records for every employee kept as required by Regulation 21. Employees exposed to high noise levels provided with training as required by Regulation 27. The training includes explanation on the effects of noise on hearing, purpose of using ear plug and how to use.

There are emergency procedures in the mill and each estate. These are tested regularly through drills. There is a fire fighting team at the mill and estate. Fire fighting training was conducted in September 2012 with the involvement from the Kuantan Fire and Rescue Department. Mill and estates has regular evacuation drills which are recorded to determine the level and efficiency of response. There is an emergency procedure and evacuation point. There are vehicles available for emergency evacuations in the field for illness and injury. Emergency Shutdown procedures are available in the mill and are in the local language.

The company has first aiders in the facility and Safety Officer who is a trained first aider. First aid kits and equipments are available at mill and in the field work areas that are checked and restocked regularly. First aid kits are issued to workers handling all type of agrochemicals including highly toxic pesticide.

There is no any fatal or LTI accident took place for the last 12 months. Accident reporting and investigation procedure is available in the SOP FPI/1.2/QOHSE – 22.0. Minor injuries such as thorn pricks are commonly happen in the field. JKKP8 is sent ot DOSH on annual basis even there is no any accident.

All local workers are covered by SOCSO and foreign workers through compensation accident insurance (Insuran Takaful Berkelompok) no. LWX/90496635/26/01/AMY.

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

A training needs analysis is conducted at the start of each year to ensure training program is identified and is carried out. Training is conducted annually. The training is provided by qualified instructors. Evaluation conducted by the trainer and the on-site compliance officer. Content is reviewed periodically. Managers, Assistant Managers, Compliance Executive and Supervisor involved.

Training programmes are in place to improve and increase staff skills. At the palm oil mill, training includes work instruction for all the work station. The training involves requirements such as pesticide application, pesticide mixing and other field training such as harvesting, etc. This is planned for each estate. Both trainings are include contractors and their workers.

Specialised training courses are also planned as the need arises and this includes group or in house training. Some training is carried out externally especially for the management staff.

Some of the trainings conducted and verified are fire prevention training (September 2012), first aid training (16/1/2012 and 31/10/2012) by certified external consultant, safe handling of chemicals (3/4/2012), fertilizer application training (25/2/2012), RSPO awareness training (30/10/2012) etc.

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 at the mill and estates. Aspects and Impacts register helps to provide the mill and estates with a system to identify, control and reduce negative impacts and promote positive impacts such as management of river riparians, waste management plans, spill control plans and emergency plans. The Environmental Plans indicate the controls to ensure any impacts are controlled and reduced and where possible eliminated.

The impact plans are reviewed annually. The review will be followed up during the next surveillance audit.

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.

HCV assessment was carried out internally by trained staff from the sustainability department. HCV Toolkit for Malaysia by WWF – Malaysia was used as a guideline in the HCV assessment. The assessment includes identification of the presence of HCVs within and adjacent to the Felda plantations covering all the supply base estates. Report was completed on November 2011. There were appropriate consultation processes as per the HCV Toolkit-Malaysia which covers the three main components of identification, management and monitoring. HCV 4 was identified at Bukit Sagu 4 but belongs to the state government. It is located within Bukit Sagu 4 (Figure 2 above). Visit to the area reveal that there is no any forest trees although it is called as Lombong Reserve Forest. There is an old and abundant pond. The HCV report format includes location and general description, action to be taken with regard to the identified HCV, timeframe for action.

HCV assessment identified Wild Boar (*Sus scrofa*), memerang (*Aonyx cinereus*) and monitor lizard as potentially exist. 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 the flora and fauna that may exist within 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.

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. The legal requirements relating to protecting of protected species has been met by the operating units.

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

Waste products and source of pollutants are identified. 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. Pollutant source includes operation waste and domestic waste. There is a waste management plan in place. Operational waste separated from schedule waste and recyclable waste (EFB, Shell, Fibre etc).

Domestic waste collections in all areas are at least twice weekly.

However, it was noted that despite identifying the waste, the waste management to avoid or reduce pollution was not fully implemented. See nonconformity below.

(5.3.2) Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.

During field visit, it is noted that the domestic waste dumping site is identified as a source of pollutant, however there is no plans to reduce or recycle. The site is poorly managed and waste is scattered everywhere until the road side at Bukit Sagu 1. At Bukit Sagu 4, it is very close to the waterways and scattered as well. Empty fruit bunch as one of the mill waste product were dumped close to the river (Sungai Batu). Empty agrochemical containers are also identified as waste and pollutant. Inspection to mill housing site and workers housing site at Bukit Sagu 4 note that the drum are being used for water storage. Lubricant empty containers were disposed behind the executive housing into a concrete fish pond. Mahu Berjaya contractor operating inside the Bukit Sagu 4 have his own fleet of vehicles use to transport FFB and workers. During the audit at Mahu Berjaya workshop located in Bukit Sagu 4 premises the following were noted: The used oil filters are not disposed as per schedule waste requirement. It is in the drum and expose to rain. Housekeeping was very bad with land contaminated with oil/grease. No budding for Diesel Tank.

All crop residue and biomass are recycled into the field as nutrients. EFB is applied back to the field at 35mt/ha. Shell and fibre recycled to generate energy at the mill.

Boiler dust particulates and emission monitoring is carried out and complies with DOE regulations. Continuous Emission Monitoring System (CEMS) which linked with DOE is in place. Control room is restricted to unauthorised personnel.

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

Data on fibre and shell usage is available at the mill. Mill is maximising the use of renewable energy. Fossil fuel usage have been monitored and put into graph to show trend since January 2012 indicated a decrease from 2.56 to 1.43mt/mt CPO.

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.

Inspection to the estate confirmed that oil palms were felled, chipped/shredded, and mulched. At Bukit Sagu 4, last replanting was carried out in 2011 with zero burning techniques.

However, during the document audit at the mill, the permit for the incinerator was not cited. See major nonconformity below.

Major nonconformity raised against indicator 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]. During the mill visit it was noted that the incinerator is being used by the mill to burn the empty fruit bunch. There is no copy of the permit issued by DOE.

During replanting, zero burning techniques were applied. Old palms are felled, chipped and mulched back to the field as an organic matter.

All landfills show no signs of burning. However, visit to the housing site at Bukit Sagu 4 found that fire being used for burning domestic waste by the foreign workers. This was raised as a minor nonconformity.

Minor nonconformity raised against indicator 5.5.3 [No evidence of burning waste (including domestic waste)]. During site visit to worker's housing at FELDA Bukit Sagu 4, found evidence that there is use of fire for burning domestic waste and this was confirmed by the workers residing at the housing site during interview with them.

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.

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 an internal measurement of stack emissions and the Mill is continuously monitored using the "Ringlemann" method as well as six monthly governments testing of emissions. These latest tests in May and November 2012 indicated that emissions are within limits.

There is no peat land in Bukit Sagu Certification Unit's supply base estates.

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 Assessment was conducted by SRA Consultancy. Report was dated November 2011.

Identification was through consultation with employees, contractors and other parties for positive and negative impacts.

Stakeholders' survey was carried out to get stakeholders view of the social impact of the mill and plantation to employees and local communities. An action plan have been developed includes issues, action plan, person(s) in charge, and target of completion. Review and implementation will be followed up during the surveillance assessment.

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

Communication procedure and the policy available and has formalised. The policy is intended to improve the communication between management and stakeholder. Communication procedure is documented in SOP No. FPI/L2/QHSE-6.0 for internal stakeholders. The external stakeholder communication procedure is documented in Communication, Participation and Consultation manual (Manual Prosedur: Komunikasi, Penglibatan, dan Rundingan) dated 02 January 2008, revised on 15 November 2010.

Social Liaison Officer is the estate manager who is responsible for communications with communities and other stakeholders.

All management units have prepared a Stakeholders List and are current. Stakeholders who have interest in the certification unit's operation have been included in the list complete with contact persons and address. A formal list of mill stakeholder has been prepared by mill consisting of local communities, neighbouring estates, government offices, suppliers, contractors, workers, NGO, doctors, consultants, banks, external auditors complete with address, contact number and persons in charge for updating the list. Latest stakeholder meeting was conducted on 8 October 2012 attended by 15 stakeholders. Issues discussed mainly on RSPO assessment.

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. SOP on grievances (Prosedur Rungutan) FAS-IMS/L2/18.0 isu.1.0 RW.0 dated 22 December 2010 is used as a guidance for dealing any grievances and complaints.

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

Workers contract agreement includes clause on dispute resolution e.g. procedure for settlement of disputes between foreign workers section: 20.3 describe detail of resolution procedures between foreign workers and Felda. A flowchart of grievances from external stakeholders has been prepared as well.

Felda has also established and implemented JCC (Joint Consultative Committee) for resolving employment issues and smallholders' 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 and no no any pending or unresolved issues.

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.

The mill and estates operations are based on state land under GSA. Interview of community leaders and forestry department officers confirm that there were no claims in relation to customary land.

Should there be any land dispute, it refers to the compensation assessment by the corporate land management department of Felda. This department will assesses and advises on compensation, if any. 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.

Majority of the workers are migrants from Indonesia, who work on 3 years contracts and can be extended as necessary if approval obtained from the government authority. There are also workers from Nepal, Bangladesh and India. Pay and conditions are documented in the employment agreement between Felda and workers. Mill pay and conditions are documented in accordance to agreement between Felda Palm Industries Sdn Bhd (FPISB) and FPISB Workers Union [Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn Bhd (Semenanjung)] Collective Agreement 2010 for the period of 01 January 2010 until 31 December 2012. The Collective Agreement is revised every two years. Agreement book is distributed to all workers. Interview with staffs confirmed that they all had copies of theirs "Employment Contract" and understood Terms and

Conditions. The workers are paid the minimum wage as per Minimum Wage Order 2012.

However, during the assessment it was not that some of the condition in the work contract was not fully implemented. See nonconformity below.

(6.5.2) Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

1. There is no evidence of having consent employment agreement between company and workers for deducting from the salary for utilities. (Mill)
2. Respond received from foreign worker (Nepal) mentioning that they do not fully understand the monthly pay slip. There is explanation given however does not detailing deduction, basic salary etc (FELDA Bukit Sagu 4)
3. Workers Contract for TKI at Felda Bukit Sagu 4 was not updated. Found there are contracts with employees and employers signature, however there are few which do not have both. In addition, there are two different contract versions.
4. Workers contracts for TKI in Felda Bukit Sagu 1 and 6 were not available for assessment.

The Pay slips are in Bahasa Malaysia, and interviews with workers indicated understanding of the details of payment in the pay slip but Nepalese workers finding it difficult to understand (see NC above). Harvesters, FFB loader, and fertilizer applicators are paid on piece rate. The rate was made available and interviews with the harvesters, FFB loaders, and fertilizer applicators confirm understanding of pay rate. Workers are paid above minimum standard as laid out for Malaysia, and are therefore able to make savings.

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. Electricity is subsidised by the company. Piped water is supplied free. Water supply is from the government supply piped to individual houses. The supply is provided 24 hours. Road access is relatively good and well maintained to connect the estate to nearest town. Phone services by major Malaysian providers are accessible to all people. Housing is provided for free to the all staff and workers. However, it was noted that some of the facilities are poorly maintained.

(6.5.3) Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446)

or above, where no such public facilities are available or accessible (not applicable to smallholders).

During site visit to Felda Bukit Sagu Mill's staff and workers housing, it was noted that poor environment condition. There are delayed rubbish collecting, poor drainage and poor upkeep of the building. Waste management at the workers housing at Bukit Sagu 1 was poorly managed and no waste collection bin. Toilet was not in working order.

The company have van standby 24hours to send employees and dependents to hospitals. Beside the van there is a on-site government clinic (Klinik Desa) in the vicinity of the housing village which is accessible to all workers. There is a government clinic in the housing village. Para medics are qualified nurse and hospital assistants.

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.

Foreign workers and staff are represented in Employment Consultative Committee (JCC). Members are elected from representatives of every division. Regular meetings are held every three months. The JCC representatives were elected to represent each workers category such as sprayers, fertiliser applicators, sprayers, mandor, and harvesters. Last meeting was conducted on 2 october 2012 attended by all the representatives.

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

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

The minimum working age is 18 under in accordance to the Labour Ordinance 1955. Felda have a policy to employ workers above the age of 18 years old. At time of hiring, age is verified and confirmed through verifying identification card for locals 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 foreign workers provide passport. No children workers were observed in field during the field visit and further confirmed by stakeholders during interview.

Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender,

sexual orientation, union membership, political affiliation or age is prohibited.

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

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

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

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

A gender grievance mechanism has been prepared by FELDA where gender committee is established at mill and estate. Meeting between gender committee members were held regularly. The last meeting was held on 12 July 2012 attended by 9 participants. Meeting minute's record was held in file "Gender Consultative Committee".

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

FFB pricing mechanism is based on Malaysian Palm Oil Board (MPOB) who sets the FFB price monthly and this information is publicly available. Mill keeps the 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 are kept by the mill at Felda internal online databank. This is made public upon request. Confirmed during interview with smallholders and stakeholder's that they are able to access the price of FFB.

The Company has standard terms and conditions of contracts signed with contractors. In addition details of the contract are explained before signing. Interviews with contractors confirmed they understand contract terms and conditions.

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

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

FELDA plantation's objectives during the establishment in 1959 was provide land for landless, uplift socio-economic status of rural communities (and landless), and encourage the development of a progressive, productive and disciplined settlers community besides developing own plantations. It was noted that this initiatives is being continued. However, the first generation of settlers were too old to manage the plots allocated to them and now Felda fully managing the plots as a plantation and channel back the income to the settlers.

Under Felda scheme, settlers generally have good access to Government services, health and education and infrastructure is well established. Community assistance is related to the local situation. Contributions include assistance with places of worship, donations to schools for activities, scholarship for employees' children and settler's children.

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 for this audit. There was no new planting in the Bukit Sagu Certification Unit's supply base estates.

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 continuous improvement plans.

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

Mill and estates has implemented best practices for management of pesticides and reduced overall chemicals usage. The progress of achieving this initiative will be followed up during the surveillance assessment.

Management Review process shares information on best practices for performance improvement.

Reuse and recycling of palm products is well implemented. Separation of garden waste from domestic waste is planned.

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

3.2 Detailed Identified Nonconformities, Noteworthy Negative and Positive Observations

MAJOR NONCONFORMITIES

There were three major nonconformities were raised during this assessment. The operating units submitted appropriate corrective action plans and close out evidence were checked and verified during the major nonconformities close out audit on 15 April 2013. The detail as follows:

A819762/1(Major): (2.2.1) Evidence of compliance with legal requirements. Bukit Sagu Estate: Document audit on the legal land ownership record reveal that there is no copy of the land title for about 2,146 ha at Ladang Bukit Sagu 4.

Close out evidence: Land Management unit of FGVP made available all copies of documents that related with land tenure. The on-site verification confirms that the copy of the land title belongs to Bukit Sagu 4 totalling 2,146ha. Copy of the land title is available now. The land title number is HS (D) 17978 – 17986. The nonconformity was closed.

A819762/2(Major): (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. The incinerator is being used by the mill to burn the empty fruit bunch. There is no copy of evidence of permit issued by DOE.

Close out evidence: Bukit Sagu mill obtained permit from DOE No. AS9B)T.31/152/000/005 Jld.9(44) which allows the use of the incinerator. The copy was made available during the NC Close out visit. The palm oil mill also took alternative ways to dispose the EFB by sending to estates for field application. During the NC close out audit, it was noted that 35,000mt of EFB was delivered to the estates. The valid permit and alternative ways has been implemented. The nonconformity was closed.

A819762/3(Major): (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. Balance Agrochemical was kept at the tools store (Store peralatan) although there is a designated agrochemical store. During inspection the store was not locked which indicate it is not secured.

Close out evidence: Estate re-trained the store clerk regarding the management agrochemical storage procedures on 24th December 2012. During the NC Close out audit, interview with the store clerk reveals that she understand the procedures. There were no agrochemicals in the tools store and it is locked securely (Figure 3 below).



Figure 3: Tools Store

MINOR NONCONFORMITIES

Five minor nonconformities were raised during the certification audit. The operating units submitted appropriate corrective action plans. The corrective action plans were assessed and found to be appropriate to address the nonconformities. The implementation and close out evidence for the minor nonconformities will be followed up during the next surveillance assessment for the close out. The details of the minor nonconformities as follows:

A819762/1(Minor): (4.6.7) Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.

Document audit reveal that the use of paraquat is on increasing trend. Bukit Sagu 1: 2011: 238 Lits. and 2012: 1,249Lits. There is an increase of 1,011 Lits. Bukit Sagu 4: 2011: 3,940 Lits and 2012: 9,895 Lits. There is an increase of 5,955 Lits.

A819762/2(Minor): (5.3.2) Having identified wastes and pollutants, an operational plan should be

developed and implemented, to avoid or reduce pollution.

During field visit, it is noted that the domestic waste dumping site is identified as a source of pollutant. However, there is no plan to reduce or recycle. The site is poorly managed and waste is scattered everywhere until the road side at Bukit Sagu 1. At Bukit Sagu 4, it is very close to the waterways and scattered as well. Lubricant empty containers were disposed behind the executive housing into a concrete empty pond. "Mahu Berjaya" transport contractor operating inside the Bukit Sagu 4. During the audit at "Mahu Berjaya" workshop located in Bukit Sagu 4 premises it was noted that used oil filters are not disposed as per schedule waste requirement. It is in the drum and expose to rain. No budding for Diesel Tank.

A819762/3(Minor): (5.5.3) No evidence of burning waste (including domestic waste).

During site visit to worker's housing at FELDA Bukit Sagu 4, found evidence that fire is used for burning domestic waste and this was confirmed by the workers residing at the housing site.

A819762/4(Minor): (6.5.2) Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

1. There is no evidence of having consent from workers for deduction from the salary for utilities at mill.
2. Respond received from foreign worker (Nepal) mentioning that they do not fully understand the monthly pay slip. There is explanation given however does not detailing deduction, basic salary etc (FELDA Bukit Sagu 4)
3. Workers Contract for foreign workers at Felda Bukit Sagu 4 was incomplete. Found there are contracts with employees and employers signature, however there are few which do not have management's signature.
4. Workers contracts for Indonesian Foreign workers at Felda Bukit Sagu 1 and 6 were not available during assessment.

A819762/5(Minor): (6.5.3) Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).

During site visit to Felda Bukit Sagu Mill's staff and workers housing, it was noted that poor environment condition. There are delayed rubbish collecting, poor drainage and poor upkeep of the building. Waste management at the workers housing at Bukit Sagu 1 was poorly managed and no waste collection bin. Toilet was not in working order.

OBSERVATIONS

1. OBS: The emergency shower at the mills' water treatment plant needs repairing.
2. OBS: MSDS/CSDS are available and pasted on wall yet to be communicated to store keeper.
3. OBS: The current Diesel Tank permit was expired on 5 Dec. 2012. The effort had been made to renew the permit which is done on 12 Dec 2012. Follow up is required.
4. OBS: The Schedule waste inventory records format was not according to the requirement of Environment Quality Act 2005 regulation (Peraturan Kualiti Alam Sekeliling 2005) at the mill. This is also commented raise also during the DOE visit logbook on 14 May 2012.
5. OBS: Currently worker taking their working clothing back to home after spraying activities which is not a good practice.
6. OBS: The harvesting tools kept at housing site.
7. OBS: JKKP8 form available but sometime misplaced and take time to retrieve.

Felda Bukit Sagu has prepared a Corrective Action Plan for all the minor nonconformities that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

3.3 Corrective Action and Close out of Nonconformities

Felda Bukit Sagu Management Unit has prepared Corrective Action Plan for the major non conformities and evidence of closing out the major nonconformities was included in the section 3.2 above. Major nonconformities close out audit was conducted on 15 April 2013 to verify the implementation of the Corrective Action Plans for the major nonconformities. The corrective action and implementation details are listed in Appendix D. It is confirmed that the implementation was effective. The Major non conformity was closed. Therefore, it is the recommendation of BSi that Bukit Sagu Management unit is approved as producer of RSPO Certified Sustainable Palm Oil.

The Bukit Sagu management unit also provided corrective action plan for the minor non conformities. It was assessed and accepted by the BSi auditors. The close out evidence for the Minor Nonconformities will be assessed during the first surveillance assessment scheduled within twelve months of the RSPO approval of the Initial Certification.

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

3.4 Noteworthy Positive Components

All estates in Bukit Sagu supply base is up-keeping and maintaining well all access roads in the plantation.

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

Employees and management team have good basic knowledge to manage estate and this knowledge.

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

3.5 Issues Raised By Stakeholders and Findings with Respect To Each Issue**Stakeholders Comments****Mill and Estate: Workers and Staff**

Workers in general are happy to work with the Felda.

Foreign workers did not raise any complaints or disputes. They also confirmed that they are represented by a member of their group to discuss with the management if there is any issues. They are aware of the safety and health. They confirm that trainings/briefings are given during morning meeting before going to the work station.

Foreign worker (Nepal) informed that they do not fully understand the monthly pay slip. There is explanation given however does not detailing deduction, basic salary etc (FELDA Bukit Sagu 4). This was raised as nonconformity. [Refer to: A819762/4(Minor) section 3.2 minor nonconformity]

Local workers and staff are aware of their rights to join workers union.

Women workers represented through Gender Committee. No issues were raised by the female representative interviewed.

Company response: The management committed to provide safe working condition to all workers and staff. All the workers are treated equally and they have unrestricted access to management staff if there is any issue. The management responded that there is some difficulty to make the foreign workers from Nepal to understand the pay slip. The management positively agreed to make the Nepal workers to understand the payslip through their representative.

Contractors and Suppliers

Contractors and suppliers gave positive comments and confirmed that they are having good relationship. No any unfair dealing or payment issues.

Local Community

No issue raised by local community.

Government officials

Suggestion was given to auditors to check all the legal documents especially at the palm oil mill to ensure compliance. The audit team took this positively and all legal documents at the palm oil mill and estates were checked and verified.

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

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

Signed for on behalf of
Bukit Sagu Certification Unit



.....
Mr. Rosidi Bin Hashim

Signed for on behalf of
BSI Group Singapore Pte Ltd



.....
Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: FELDA Bukit Sagu RSPO Certificate Details

Bukit Sagu Palm Oil Mill,
Jabor Highway, Kuantan, Pahang,
Malaysia

Certificate Number: SPO 593394

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

Applicable Standards: RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance]

| Felda Bukit Sagu Palm Oil Mill and Supply Base | | |
|---|---|---------|
| Location | Jabor Highway, Kuantan, Pahang, Malaysia. | |
| Address | Kilang Kelapa Sawit Bukit Sagu, Peti surat 331, 26130 Kuantan, Pahang | |
| GPS | 103.1487 E ; 3.9669 N | |
| CPO Tonnage | 26,720 | |
| PK Tonnage | 7,429 | |
| Plantations FFB Tonnages | Bukit Sagu 1: | 10,521 |
| | Bukit Sagu 2/3: | - |
| | Bukit Sagu 4: | 29,734 |
| | Bukit Sagu 6: | 18,811 |
| | Bukit Sagu 7: | 41,098 |
| | Bukit Sagu 8: | 30,178 |
| | Total: | 130,342 |

Appendix B: Initial Certification Audit Programme 18 – 21 December 2012

| Date | Time | Subjects | Senniah | Isman | Ms. Nabila |
|--|---------------|---|---------|-------|------------|
| Monday 17/12/2012 | 12.00 noon | Audit Team travelling to Bukit Sagu. | √ | √ | √ |
| Tuesday 18/12/2012 Bukit Sagu Palm Oil Mill | 08.30 – 09.00 | Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). | √ | √ | √ |
| | 09.00 – 12.00 | Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection. | - | √ | - |
| | 09.00 – 12.00 | Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.) | √ | - | √ |
| | 12.00 – 13.00 | Lunch | √ | √ | √ |
| | 13.00 – 17.00 | Bukit Sagu Palm Oil Mill: 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. | √ | √ | √ |
| Wednesday 19/12/2012 | 08.30 – 12.00 | Ladang Felda Bukit Sagu 4 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 | Ladang Felda Bukit Sagu 4 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). | √ | √ | √ |
| | Evening | Auditor meeting. | √ | √ | √ |
| Thursday 20/12/2012 | 08.30 – 13.00 | Felda Bukit Sagu 1 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. And Document Audit. | √ | √ | √ |
| | 13.00 – 14.00 | Lunch | √ | √ | √ |
| | 14.00 – 16.00 | Felda Bukit Sagu 1 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). | √ | √ | √ |
| | Evening | Auditor Meeting | √ | √ | √ |
| Friday 21/12/2012 | 8.30 – 13.00 | Ladang Bukit Sagu 6 Facility inspection, workers interview and document audit. | √ | √ | √ |
| | 13.00 – 14.30 | Lunch | √ | √ | √ |
| | 14.30 – 16.00 | Continue Document Audit. | √ | √ | √ |
| | 16.00 - 16.30 | Prepare for closing meeing | √ | √ | √ |
| | 16.30 – 17.00 | Closing meeting | √ | √ | √ |

Appendix C: Major Nonconformities Close-out Audit Programme 15 April 2013

| Date | Time | Subjects | Senniah | Muhd Haris |
|--|-----------------|--|----------------|-------------------|
| Monday 15/4/2013 Bukit Sagu POM | 8.00am | Opening meeting | √ | √ |
| | 8.00 - 13.00pm | Verification of the close out evidence of major nonconformities | √ | √ |
| | 13.00 - 14.00pm | Lunch | √ | √ |
| | 14.00 -16.00pm | Continue verification of the close out evidence of major nonconformities | √ | √ |
| | 16.00 - 16.30pm | Closing meeting | √ | √ |

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


| No | RSPO Indicators | NCR Ref | Description | Corrective Action Plan and Implementation | Status |
|----|---|-----------|--|--|--|
| 1. | 2.2.1. Evidence of compliance with legal requirements. | A819762/1 | Bukit Sagu Estate: Document audit on the legal land ownership record reveal that there is no copy of the land title for about 2,146 ha at Ladang Bukit Sagu 4. | Close out evidence: Land Management unit of FGVPM made available all copies of documents that related with land tenure. The on-site verification confirms that the copy of the land title belongs to Bukit Sagu 4 totalling 2,146ha. Copy of the land title is available now. The land title number is HS (D) 17978 – 17986. The nonconformity was closed. | Verified on 15/4/2013. The major NC is closed. |
| 2. | 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. | A819762/2 | The incinerator is being used by the mill to burn the empty fruit bunch. There is no copy of evidence of permit issued by DOE. | Close out evidence: Bukit Sagu mill obtained permit from DOE No. AS9B)T.31/152/000/005 Jld.9(44) which allows the use of the incinerator. The copy was made available during the NC Close out visit. The palm oil mill also took alternative ways to dispose the EFB by sending to estates for field application. During the NC close out audit, it was noted that 35,000mt of EFB was delivered to the estates. The valid permit and alternative ways has been implemented. The nonconformity was closed. | Verified on 15/4/2013. The major NC is closed. |
| 3. | 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. | A819762/3 | Balance Agrochemical was kept at the tools store (Store peralatan) although there is a designated agrochemical store. During inspection the store was not locked which indicate it is not secured. | Close out evidence: Estate re-trained the store clerk regarding the management agrochemical storage procedures on 24 th December 2012. During the NC Close out audit, interview with the store clerk reveals that she understand the procedures. There were no agrochemicals in the tools store and it is locked securely (Figure 3 below). <div style="text-align: center;">  </div> | Verified on 15/4/2013. The major NC is closed. |

Figure 3: Tools Store

Appendix E: Bukit Sagu Mill Supply Chain Assessment

Module E – CPO Mill Mass Balance

| Requirements | Mass Balance |
|--|--|
| E 1. Documented procedures | |
| E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements. | BUKIT SAGU mill have written procedures (SOP FGVPM – RSPOSCCS) for the chain of custody with Mass Balance model covering certified and non certified FFB received. The mill managers have the responsibility to ensure implementation. Mass Balance Model were used because there is non-certified FFB received by the Mill. |
| E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs. | BUKIT SAGU mill have documented procedures for the incoming FFB, processing and outgoing CPO and PK. Mill is planning to make marking is made on the receiving documents to differentiate the certified and non-certified FFB received. Daily receiving record SLT230 was checked and verified. |
| E 2. Purchasing and goods in | |
| E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received. | Daily records are prepared at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. Monthly FFB received summary No. FPIMP 814 was checked and verified. |
| E.2.2 The facility shall inform the CB immediately if there is a projected overproduction. | The BUKIT SAGU mill is aware of this procedure. |
| E 3. Record keeping | |
| E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products. | Daily records are prepared at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. |
| E.3.2 Retention times for all records and reports shall be at least five (5) years | The retention period is five years and financial documents retained longer based on the local regulation requirement. |
| E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. | All the inventory records are maintained and updated on daily basis. Monthly summary report shows monthly inventory. No PKO and Palm kernel meal at the mill. |
| E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. | Computerized system is implemented with the delivery deducted accordingly. |
| E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short. | The mill is aware that only positive stock can be delivered. No short selling. |
| E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated. | Facilities use Mass Balance model and will indicated on the relevant documents once certified. |
| E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement. | No outsourcing activities. |
| E 4. Sales and goods out | |
| E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information | No sales during initial certification. However system in place with the present documents as below: Delivery Order number 1405305 for the month of December 2012 was checked and verified. |
| (a) The name and address of the buyer | Name and address of buyer written on the invoice. |
| (b) The date on which the invoice was issued | Date is written. |
| (c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) | Product description is written. Mass balance model will be written once certified. |
| (d) The quantity of the products delivered | Quantity in tones. |
| (e) Reference to related transport documentation | Weighbridge documents and D/O includes all the transport references. |
| E 5. Training | |
| E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems. | Staffs in the weighbridge, inventory, storage and processing, document control have attended training. |
| E 6. Claims | |
| E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims. | No claims made. |

Appendix F: Time Bound Plan – FELDA

| Palm Oil Mill and Supply Base Schedule | | | | | | | | | |
|--|--------------------------------------|------------------------------------|---------------------------------------|--|--|---|--|-----------|---|
| No. and Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 1 | Kota Gelanggi 1 Status: Certified | Jengka 21 Status: Certified | Adela Status: Certified | Bukit Sagu Status: Audited. Pending report approval. | Baiduri Ayu Status: Audit planned on Oct. 2013 | M. Puspita | Selancar 2A | Chalok | Sampadi |
| 2 | Lepar Utara 6 Status: certified | Jengka 3 Status: Certified | Lok Heng Status: Certified | Triang Status: Certified | Embara Budi | N. Permata | Selancar 2B | J. Barat | Aring |
| 3 | | Jengka 8 Status: Certified | Semencu Status: 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 | 9 | 9 | 11 | 9 | 9 |