Roundtable on Sustainable Palm Oil
Annual Surveillance Audit Report
Report no.: ASA1_18501693

Surveillance assessment against the
RSPO Principles & Criteria Malaysia National Interpretation year 2010

FELDA
(Federal Land Development Authority)

Adela Palm Oil Mill
Kota Tinggi, Johor, Malaysia

Date of assessment: 13-15 March 2013

Report prepared by:
Dian S. Soeminta
(RSPO Lead Auditor)

Certification Body:
TUV Rheinland Malaysia Sdn. Bhd.
No. 26 – 32, Jalan Perindustrian USJ 1/6,
Taman Perindustrian USJ 1,
47600 Subang Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: +6 03 8024 2400
Fax: +6 03 8023 1505
www.tuv.com
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1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against the Malaysia National Interpretation year 2010 of the RSPO Principles & Criteria.

1.2 Type of Assessment

The annual surveillance audit was carried out on one mill, 1 estate and 5 smallholder schemes under Adela Palm Oil Mill owned by FELDA. The date of certification of this unit was 16 April 2012.

1.3 Certification Details

The details of RSPO certification of Adela Palm Oil Mill are as per the table below

Table 1: RSPO Certification details of Adela Palm Oil Mill

<table>
<thead>
<tr>
<th>RSPO Membership no.:</th>
<th>1-0013-04-000-00</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Certificate no.:</td>
<td>18501693 001</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity:</td>
<td>2012-04-16 to 2017-04-15</td>
</tr>
<tr>
<td>Date of certification audit:</td>
<td>21 to 26 July 2011</td>
</tr>
<tr>
<td>Date of previous surveillance audit:</td>
<td>This is 1st surveillance audit.</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity (if applicable):</td>
<td>-</td>
</tr>
<tr>
<td>CPO tonnages claimed:</td>
<td>28,746 tonnes</td>
</tr>
<tr>
<td>PK tonnages claimed:</td>
<td>7726 tonnes</td>
</tr>
</tbody>
</table>

1.4 Location and Maps

Table 2: GPS locations for all estates and mills included in annual surveillance assessment

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
<th>Latitude</th>
<th>Longitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adela Palm Oil Mill</td>
<td>P.O. Box 73, Bandar Penawar, Kota Tinggi, Johor. 81930</td>
<td>01°33'06.9&quot;N 104°11'10.9&quot;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kledang 2 Estate</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°28'54.2&quot;N 104°10'52.2&quot;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sungai Mas</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°36'42.3&quot;N 104°09'04.7&quot;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tunggal</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°26'37.3&quot;N 104°10'03.6&quot;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adela</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°33'40.5&quot;N 104°11'04.2&quot;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sening</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°29'56.4&quot;N 104°08'06.5&quot;E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kledang</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°34'57.8&quot;N 104°09'04.7&quot;E</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 1: Location of Felda Adela Complex in Peninsular Malaysia
Figure 2: Locations of FELDA Adela estates within the state of Johor, Malaysia
1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>FELDA (Adela Mill)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>Adela Palm Oil Mill,</td>
</tr>
<tr>
<td></td>
<td>P.O. Box 73, 81930,</td>
</tr>
<tr>
<td></td>
<td>Bandar Penawar, Kota Tinggi,</td>
</tr>
<tr>
<td></td>
<td>Johor, Malaysia</td>
</tr>
<tr>
<td></td>
<td>Head office: FELDA Agriculture</td>
</tr>
<tr>
<td></td>
<td>Sdn. Bhd. 7th floor, Balai</td>
</tr>
<tr>
<td></td>
<td>FELDA, Jl Gurney 1, Kuala Lumpur,</td>
</tr>
<tr>
<td></td>
<td>54000, Malaysia</td>
</tr>
<tr>
<td>Contact Person:</td>
<td>Mr. Anthonius Sani</td>
</tr>
<tr>
<td>Telephone/fax:</td>
<td>+ 603-26005200/ +60193087544</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:anthonius.s@feldaglobal.com">anthonius.s@feldaglobal.com</a></td>
</tr>
<tr>
<td>Website:</td>
<td><a href="http://www.felda.net.my">www.felda.net.my</a></td>
</tr>
</tbody>
</table>

1.6 Description of Supply Base

There are 8 types of FFB supplier types for FELDA Palm Industries Sdn. Bhd. (FPISB), consisting of the following:

1. FELDA schemes, which is made up of smallholder schemes with dependents (settlers)
2. FPSB (Felda Plantation Sdn. Bhd) consisting of FELDA’s owned commercial oil palm plantation.
3. FGV (Felda Global Venture), a division of FELDA, which manages replanting and ongoing management of plantations owned by FELDA scheme smallholders.
4. Other estates: Commercial oil palm plantations belonging to independent outgrowers
5. Independent FFB Agents (Dealers)
6. FELDA settlers, whom choose to be independent. They carry out replanting and manage their estates by themselves and sell the FFB to FELDA mills.
7. Cooperatives, which act like FFB agents established by Felda’s smallholders
8. Independent suppliers

The FFB supplier types included in the scope of the assessment include only FELDA schemes, FPSB (FFB supplied by Kledang 2 estate, a commercial estate supplying to Adela Mill) and FTSB.

Data on FFB supply information as well as CPO and PK production is as per the tables below.

Table 3: FFB Supply Information for Adela Mill period January to December 2012

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>%</td>
</tr>
<tr>
<td>FELDA schemes</td>
<td>24,036.17</td>
<td>8.24</td>
</tr>
<tr>
<td>FGV (Kledang 2 estate)</td>
<td>20,242.86</td>
<td>6.94</td>
</tr>
<tr>
<td>FTSB</td>
<td>125,807.16</td>
<td>43.11</td>
</tr>
<tr>
<td>Dealers</td>
<td>115,273.72</td>
<td>39.50</td>
</tr>
<tr>
<td>Other estates (Bell Flower</td>
<td>2,704.62</td>
<td>0.93</td>
</tr>
<tr>
<td>Independent outgrowers</td>
<td>3,105.67</td>
<td>1.06</td>
</tr>
<tr>
<td>Ex FELDA smallholders</td>
<td>630.20</td>
<td>0.22</td>
</tr>
<tr>
<td>TOTAL</td>
<td>291,800.40</td>
<td>100</td>
</tr>
</tbody>
</table>
1.7 Actual production volumes, tonnages and projected outputs.

Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from Adela Palm Oil Mill

<table>
<thead>
<tr>
<th>Amount (MT)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CPO</td>
<td>PK</td>
<td></td>
</tr>
<tr>
<td>Certified tonnages claimed</td>
<td>28,746</td>
<td>7726</td>
</tr>
<tr>
<td>Total product tonnages sold*</td>
<td>55,598.22</td>
<td>14,972.53</td>
</tr>
<tr>
<td>Certified product tonnages sold (September to December 2012)</td>
<td>18,705.18</td>
<td></td>
</tr>
<tr>
<td>Certified tonnages purchased*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actual Production year 2012</td>
<td>55,726.79</td>
<td>14,775.55</td>
</tr>
<tr>
<td>Closing stock product by end of year 2011</td>
<td>307.95</td>
<td>230.00</td>
</tr>
<tr>
<td>Projected output for next 12 months (year 2013)</td>
<td>292,410 tonnes FFB</td>
<td></td>
</tr>
</tbody>
</table>

*Data from January to December year 2012, including amount sold from remaining stock from production in year 2011.

1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 30 years. Information on the dates of plantings are as per the table below.

Table 5: Age and year of plantings of company estate supplying to Adela Mill

<table>
<thead>
<tr>
<th>Oil palm planted area at each estate (ha)</th>
<th>Age &amp; year of Plantings (ha)</th>
<th>Total planted area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kledang 2 estate</td>
<td>148.19</td>
<td>140.37</td>
</tr>
<tr>
<td>Sungai Mas (Scheme)</td>
<td>-</td>
<td>2,714.80</td>
</tr>
<tr>
<td>Adela (Scheme)</td>
<td>-</td>
<td>1,662.89</td>
</tr>
<tr>
<td>Tunggal (Scheme)</td>
<td>1,816.51</td>
<td>-</td>
</tr>
<tr>
<td>Sening (Scheme)</td>
<td>2,234.17</td>
<td>-</td>
</tr>
<tr>
<td>Kledang (Scheme)</td>
<td>1,261.83</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>5,460.7</td>
<td>4,518.06</td>
</tr>
</tbody>
</table>

Table 6: Planned and actual oil palm replanting activities for Adela Mill

<table>
<thead>
<tr>
<th>Total planned replanting area for each estate (ha)</th>
<th>Total planned area (ha)</th>
<th>Year/ha</th>
<th>Actual total area replanted (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Kledang 2 estate</td>
<td>879.62</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sungai Mas (Scheme)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adela (Scheme)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tunggal (Scheme)</td>
<td>527.48</td>
<td>-</td>
<td>527.48</td>
</tr>
<tr>
<td>Sening (Scheme)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kledang (Scheme)</td>
<td>276.86</td>
<td>-</td>
<td>276.86</td>
</tr>
</tbody>
</table>
1.9 Area of Plantation (Total, Planted and Mature)

Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Adela Complex

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted area (ha)</th>
<th>Mature Production area (ha)</th>
<th>Immature (Non-production) area (ha)</th>
<th>FFB Production (tonnes)</th>
<th>Average yield/ ha (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adela Complex</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kledang 2 estate</td>
<td>1,168.54</td>
<td>1,168.54</td>
<td>1,168.54</td>
<td></td>
<td>20,242.86</td>
<td>18.07</td>
</tr>
<tr>
<td>Sungai Mas (Scheme)</td>
<td>2,892.45</td>
<td>2,714.80</td>
<td>2,714.80</td>
<td>-</td>
<td>46,721.94</td>
<td>17.28</td>
</tr>
<tr>
<td>Adela (Scheme)</td>
<td>1,808.80</td>
<td>1,662.89</td>
<td>1,662.89</td>
<td>-</td>
<td>30,428.35</td>
<td>20.47</td>
</tr>
<tr>
<td>Tunggal (Scheme)</td>
<td>2,551.49</td>
<td>2,343.99</td>
<td>1,816.51</td>
<td>527.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sening (Scheme)</td>
<td>2,600.07</td>
<td>2,181.59</td>
<td>2181.59</td>
<td>-</td>
<td>36,420.56</td>
<td>26.97</td>
</tr>
<tr>
<td>Kledang (Scheme)</td>
<td>1,908.69</td>
<td>1,538.69</td>
<td>276.86</td>
<td>1,261.83</td>
<td>2,368.74</td>
<td>17.47</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,930.04</strong></td>
<td><strong>11,610.50</strong></td>
<td><strong>9,821.19</strong></td>
<td><strong>1,789.31</strong></td>
<td><strong>136,182.45</strong></td>
<td><strong>13.87</strong></td>
</tr>
</tbody>
</table>

Table 8: Land use data for Adela Complex

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>HCV/ Potential HCV areas (ha)</th>
<th>Land used for other purposes (ha)</th>
<th>Housing</th>
<th>Other Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kledang 2 estate</td>
<td>1,168.54</td>
<td>1,168.54</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sungai Mas (Scheme)</td>
<td>2,892.45</td>
<td>2,714.80</td>
<td>-</td>
<td>177.65</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adela (Scheme)</td>
<td>1,808.80</td>
<td>1,662.89</td>
<td>-</td>
<td>145.91</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tunggal (Scheme)</td>
<td>2,551.49</td>
<td>2,343.99</td>
<td>-</td>
<td>207.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sening* (Scheme)</td>
<td>2,600.07</td>
<td>2,181.59</td>
<td>-</td>
<td>418.48</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kledang (Scheme)</td>
<td>1,908.69</td>
<td>1,538.69</td>
<td>-</td>
<td>370.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,930.04</strong></td>
<td><strong>11,610.50</strong></td>
<td>-</td>
<td><strong>1,319.54</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: * some smallholders are no longer included in FELDA Sening program anymore.

1.10 Progress Against Time Bound Plan

There is figure of FELDA’s time bound plan until 1st surveillance audit in Adela palm oil mill and complex, as informed that the time bound plan has been changed due to delay in readiness and preparedness of each management unit to RSPO P & C and SCC requirement compliances.
### FELDA RSPO Status and Program 2009 - 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>NO</th>
<th>Complex</th>
<th>Date of Audit</th>
<th>Date of Certification</th>
<th>Remarks (expiry date)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td>Jengka 21</td>
<td>09.07.2011</td>
<td>14.01.2013</td>
<td>13.01.2018</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Jengka 18</td>
<td>13.07.2011</td>
<td>16.01.2013</td>
<td>12.01.2018</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Semenchu</td>
<td>06.06.2011</td>
<td>25.07.2012</td>
<td>24.07.2017</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Waha</td>
<td>21.02.2011</td>
<td>31.05.2012</td>
<td>29.05.2017</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>Bukit Kepayang</td>
<td>27.12.2011</td>
<td>07.01.2013</td>
<td>06.01.2018</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Tamenti</td>
<td>19.12.2011</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Bukit Besar</td>
<td>03.08.2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Kulai</td>
<td>05.12.2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>Nitar</td>
<td>17.12.2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>Penggeli</td>
<td>06.12.2012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Certified**
- **Audited, RSPO endorsement**
- **Just audited**
- **3rd internal audit**
### RSPO Time Bound Plan – Original Plan

<table>
<thead>
<tr>
<th>No.</th>
<th>Mill complexes to be audited in the respective year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Jengka 21 Adela, Jengka 3 Lok Heng, Jengka 8 Semencu, L. Utara 4 Waha, Jengka 18 B. Kepayang, Padang Piol Bukit Mendi</td>
</tr>
<tr>
<td>2010</td>
<td>Palong Timor, Bukit Besar, Maokil, Kulai, Penggeli, Tenggaroh, Trolak, Pasoh, Kerih, Kemahang</td>
</tr>
<tr>
<td>2011</td>
<td>Natar, T. Timor, Keratong 2, Belitong, Bukit Besar, Kahang, Tunggaroh</td>
</tr>
<tr>
<td>2012</td>
<td>Palong Timor, Sering Hill, S. Pancing, Ungu, Sampandi, Sampangi, J. Barat, B. Tengah</td>
</tr>
<tr>
<td>2013</td>
<td>Neram, Maokil, Besout, Sering, J. Baru, Ciku, J. Barat, Aring B</td>
</tr>
<tr>
<td>2014</td>
<td>Chalok, J. Barat, Aring B, J. Barat, Aring B</td>
</tr>
<tr>
<td>2015</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
<tr>
<td>2016</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
<tr>
<td>2017</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
</tbody>
</table>

### Revised FELDA RSPO Time Bound Plan – revised 1

<table>
<thead>
<tr>
<th>No.</th>
<th>Mill complexes to be audited in the respective year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Jengka 21 Adela, Jengka 3 Lok Heng, Jengka 8 Semencu, L. Utara 4 Waha, Jengka 18 B. Kepayang, Padang Piol Bukit Mendi</td>
</tr>
<tr>
<td>2010</td>
<td>Palong Timor, Bukit Besar, Maokil, Kulai, Penggeli, Tenggaroh, Trolak, Pasoh, Kerih, Kemahang</td>
</tr>
<tr>
<td>2011-a</td>
<td>Natar, T. Timor, Keratong 2, Belitong, Bukit Besar, Kahang, Tunggaroh</td>
</tr>
<tr>
<td>2011-b</td>
<td>Palong Timor, Sering Hill, S. Pancing, Ungu, Sampandi, Sampangi, J. Barat, B. Tengah</td>
</tr>
<tr>
<td>2012</td>
<td>Neram, Maokil, Besout, Sering, J. Baru, Ciku, J. Barat, Aring B</td>
</tr>
<tr>
<td>2013</td>
<td>Chalok, J. Barat, Aring B, J. Barat, Aring B</td>
</tr>
<tr>
<td>2014</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
<tr>
<td>2015</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
<tr>
<td>2016</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
<tr>
<td>2017</td>
<td>Chalok, J. Barat, Aring B</td>
</tr>
</tbody>
</table>

**New Total:** 2 6 17 27 37 46 54 62 70
## 1.11 Compliance to Rules for Partial Certification

Compliance of the uncertified management units of FELDA against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by reviewing information stated on document Information for "Un-assessed Management Units for RSPO Self Assessment" issued by TUV Rheinland. A summary of findings is as stated below.

### Partial Certification Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The parent organization or one of its majority owned and/or managed subsidiaries is a member of RSPO.</td>
<td>FELDA is RSPO member with membership no. 1-0013-04-000-00</td>
</tr>
<tr>
<td>(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed, for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified</td>
<td>There is table timebound plan as stated on the table 7 above.</td>
</tr>
<tr>
<td>(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure.</td>
<td>There are new development areas under FELDA’s group i.e. PT Citra Niaga Perkasa, Sebangkit District in Landak Regency, West Kalimantan Indonesia with total area 14,385 ha. According to HCV assessment that conducted by Faculty of Forestry Bogor Agriculture Institute there are 7 types of HCV area with total 14,385 ha. The New Planting Procedure assessment was conducted by certified RSPO certification body i.e. PT Mutuagung Lestari. There is notification letter to RSPO dated on January 09, 2013 signed by RSPO team leader and Citra Niaga General Manager.</td>
</tr>
<tr>
<td>(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.</td>
<td>There is no identified land conflict in all FELDA’s certified management unit and uncertified management unit.</td>
</tr>
<tr>
<td>(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</td>
<td>There is no identified labour dispute in all FELDA’s certified management unit and un certified management unit.</td>
</tr>
<tr>
<td>(h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.</td>
<td>Some legal non compliance as stated on the NCR below.</td>
</tr>
</tbody>
</table>
1.12 Progress of associated smallholders or outgrowers towards RSPO compliance

All smallholder schemes under Felda Adela are already included in the scope of the certified unit.

1.13 Approximate Tonnages Certified

The approximate tonnages certified shall be the same as per the original certificate, which is as follows:

- Crude Palm Oil (CPO): 28,746 MT
- Palm Kernel (PK): 7,726 MT
2.0 ASSESSMENT PROCESS

2.1 Certification Body

TÜV Rheinland Malaysia Sdn. Bhd. is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 490 locations in 62 countries on all five continents. TÜV Rheinland Malaysia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, as well as CDM Validations and Verifications. TÜV Rheinland Malaysia’s office is located in Subang Jaya, Malaysia.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team members of this surveillance audit that were part of the same assessment team for the certification audit are as follows:

1) Dian S. Soeminta
2) Fadli
3) Carol Ng
4) Azizan bin Zakaria

New assessment team members that were not part of the previous assessment team are as per the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
</table>
2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted between 13 to 15 March 2013 as per the assessment program below. The assessment was carried out in accordance with TUV Rheinland Malaysia’s RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

Due to the location and proximity of the estates, combined with common management systems, it was possible to carry out both field and document assessments of all estates and the mill within the time frame without compromising the integrity of the assessment in anyway.

All 5 smallholder schemes, 1 estate and 1 mill were visited and the assessment team carried out field and document assessments of compliance to all the RSPO principles and criteria. Common systems were identified and specific evidence was recorded for individual estates. Interviews were conducted at all estates and the mill.

The company proposed the correction and corrective action for all identified non-conformities raised to the certification body 30 days after the closing meeting. Verification of closure of major non-conformances was conducted 2 months after the closing meeting of the surveillance assessment and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The surveillance assessment agenda is as explained below.

1st Surveillance Audit Agenda.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location/Main sites</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.03.2013</td>
<td>Sungai Mas</td>
<td>Document review and verification of previous audit findings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agrochemical application and management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OSH</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Worker housing area</td>
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<tr>
<td></td>
<td></td>
<td>Riparian river</td>
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<tr>
<td></td>
<td></td>
<td>Interview with workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fragile soil management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee wage slips, time records, employment records, insurance policies, memos/</td>
</tr>
<tr>
<td></td>
<td></td>
<td>instructions from FELDA headquarters (HQ), FELDA RSPO Manual, and Legal Register</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interviews: Sungai Mas Manager and Sungai Mas Scheme Manager</td>
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<tr>
<td></td>
<td></td>
<td>Local and foreign employees</td>
</tr>
<tr>
<td>Tunggal</td>
<td>Document review</td>
<td>Document review and verification of previous audit findings</td>
</tr>
<tr>
<td></td>
<td>and verification</td>
<td>of previous audit findings</td>
</tr>
<tr>
<td></td>
<td>of management</td>
<td>Agrochemical application and management</td>
</tr>
<tr>
<td></td>
<td>of management</td>
<td>OSH</td>
</tr>
<tr>
<td></td>
<td>of management</td>
<td>Interview with local community members and workers</td>
</tr>
<tr>
<td></td>
<td>of management</td>
<td>Housing area</td>
</tr>
<tr>
<td>Date</td>
<td>Location/ Main sites</td>
<td>Main activities</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| 14.03.2013 | Kledang 2 | Document review and verification of previous audit findings  
Site visit:  
- Peat areas & subsidence monitoring points  
- Barn own box  
- Interview of harvesters, sprayers  
- Workers housing and waste management  
Employee wage slips, time records, employment records, insurance policies, memos / instructions from FELDA HQ, FELDA RSPO Manual, and Legal Register.  
Interviews: Scheme Manager, local and foreign employees. |
| Adela | Document review and verification of previous audit findings  
Site visit:  
- Chemical store, chemical mixing area  
- Fertilizer store  
- PPE store  
- Scheduled waste store  
- Interview with harvesters  
- Government clinic  
- Workers housing  
- Interviews with smallholders |
| Sening & Kledang | Document review and verification of previous audit findings  
Site visit:  
- Chemical store, chemical mixing area, PPE store  
- Sprayers washroom  
- Fertilizer storage area  
- Workers housing  
- Interview with community members and contractors  
Employee wage slips, time records, employment records, insurance policies, memos / instructions from FELDA HQ, FELDA RSPO Manual, and Legal Register.  
Interviews: Scheme Manager, local and foreign employees |
| 15.03.2012 | Adela Mill | Site visit to mill:  
- Scheduled waste store and material store  
- Sludge pit  
- Wastewater treatment plant and chemical store  
- Loading ramp  
- Interview with Boiler operator  
Employee wage slips, time records, employment records, collective bargaining agreement, insurance policies, memos / instructions from FELDA HQ, FELDA RSPO Manual and Legal Register.  
Interviews: FFB pickers, union employees, Mill Coordinator |
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The following is a summary of findings during this surveillance audit for the criteria listed in the RSPO Principles & Criteria Malaysia National Interpretation year 2010.

**Principle 1: Commitment to transparency**

| Criteria assessed: CR1.1, CR1.2 |
| Criteria not assessed: - |

Findings:
Both Adela mill and its supplier schemes are consistently maintain records of requests and responses in a log book. It was sighted during surveillance audit some request of information from stakeholders such as from the Johor government regarding request of information of existing workers in Adela mill, the response was provided by Adela mill manager through letter on January 2013.

FELDA has made certain management document as listed below publicly available and they are very easy to acess as stated on announcement dated March 26, 2011, which listed the documents that are publicly available as follows:
- Land use titles
- Health and safety plan,
- Plans and impact assessments relating to environmental and social impacts
- Pollution prevention plans.
- Details of complaints and grievances.
- Negotiation procedures.
- Procedure for calculating prices, and for grading, FFB
- Continuous improvement plan.

Listed documents can be accessed by stakeholder who need information as stated on on information board at Adela mill.

**Compliance status:** Full Compliance

**Principle 2: Compliance with applicable laws and regulations**

| Criteria assessed: CR2.1, CR2.2 |
| Criteria not assessed: CR2.3 |

Findings:
The procedure of implementation and compliance to applicable legal requirements in a List of Register of Legal & Other Requirements (FPI/L2/QOHSE-2.0) still in use. There are also procedures which defines the mechanism of evaluation of compliance to regulations (FPI/L2/QOHSE-17.0). However the implementation of compliance were found to be short in addressing the following:
1. Mill employee informed that workers occasionally work for two shifts due to second shift employee on leave. This is inconsistent with Employment Act 1955.
2. Deduction of wages from local employees for Great Eastern Insurance Scheme premium repayment and water and electricity usage exceeding the subsidized amount from foreign employee’s wages without approval from Labour Dept, as found on payment slips
3. Minimum wage of all estate workers was not implemented in accordance with National Minimum Wage Act year 2013, e.g. RM 800 plus as review on the payslip while in the regulation stated RM 900.

This was raised as a nonconformity

The company has a register of Legal and Other Requirements dated 15/12/11. Need to be improved
as evidence old (revised) legal register also kept in the same file with the latest copy. It is also found Sening estate has no documented system with written information on legal requirements, and no evidence of implementation of a mechanism to ensure they are implemented within the organization and by smallholders. This is raised as non conformity.

A mechanism for ensuring that they are implemented, evaluation of legal compliance were periodically conducted, it has been done for Safety, Health & Environmental relevant legal and other requirements as reviewed from Register Of Legal And Other Requirements FPI/L2/QOSHE – 2.1; Issue 0. However evaluation of compliance on the rest of the relevant legal requirements for e.g. on labour laws i.e. Employment Act 1955 was not yet conducted. This is also raised as non conformity.

There is evidence that mechanism or tracking system for identifying legal changes is poorly implemented. For example, Environmental Quality Act 1974 was revised in August 2012 and Solid Waste and Public Cleansing Management Act was gazetted in 2007, however these legal requirements were not included in the ‘List of Regulations and other RSPO Requirements’ dated 13/12/12.

The evidence of land ownership for Kledang 2 estate is still according to letter from the Director of Land and Mines Office of Johor (‘Pejabat Pengarah Tanah dan Galian Johor’) ref no. (65) dim.PTG.11/2/93 dated May 6, 1998, which states that the land office agrees to grant ownership of a land area of 34,621.3 hectares to FELDA. This area consists of part of the land for Kledang 2 estate which covers 2887.58 acre or 1168.54 ha. This grant ownership is not land title or land grant, currently Kledang 2 is ongoing land measurement process to receive land title certificate by external surveyor (Meridian Survey Consultant). Felda Kledang 2 has paid land premium March 02, 1998 to the Johor Government as stated on document no. (18)1450/72/FPSB Pt.5.

Compliance status: Non Compliance

NCR No. 2013-01 of 14

Procedures on compliance with relevant legal requirements were documented and evidence of compliance was evident. However the implementation of compliance were found short addressing the following:

1. Mill employee informed that workers occasionally work for two shifts due to second shift employee on leave. This is inconsistent with Employment Act 1955.

2. Deduction of wages from local employees for Great Eastern Insurance Scheme premium repayment and water and electricity usage exceeding the subsidized amount from foreign employee’s wages without approval from Labour Dept, as found on payment slips

3. Minimum wage of all estate workers was not implemented in accordance with National Minimum Wage Act year 2013, e.g. RM 800 plus as review on the payslip while in the regulation stated RM 900.

NCR No. 2013-02 of 14

Sening estate has no documented system with written information on legal requirements, and no evidence of implementation of a mechanism to ensure they are implemented within the organization and by smallholders

NCR No. 2013-03 of 14

Evaluation of compliance at the mill has been done for Safety, Health & Environmental relevant legal and other requirements as reviewed from Register Of Legal And Other Requirements FPI/L2/QOSHE – 2.1; Issue 0. However evaluation of compliance on the rest of the relevant legal requirements for e.g. on labour laws i.e. Employment Act 1955 was not yet conducted.

NCR No. 2013-04 of 14

There is evidence that mechanism or tracking system for identifying legal changes is poorly implemented. For example, Environmental Quality Act 1974 was revised in August 2012 and Solid Waste and Public Cleansing Management Act was gazetted in 2007, however these legal requirements were not included in the ‘List of Regulations and other RSPO Requirements’ dated 13/12/12.

Principle 3: Commitment to long-term economic and financial viability
Criteria assessed: CR3.1
Criteria not assessed: -

Findings:
Adela Mill has revised their long term business plan for period (2013 to 2020), information on this plan consist of planning for FFB purchased for 8 years until 2020, OER and KER for 5 years operational cost. Detailed financial analysis which includes information about profit and loss only available in the Felda Palm Industries Sdn Bhd Budget 2013. The head office makes a yearly profit and loss analysis, product processed and sold, mill revenue, sale cost, Processing cost etc, this information is clearly determined on FELDA Palm Industries Budget for year 2013 however in budget 2013 the profit and loss information was made generally not specifically for Adela mill.
FPSB Kledang 2 has a 3 year business plan for period (2013 to 2015), information on this plan consist of projection of activities and budget for plantation operation for 3 years until 2015, such as plantation maintenance, cost operation; cost replanting harvesting plan and FFB yield plan per tonne FFB per ha. A detailed financial analysis which includes information about profit and loss, product processed and sold, revenue, sales cost, processing cost etc., is clearly determined on FELDA Palm Industries Budget for year 2013 and this document is made annually by FELDA headquarters.
Documented management plans for most smallholder schemes for 2 years are available, the plan has been shared to scheme smallholders or their elected representatives, information about management plan will be provided through a meeting between scheme manager and elected smallholder representative such as meeting for replanting activity and plantation maintenance program on February 28, 2013 at Adela complex.
During certification audit, it was found that scheme managers for Sg. Mas and Tunggal estates have a documented Budget Plan / smallholder scheme management plan (minimum 2 years) for years 2011 and 2012. However as discussed with smallholder representatives from the schemes, the company has not shared the management plan with scheme smallholders. During this surveillance audit, it was found that Sg. Mas estate has prepared the budget for year 2013 up until 2015 and there is record of presentation of the budget to smallholders as per Meeting Minutes of the Replanting Committee held on 29 January 2013 at 8.30am, during which the annual budget and work program for 2013 was presented. The presentation file named ‘Achievement for year 2012 and Work Program for year 2013’ was sighted, which includes a summary of all expected operational activities to be carried out, such as manuring, spraying, FFB application, as well as estimated costs.

Summary of all land use data (in hectares) for all scheme smallholder locations has been available, which is include the following information:
- Total area of each estate.
- Planted and non-planted areas.
- Mature & immature areas
- Conservation / HCV areas.
- Areas used for other purposes, such as housing, offices, other infrastructure, etc.

Compliance status: Full Compliance

Principle 4: Use of appropriate best practices by growers and millers

Criteria not assessed: -

Findings:
Mill procedures are available in a file “Safe Working Procedures - Safety and Health Management” and include standard operating procedures (SOPs) for loading ramp, weighbridge, sterilizer, crane, thresh- er, fruit elevator, digester, press, cake breaker conveyor, polishing drum, ripple mill, clay bath, hydro cyclone, silo kernel, engine room, boiler, workshop, store, lab, and so on. SOPs for all estates are available in Malay - ‘Sustainable Oil Palm Estate Management Manual’. Last updated for SOPs is 14 October 2010 and issued by Felda Palm Industries. Agronomist visit for Sg. Mas estate was last conducted on 6 June 2012 covered checking of implementation of SOP for estate operational activities, such as for manuring, sanitation and pruning, weeding, and management of pests.
Annual fertilizer recommendations for Sg. Mas estate are as per the estate's annual agronomist report, with last report dated 6 June, which states recommended application of 3.35 to 3.40 kg of NPK per frond. For Sening estate, annual fertilizer recommendations are as per the estate's annual agronomist report, with last report dated 6 June, which states recommended application of 3.00 to 3.40 kg of NPK per frond. It was sighted in the report that application of fertilizer for year 2012 was carried out in accordance with the agronomist recommendations, and this was confirmed from samples of fertilizer application records.

Soil and leaf analysis is conducted annually by agronomist from Felda Agriculture Sdn. Bhd. For Sg. Mas estate, last test was conducted on 6 June 2012. For Sening estate, last test was conducted on 27 November 2012. Soil type identified at the estates consists only of type ‘Renggam’ (igneous with sandy clay soil).

EFB sighted in the field at Block 13 of Sg. Mas estate was applied in a row with two layers. This is not in compliance with Felda’s Sustainable Estate Operational Manual for October 2007, which states that application shall be in 3 circles around each tree and in one layer. Records of areas where EFB is applied are maintained.

During certification audit, it was found that high level of soil erosion was observed at sandy areas of Sg. Mas estate, such as at lot no. 7806 and smallholders land adjacent to Sungai Mas riparian zones, and this was raised as a non-conformity for poor implementation of techniques to manage fragile/marginal soils. In this surveillance audit, it was found that Sg. Mas estate implemented best management practices to reduce erosion at sandy area by planting of mucuna bracteata and frond stacking. However, it was sighted as Sg. Mas river near block 13 that erosion is still high and there was a small landslide where two palm oil trees had fell into the river during high flooding resulting in erosion of the river bank. A similar condition occurred at lot 7806. Since the estate has already made efforts to implement best management practices to prevent soil erosion, this is considered closed with observations.

Sg. Mas estate carries out cover crop planting which is evident during site visit where no areas of significantly bare or exposed soil were sighted. The estate has a road maintenance program where grader carries out maintenance once every 3 months. Sighted during field visit that road conditions are adequately maintained. There are no peat soils at all estates. A small part of peat spoil was sight in Kledang 2 estate, company has program to monitor water level and subsidence level, there are 2 sampling point available and always monitored every twice a year. Sprayers at Sg. Mas estate were interviewed and confirmed that they do not carry out spraying at the river riparian buffer zones.

The mill carries out monitoring of effluent discharge to river and river upstream and downstream BOD is accordance with legal requirements. Results as follows:
- Upstream and downstream water analysis conducted on 4 March 2013. Upstream BOD is 3mg/l and downstream BOD is 2mg/l. Last sampling done on 4 February 2012.
- As per DOE report for 4th quarter of year 2012, monthly effluent discharge analysis results for October to December 2012 all found to be within the legal limit of 100mg/l

Felda's IPM system is as per Felda's Sustainable Estate Practices manual dated 2007, which includes SOPs for management of rats and ganoderma. The estate continues to implement this and other documented guidelines for management of field pests. However, there is no SOP or work instruction for management of nettle caterpillar or bagworms which defines when census and at what rate of pest attacks (biological and chemical) are required to be conducted.

From chemical usage records of Kledang 2 estate, there was no usage of chemicalsBlocus, and rhizobium Ory-X used for treatment of rhinoceros beetles as there was no attacks of these pests. There was also no records of chemicals used for treatment of rats due to low attacks. Kledang 2 has 3 barn owl boxes located in the older area of the estate planted in year 1982/83, where one was sighted to have a barn owl with chicks. Rat baiting is carried out for the estate annually in accordance with Felda’s SOP. The estate also carried out chemical treatment of nettle caterpillars with census conducted by Felda Global Ventures on 5 April 2012 to verify high caterpillar attacks at block PM08M, with area of 149.19ha, where it was found 8ha was affected by attack rates of 10-20%. Treatment was carried out in month of April with the chemical Envo-Cyper. As there were no other pest attacks since, there was no further usage of this chemical.

Sg. Mas estate manages rat pests by installation of barn owl boxes. There are 10 barn owl boxes in the field, and one sighted on-site with evidence of resident owl (feathers sighted on the ground). There is no regular census conducted for pest attacks, monitoring are only done visually.

Kledang 2 maintains detailed records of all areas where pesticides have been used, including amounts applied, block, and hectare applied.
Pesticides used are as required by Pesticides Act 1974, Class 1b (CSH Paraquat) and III (ECOMAX). Agra Surfactant (Active agent) received from Felda Trading on 26/02/13 found not having Chemical Safety Data Sheet (CSDS)/ Material Safety Data Sheet (MSDS). For Ally 20DF (Dupont), ECOMAX (Crop Protection), Paraquat Dichloride (Hextar Chemicals) CSDS/MSDS in English and also available in Malay as required CPL (Classification, Packaging and Labelling) Regulations 1997.

Pesticides being kept in Chemical Stores and locked. Evidence of labelling, signages, CSDS/MSDS displayed. Store has adequate ventilation and exhaust fan also fixed to the chemical store. Pesticides used JURU 20DF, CSH Paraquat (no stock), Garlon 250 EC Herbicide kept locked in the Chemical Store. Use general ventilation.

Medical Surveillance was not conducted as required under the company’s Safety, Health and Environment Manual under Section 24 paragraph 6.2.3, which states that all sprayers must be referred for medical surveillance at planned intervals (at least once a year). Medical surveillance is done annually as required by FOMEMA (Foreign Workers Medical Screening) with last screening in February 2013.

However, there is no evidence that blood test for chemicals for all workers exposed to chemicals is done is accordance with the CHRA dated 7 September 2010, which requires medical checks for exposure to chemicals Ecomax, Ally 20DF Herbicide and CSH paraquat. This was raised as a major non-conformity. During the audit, only Sg. Mas estate had sent a letter to the Plantation Head and Joint Consultative Council (JCC) manager dated 14 March 2013 requesting budget to carry out medical surveillance for 2 store workers and 13 sprayers.

CHRA for Kledang 2 estate was conducted on 7 September 2010 by a team headed by DOSH officer with registration no. JKKP HIE 127/171-2(85). The CHRA states that glyphosate exposure monitoring of chemical store personnel, chemical mixing personnel and sprayers to be conducted at least once every 6 months by hygiene technician, and if results are found to be at or above action level, it is highly recommended to conduct medical surveillance at intervals of not more than 12 months.

Kledang 2 estate maintain records for usage of all chemicals according to amount applied per day, which block applied and area applied, and number of applications. Records are maintained for more than 5 years. Paraquat (Class 1b) was found actively used from the bin card. According to the record checked for year 2011 (1360lt), 2012 (2791lt), 2013 until February (481lt). The trend seem to be increasing. At the momment (13/03/13) the stock is zero.

Documented Occupational Safety Health (OSH) “Manual Keselamatan, Kesihatan dan Alam Sekitar for Felda Technoplant Sdn Bhd 2009” issued 01/07/09. A safety and health policy, which is communicated and implemented, i.e. “Dasar Keselamatan dan Kesihatan Pekerjaan for Felda Technoplant Sdn Bhd dated 11/01/13” it was found Similar Safety and Health Policy posted at office door at Technoplant Office. In Safety, Health and Environmental Manual dated 01/07/11 found Polisi Keselamatan, Kesihatan dan Alam Sekitar FTPSB signed by CEO dated 01/11/08.

All operations have been risk assessed and documented Hazard Identification, Risk Assessment and Risk Control (HIRARC) document, sampled activity related to manual handling of Fertilizer weighted at 50 kgs per bag handled by workers. It was found identified in the HIRARC for year 2012. HIRARC for Sening estate has been done and dated 10.01.2013. The HIRARC and covers all estate activities from genset, usage of roto slasher, receiving diesel supply, office administration, chemical container management, road building, harvesting, grading, FFB transport, EFB application, etc. In Felda Kledang, it was checked Spraying was identified in the HIRARC (Borang No. 4.7.1) dated 15/01/13 by Supervisor and found chemical mixing was considered significant hazard (score 16) and proposed control measure not adequate enough with the magnitude of the risks. The guide for HIRARC criteria mentioned for Tahap 1 (score more than 12 or significant) must either be eliminated, better worksafe method or engineering control. The chemical mixing activity was found done at worksites (on lorry) and not at Chemical Mixing area near office as evidence there were spillages, improper mixing proses and potential risk of exposure. According to Section 24 spraying in Safety, Health and Environmental Manual under para 6.2.3 it was mentioned that cleaning activity of all equipment used channelled into containment and not allow to flow to drain, river. Workers have to remove the cloths, take bath and use soap. Cloths soak and clean separately.

Adela mill's HIRARC was last updated on 2 January 2012 and covers hazards related to all mill activities. However, control measures for most identified risks was stated to be as per SOP, however there is evidence that SOPs do not all define safety measures for all activities, e.g. for despatch area there is no instruction in SOPs regarding how to prevent slipping and falling, although this is identified as a risk and control measure is stated to be as per SOP. This was raised as an observation.

There are aspects of OSH which are not adequately implemented this is raised as non conormities, i.e.: 1) Chemical sprayers at Kledang 2 and some schemes still bring their PPE home after work and there is no designated separate area for washing of sprayers PPE to reduce occurrence potential chemical contamination.
2) Some estates have no updated safety and health plan for smallholders including agrochemical use and fire drills.

3) Workers at Kledang 2 interviewed stated they wash their PPE at home
   Safety and health committee. Just decided in the safety and health committee meeting on 25/02/13.
   Emergency Preparedness and Response Procedure dated 02/01/08. Fire drill once a year. Emergency
   contact no. available as for example JAS (07-2356042), IPD KT (07-8831222), Fire department (07-
   8224444).

   Found mandores and contractor's lorry driver not having 1st aid kit at worksite and no evidence of training related to first aid being conducted for mandore, estate supervisor and workers involve with chemicals at worksites.

   There is found Accident Report Board outside office shown no incident reported and according to Assistant Manager no accident reported too.

   Workmen Compensation issued by AXA AFFIN Insurance Bhd dated 12/10/12 coverage from 12/10/12
   until 11/10/13 for 17 indonesian workers and 2 Bangladeshi workers.

   Harvesters are provided with safety helmets, and boots. Sprayers are provided with aprons, masks, safety glasses, boots. Manurers are provided with safety helmet, boots, but not wearing gloves while working. PPE is provided free by the company first time only, after which the workers replace their own PPE when required. This is raised as an observation.

Sening estate’s OSH committee consists of 9 staff who were appointed on 2 January 2012 and the committee is still applicable. Records of OSH meetings conducted once every 3 months are available, i.e. minutes of OSH meetings conducted on 11 January 2013, 10 October 2012 and 10 July 2012 were sighted. Discussion was on general OSH related issue with no mention of work related accidents.

Mandores for harvesters and sprayers at Sg. Mas estate have undergone first aid training, last done in January 2013. At Sg. Mas estate, first aid kits are brought by mandores on-site. First aid kit of harvesting mandore was sighted and complete, but for sprayers’ mandore, the first aid kit was found to be missing some items, such as antiseptic cream, and Dettol in the kit was expired. First aid kit at Adela mill genset room was found complete but antiseptic cream was recently expired. This was raised as an observation.

Records of accidents that occur are maintained in monthly reports. Checked from reports, there are no occurrences of accidents that occurred and during interviews with workers on-site they confirmed that no accidents have occurred.

At Adela mill, there is an accident and investigation report dated for accident that occurred to a worker on 7 May 2012 in which he fell from CPO tank at dispatch area, resulting in broken shoulder blade and left hip. There are records of claim to SOCSO (worker's social security) and amount of RM1281 was paid to worker as stated in payment voucher dated 8 February 2013. As the accident recently occurred at time, the insurance claim is still in process.

Sg. Mas has a documented training programme for year 2013 covering OSH aspects and estate operational activities such as safe work practices, training on safety policy, fire training, handling of chemical containers, harvesting, spraying, etc.

Sg. Mas estate has records of training done for workers, e.g.:
- Harvesting and grading training done on 31 October 2012 for 45 people including staff, field officers and selected harvesters. Not all harvesters attend the training as those who attend the training are required to carry out on-the-job training for other harvesters
- Spraying training done on 13 July 2012 for 7 workers, including 3 sprayers interviewed who confirmed they attended the training
- Fire training done in year 2012, but only photographic evidence available and it was verified through interviews with workers and smallholders that they attended the training

Sg. Mas estate conducts monthly roll call meetings with all smallholders with documented meeting minutes which include awareness trainings on operational activities and best practices e.g.:
- Roll call on 18 September 2012, including briefing on proper usage of pesticides, and practices to protect air and water quality
- Roll call on 16 March 2012 including briefing on safe work practise and wearing PPE, selective weeding techniques, and explanation on the definition of sexual harassment
- Roll call on 12 June 2012 which included briefing on triple rinsing technique for chemical containers and manuring practices
Compliance status: Non Compliance

NCR No. 2013- 05 of 14
EFB sighted in the field at Block 13 of Sg. Mas estate was applied in a row with two layers. This is not in compliance with Felda's Sustainable Estate Operational Manual for October 2007, which states that application shall be in 3 circles around each tree and in one layer.

NCR No. 2013-06 of 14
There is no SOP or work instruction for management of nettle caterpillar or bagworms which defines when census and at what rate of pest attacks (biological and chemical) are required to be conducted. At some estates, there was no records of census done to determine if rates of rat attacks are above 5% to justify usage of chemicals to manage these pests, as required in Felda's Sustainable Estate Operation Manual.

NCR No. 2013- 07 of 14
There is no evidence that annual medical surveillance for chemical levels in blood has been done annually for all plantation pesticide operators at all estates in accordance with the CHRA, which requires medical checks for exposure to chemicals Ecomax, Ally 20DF Herbicide and CSH paraquat. At Kledang 2 estate, last medical surveillance was done in year 2011.

NCR No. 2013-08 of 14
There are aspects of OSH which are not adequately implemented, i.e.:
1) Chemical sprayers at Kledang 2 and some schemes still bring their PPE home after work and there is no designated separate area for washing of sprayers PPE to reduce occurrence potential chemical contamination.
2) Some estates have no updated safety and health plan for smallholders including agrochemical use and fire drills.
3) Workers at Kledang 2 interviewed stated they wash their PPE at home.

NCR No. 2013-09 of 14
Found mandores and contractor's lorry driver not having 1st aid kit at worksite and no evidence of training related to first aid being conducted for mandore, estate supervisor and workers involve with chemicals at worksites.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

Criteria assessed: CR5.1, CR5.2, CR5.3, CR5.4, CR5.5, CR5.6
Criteria not assessed:

Findings:
Aspect Impact Identification and Impact Evaluation has been identified and assessed by the Adela mill (Doc: FPI/L4/QOHSE-1.7 Pind 0) dated 25 Jan 2013. The assessment involved from activities at the mill. Previous activity has been conducted on 4 Jan 2012. Adela mill has developed, implemented and monitored the environmental improvement plan (FPI/L4/QOHSE-1.8 Revision 0) prepared and approved on 1 November 2012. Activities such as diesel usage is being monitored and properly conducted, and evidence is shown.
In all smallholder schemes, an Aspect Impact Assessment have been prepared and updated on 15 January 2013. Kledang estate has Sustainability Manual 1A dated March 2012 (Doc ML-1A/L3-GP4(0)) in which the estate's Aspect and Impact Identification was established dated 15 Feb 2013. In Adela scheme, Aspect Impact Assessment have been prepared and dated 5 Oct 2012 based on Sustainability Manual 1A dated March 2012 (Doc ML-1A/L3-GP4(0)). In general - The Aspect impact identification need to be further improved as the person who conducted the assessment is not trained on the preparation of the aspects impacts identification. This has been confirmed with discussion with the persons-in-charge that there is no proper training being done and seen from aspect impact assessments for...
some estates which were done incorrectly, stating occupational safety hazards and risks, instead of environmental related impacts. This is raised as non conformity.

An Environmental Management Plan has been established at some schemes dated 15 January 2013 to include activities of aspects identified in the Aspect Impact Assessment. However in Kledang and Adela scheme it was found no Environmental Management Plan has been established for 2013. Chemical mixing is done on a lorry and not accordance to the Environmental Management Plan which requires chemical mixing to be done at premix area before it can be used at the estate. At Adela estate, empty containers (paraquat) were seen at the roadside while on the way to the plantation, this is raised as non conformity

There is a revised HCV document for FELDA JCC Adela Complex (including FPSB Kledang 2; FELDA Sungai Mas; FELDA Sening; FELDA Adela; FELDA Kledang and FELDA Tunggal) and company make annual HCV management such as year 2012 and year 2013 and patrol program for HCV area especially wildlife inside. HCV document has information regarding existing wildlife species such as 12 birds species such as White-throated Kingfisher (Halcyon smyrnensis); Owl (Tyto alba); Ochraceous Bulbul (Alphoixus ochraceus); Red Junglefowl (Gallus gallus); 6 mammals species such as Monkey (Macaca fascicularis); Wild boar (Sus scrofa); Slow loris (Nycticebus coucang); Common treeshrew (Tupaia glis); Asian palm civet (Paradoxurus hermaphroditus); Rat (Rattus tiomanicus); 4 snake species such as Indian Cobra (Naja naja) and King Cobra (Ophiopagus Hannah); Reticulated python (Python reticulus); Monitor lizard (Varanus salvator). The plantation condition of identified HCV areas has been determined, the HCV management plan has been determined and sufficient to protect defined HCV values. Monitoring of HCV area alwas done periodically, as seen on the report at Kledang 2 estate for year 2012 period.

The waste products and sources of pollution has been identified and recorded. In Kledang estate the waste identified are EFB, oil sludge, ash, shell, fiber and metals. The products identified was prepared by the Assistant Manager and approved by Manager.

The wastes which been identified, an operational plan is developed and implemented with action plans to avoid or reduce pollution. Such activities are recycling based on the standard operating procedure (QOHSE FPI/L2/QOHSE 9.0 – Management of Scheduled Wastes). Domestic waste at housing at Kledang 2 estate disposed in bins prepared by Felda and there are records of regular collection by contractor who will collect every 2 days. The estate maintains records of amounts of fertilizer bags incoming and outgoing to be used for collection of loose fruits. There is no clear management plan for disposal of chemical containers to ensure they do not contaminate the environment, there are no records of incoming and outgoing empty chemical containers and. Containers are currently triple rinsed, pierced and stored, but some containers are reused for chemical mixing. There is a DOE approval letter dated 7 Nov 2002 (Ref: 91/120/038/014) stating that after triple rinsing then the containers are not considered as scheduled waste. In Tunggal scheme, empty containers are sold to a contractor.

In Kledang scheme, empty containers left at the roadside while on the way to the estate in the morning (14/3/2013). According to FELDA Agricultural Services S/B Safety Officer, the empty containers of Juru 20DF which has been triple rinsed are required to be buried. Empty containers are kept in the store and later sold to EK Wong (contractor). In Adela scheme, empty containers are also triple rinsed according to the Safety, Health and Environment manual from FELDA Technoplant Sdn Bhd, 2009 and returned to the chemical suppliers D'Agro Sdn Bhd. During visited Sening scheme it was found next location to Sening estate chemical store, was sighted an open area with rubbish and evidence of burning. A roll call was conducted by the Manager to explain issue of open burning as well as other issues as well in Tunggal scheme, while in Kledang and Adela scheme the manager conducted a roll call on 27 & 28 March 2012 to inform workers not to carry out open burning.

In Sg. Mas estate keeps all used chemical containers at their chemical store and maintains records of amounts of chemicals incoming and outgoing from their store. All chemical containers are collected monthly by their chemical supplier, Felda Trading Sdn. Bhd., as seen in letter from the supplier agreeing to collect the containers. However the estate does not maintain records of amounts collect ed and date of collection, and this was raised as an observation. Checked at worker's housing, domestic wastes are disposed in a large hole dug behind the housing, and there is no collection of wastes.

There is evidence that the estates recycle crop residues/biomass such as EFB was sighted in the field at Block 13 of Sg. Mas estate as EFB application program, however application method was not in accordance with the SOP. This was raised as nonconformity under CR4.2. There is no application of EFB at Kledang 2 estate, but frond stacking is carried out. The estate plans to implement EFB application from 2013 onwards as part of management directive to increase EFB application as all incineration at
the mill is no longer allowed. Shell and fibre is recycled at the mill’s boiler for energy generation. It is recorded in “Records of Use of Shell and Fibre at the Boiler - Renewable Energy” with latest records at time of audit up to February 2013. Sludge is used at the plantation as part of additional nutrient. EFB also used at plantation as mulching. This has been sighted at the site. The excess of the biomass is sold to third party which was evidence by the sales receipt. Sg. Mas estate maintains monthly records of consumption of petrol for the company’s vehicle which consist of only two vehicles. There are no heavy machinery used by the estate and transportation of FFB is by contractors, so there are no records of petrol consumption by heavy machinery or FFB transportation per palm product.

Sg. Mas has a documented plan for energy efficiency through continuous training on reducing usage of electricity and reduce of water for year 2013. The company still implements zero burning during replanting, with evidence seen from contract at Kledang 2 estate dated 20 January 2010 with contractor, Cemara Agricultural Construction engaged to carry out land clearing for block PM86D (PM86G) with area of 165.65 ha in year 2010. Stated in the terms of the contract that burning is strictly prohibited and the trees shall be felled and mechanically chipped. However, next to Sening chemical store, was sighted an open area with rubbish dumped and evidence of burning.

Adela Mill carries out regular monitoring of identified emission sources such as effluent discharge to river, boiler stack emissions and black smoke, river pollution in accordance with legal requirements and report is submitted to DOE once every 3 months. Results are as follows and conducted in accordance with DOE compliance schedule:
- Upstream and downstream water analysis conducted on 4 March 2013. Upstream BOD is 3 mg/l and downstream BOD is 2 mg/l. Last sampling done on 4 February 2012.
- As per DOE report for 4th quarter of year 2012, monthly effluent discharge analysis results for October to December 2012 all found to be within the legal limit of 100mg/l
- Black smoke emission monitoring records sighted and within Ringelmann 2 chart
- Stack monitoring is done once every 6 months and ambient air monitoring done once every 3 months by Kualiti Ceria Sdn. Bhd. Last stack monitoring done on 14 November 2012, results are 0.224g/Nm3 for stack 1 and 0.174g/Nm3 for stack 2, which is below standard of 0.4 g/Nm3.

Adela mill has a plan to reduce BOD of effluent treated with installation of a polishing plant which is expected to reduce the final BOD of discharged effluent. The mill has a budget of RM2 million for the plant and evidence of asset approval form dated 14 February 2013 for the form. In addition, since December 2012, the mill is no longer permitted to incinerate EFB, so all EFB is to be applied to fields.

**Compliance status: Non Compliance**

**NCR No. 2013-10 of 14**

The responsible persons for preparing the aspect impact assessment at all schemes was not well trained to conduct the assessment. This has been confirmed with discussion with the persons-in-charge that there is no proper training being done and seen from aspect impact assessments for some estates which were done incorrectly, stating occupational safety hazards and risks, instead of environmental related impacts.

**NCR No. 2013-11 of 14**

Chemical mixing is done on a lorry and not in accordance to the Environmental Management Plan which requires chemical mixing to be done at premix area before it can be used at the estate. At Adela estate, empty containers (paraquat) were seen at the roadside while on the way to the plantation.

**NCR No. 2013-12 of 14**

Next to Sening estate chemical store, there was sighted an open area with rubbish and evidence of burning.

**Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills**
Findings:

The company still use Social Impact Assessment (SIA) document dated 15 January 2011 made for the entire Adela complex which includes the Adela mill, Kledang 2, Sungai Mas, Adela, Tunggal, Sening, dan Kledang still. The documented SIA included negative issues and positive issues. The document also includes the company’s schedule for impact mitigation and monitoring developed from the results of the SIA, however since the 1st surveillance audit, no specific timetable for mitigation and monitoring of social impacts has been developed and there is no evidence of follow up done on the plan of impact mitigation and monitoring developed in the SIA. This is raised as conformity.

Adela complexes still constantly implement methods for communication and consultation with title “Communication, Participation and Consultation i.e. Document number FPI/L2/QOHSE-6.0 issued on 02 January 2008. The procedure is clear and is implemented, with evidence in the form of letters that were sent to all smallholder scheme leaders who then informed the scheme settlers on the responsible Felda representative for communications and consultations. Several communication method through meeting are implemented in all FELDA smallholder scheme such as: monthly meetings with the scheme representatives always held and well documented with meeting minutes on file. All settlers also attend monthly Roll Calls. There is another meeting called “Jawatan kuasa Kemajuan dan Keselamatan Kampung” (Village Development and Safety Committee) which is conducted by the state government once every 3 month and attended by the Scheme Managers. The estate or mill manager is responsible for communication issues. Another type of regular meeting held is the Joint Consultative Committee (JCC) to discuss about issues related to the scheme members, estates and mill. JCC meetings are conducted on a monthly basis, all JCC minutes meetings are recorded and well documented. There are also meetings conducted by Felda’s Development Plan Committee (Jawatan Rancangan- JKKR), Woman’s Association Movement (Gerakan Persatuan Wanita - GPW) and FELDA Malaysia Youth Council (Majlis Belia Felda Malaysia - MBFM) to discuss issues and development programs for the relevant stakeholders. There is a list of stakeholders in both mills and scheme office, which updated yearly as stated on FELDA policy. The company’s procedure on “Stakeholder Updates” states that scheme managers will update their stakeholder list annually such as list of FELDA Sening for year 2013, FELDA Tunggal 2013 etc.

Felda has a process for resolution of complaints and grievances for internal use by workers and managers prepared by Felda Holdings personnel department. The mechanism showed an open system for all scheme members, communities and workers to give complaints and resolving conflict in the plantation and mill operations.

Foreign employees were recruited to perform jobs in the plantation such as harvesters, pesticide sprayers, fertilizer manures and general works. Based on the interviews with the selected employees, interview with estate management and documentation review it was revealed that copies of the employment contracts which states the terms and conditions of employment. Furthermore interviews with selected foreign employees reveal that they do not know their terms and conditions of employment for e.g. on the annual leave and medical leave benefits they are entitled to. This was raised as an NC. Local employees have received copies of their employment contract and do understand their terms and conditions of employment for e.g. working hours, annual leave and medical leave benefits. Both local and foreign employees received itemized wage slips basic wages, overtime hours, allowances received, deductions made, withholding made and contributions received. Both local and foreign employees received their payment of wages on 7th of the next following month thru cash payment collected from the estate management office. There is no probation period for foreign employees since they were employed on three (3) years contract basis.

Working hours for both locals and foreign employees working on the plantation was from 7.00 am to 3.00 pm. Foreign employees were provided with Foreign Workers Compensation Scheme insurance in accordance with Workmen Compensation Act 1952. Foreign employees have undergone yearly medical check under the FOMENA (Foreign Workers Medical Screening) a mandatory health screening programme for all legal foreign workers in Malaysia.

Foreign employees were provided with accommodation with water facility. For electricity facility the petrol operated generator set is used. Estate management has sent proposal to the HQ to get budget to source direct electricity from national power provider i.e. Tenaga Nasional.

In the mill the FFB graders and pickers sourced from Massiah Enterprise Sdn. Bhd. have not received any copies of the employment contracts, pay slips and EPF and SOSC0 (Social security) benefits. In-
Interview with the selected FFB graders and pickers confirm this. This was raised as NC under this criterion.

Review of the selected employee’s written employment contract indicates the official document does not describe or contains any negative statement to restrict the employee to join or form association or trade unions of their own choosing and to bargain collectively. Interviews with the selected employees confirm this. This indicates that the mill complies in accordance with Employment Act 1955 (Act 265) – Regulation 8. Contracts of service not to restrict rights of employees to join, participate in organize trade unions. Upon confirmation of employment mill employees were encouraged to join the established union i.e. "Workers Union – Felda Palm Industries Sdn. Bhd. Workers (Peninsular)" as verified through the interviews with the selected employees. Union employee’s benefits and working conditions are covered and detailed in the agreement between “Felda Palm Industries Sdn. Bhd. & Workers Union –Felda Palm Industries Sdn.Bhd. Workers (Peninsular)” dated 1 January 2010 to 31 December 2012. The terms and conditions as stipulated in the agreement are still in force based on details in the reviewed document “Postponement of Discussion to Renew Agreement (‘Penangguhan Perundingan Untuk Memperbaharui Perjanjian Bersama’); No. (50) FH/02/28.1; Dated: 6 December 2012. This document further details that new union agreement to be started in April 2013 and new collective bargaining agreement will be enforced from 1st January 2013 to 31 December, 2015. Interviews with the selected union employees confirm that they are provided with the copies of the collective agreement in Bahasa Malaysia language.

No restriction found in place at the time of audit for the union employees to carry out their representative functions for e.g. attending union meetings during working hours outside of the mill in specified location.

There were no association or trade unions established. Review of the selected employee’s written employment contract does not indicate or describes any negative statement to restrict the employee to join or form association or trade unions of their own choosing. In the absence of the establishment of trade union, the estate management team facilitates the means of open communication and bargaining thru the use of suggestion box, communication during JCC (Joint Consultative Committee) meetings, Replanting Committee meetings and estate employee’s roll call meetings in the morning. Grievances from employees also could be communicated directly to their leaders or cascaded to the estate management depending on the case / issue.

No child and young person were sighted working within the company’s area during audit. This was further confirmed through interviews with the selected employees and documentation review with aid of the employees name list detailed with date of joining the organization, and sample checks of Malaysian MyKad identification card number of workers traceable to the age & date of birth verifies this. Felda has established policy on Child Labour; Doc. No: ML-1A/L2-P09; Date issued: Mac 2012 whereby the policy stipulates that Felda supports the policy in prohibiting child below 17 years of age to be hired to work in the plantation. This is raised as observation under criterion 2.1 whereby the organization need to review their legal register to reflect the changes in accordance with Children and Young Persons (Employment) (Amendment) Act 2010.

Based on the interview with the selected employees they mentioned during recruitment copies of their government issued photo identification i.e. Malaysian MyKad from local employees and copies of International Passport from foreign employees needed for age validation. During reviewing of the selected employee’s personal file found that copies of their photo identification i.e. Malaysian MyKad and International Passport filed which further verifies that mill management does conduct age check at the time of recruitment of new employees.

Felda’s equal opportunity policy; Doc. No: ML-1A/L2-PO10(0); Date issued: Mac 2012 was sighted posted on the notice boards. Interviews with the selected employees reveal that they were aware of the policy. Training opportunity is provided to all local and foreign employees including settlers.

Felda’s sexual harassment and violence policy; Doc. No: ML-1A/L2-PO11(0); Date issued: March 2012 was sighted posted on the notice boards. Interviews with the selected employees reveal that they were aware of the policy. Based on the interview with the selected employee’s no such objective evidence found that they are ill-treated, harassed whether sexually or otherwise, intimidated physically and mentally during their period of employment. Site observation also noted no any physical and verbal abuse seen against the employees.

Compliance status: Non Compliance

NCR No. 2013-13 of 14
No specific timetable for mitigation and monitoring of social impacts has been developed and there is no evidence of follow up done on the plan of impact mitigation and monitoring developed in the SIA.

**NCR No. 2013-14 of 14**

FFB pickers sourced from contractor Massiah Enterprise Sdn. Bhd. were interviewed and found to have not received any copies of the employment contracts, pay slips and EPF and SOSCO benefits from the contractor. Adela mill has no system to ensure contractors comply with legal requirements.

**Principle 7: Responsible development of new plantings**

**Criteria assessed: none**


**Findings:**

Principle 7 is not applicable as there are no new plantings within Adela complex. All areas replanted since year 2005 were already previously planted with oil palm and had only undergone replanting.

**Compliance status: Not Applicable**

**Principle 8: Commitment to continuous improvement in key areas of activity**

**Criteria assessed: CR8.1**

**Criteria not assessed: -**

**Findings:**

Adela mill has a plan to reduce BOD of effluent treated with installation of a polishing plant which is expected to reduce the final BOD of discharged effluent. The mill has a budget of RM2 million for the plant and evidence of asset approval form dated 14 February 2013 for the form. In addition, since December 2012, the mill is no longer permitted to incinerate EFB, so all EFB is to be applied to fields. This is part of the company efforts to increase biomass recycling and reduce environmental impacts. All expenditure for environmental improvement related activities is captured in the company’s annual budget.

**Compliance status: Compliance**

### 3.2 Status of Previously Identified Non-conformities

A total of 16 nonconformances were identified during the main certification assessment for both Felda Adela and Lok Heng (as the certification audit report was combined for these two units). These consisted of 3 major non-conformities and 13 minor non-conformities. During this surveillance assessment, it was found that there was sufficient evidence for closure of all non-conformities. The following is a description of the evidence of action taken to close the non-conformities raised during the previous assessment, as well as auditor’s conclusions on the status of the non-conformities. Only the 12 nonconformities pertaining to Felda Adela are listed below:

**Criterion 3.1 SS Guidance : Scheme managers have a documented management plan (minimum 2 years) which is shared with them or their elected representatives.**
Non-conformance no. 3 of 16 (Minor non-conformity):
Scheme managers for Sg. Mas and Tunggal estates have a documented Budget Plan / smallholder scheme management plan (minimum 2 years) for years 2011 and 2012. However as discussed with smallholder representatives from the schemes, the company has not shared the management plan with scheme smallholders.

Corrective Action:
All project listed has provided work program 2012 (with estimated costs) and it will be discussed at the JKKR / JKKK (smallholder meeting)

Evidence of Corrective action:
It was found that Sg. Mas estate has prepared the budget for year 2013 up until 2015 and there is record of presentation of the budget to smallholders as per Meeting Minutes of the Replanting Committee held on 29 January 2013 at 8.30am, during which the annual budget and work program for 2013 was presented. The presentation file named ‘Achievement for year 2012 and Work Program for year 2013’ was sighted, which includes a summary of all expected operational activities to be carried out, such as manuring, spraying, EFB application, as well as estimated costs. A similar plan was prepared by Tunggal estate.

Auditor Conclusions: Closed

Criterion 3.1.2. Annual replanting programme projected for a minimum of 5 years with yearly review.

Non-conformance no. 4 of 16 (Minor non-conformity):
There is no summary of all land use data (in hectares) for all scheme smallholder locations, which include the following information:
- Total area of each estate.
- Planted and non-planted areas.
- Mature & immature areas
- Conservation / HCV areas.
Areas used for other purposes, such as housing, offices, other infrastructure, etc.

Corrective Action:
All project has made summary data for all land used, including information about total planted area for each project, planted and non planted area, mature and immature area, no information about protected area as HCV area due to no present HCV area inside project location.

Evidence of Corrective action:
There is found area statement document prepare for every smallholder and some changes on hectarage statement was found because several smallholder member has pulled out from FELDA’s smallholder scheme program, as they prefer to manage their own land after their land title finished and get their own land certificate, such as in Sening estate more than 10 smallholders with total 21 acres of land have now become independent smallholders. Data on the total planted area for Sg. Mas estate up until 28 February 2013 is 2749.20ha which is fully planted and all mature, and village area totaling 177.65ha. There is no conservation area in Sg. Mas estate, so this information is not stated.

Auditor Conclusions: Closed

Criterion 4.3.4: Subsidence of peat soils should be minimised through an effective and documented water management programme.

Non-conformance no. 5 of 16 (Minor non-conformity):
FELDA Kledang 2 estate has established two subsidence level points and water table monitoring points at peat soil areas, however, there is no documented water management programme to minimize subsidence level of peat soils

Corrective Action:
Documented water management plan has been provided, including record of monitoring of peat subsidence.

**Evidence of Corrective action:**
The estate now maintains record of subsidence monitoring for two subsidence monitoring points at PM 86 and PM05C and monitoring of water dam (weirs) and there are two weirs available on Kledang 2 estate. The company excavated the blocked channels for better water flow as seen at block PM 86.

**Auditor Conclusions:** Closed

**Criterion 4.3.5:** Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils)

**Non-conformance no. 6 of 16 (Minor non-conformity):**
There is evidence that techniques to manage fragile/ marginal soils is not being well implemented, as a high level of soil erosion was observed at sandy areas of Sg. Mas estate, such as at lot no. 7806 and smallholders land adjacent to Sungai Mas riparian zones.

**Corrective Action:**
Company use cover crops for land with certain slope, hilly area and contour area such of riparian river. This mechanism was explained to smallholder during JJKR/JKKK monthly meeting. Species *Mucuna* already selected fast cover crop in the slope area.

**Evidence of Corrective action:**
The estate has implemented best management practices to reduce erosion at sandy area by planting of *mucuna bracteata* and frond stacking. However, it was sighted as Sg. Mas river near block 13 that erosion is still high and there was a small landslide where two palm oil trees had fell into the river during high flooding resulting in erosion of the river bank. A similar condition occurred at lot 7806. Since the estate has already made efforts to implement best management practices to prevent soil erosion, this is considered closed with observations. A plan to improve existing method for control of erosion in sandy soil should be established.

**Auditor Conclusions:** Closed with observations

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

**Non-conformance no. 7 of 16 (Major non-conformity):**
It was observed on-site that agrochemicals are still applied at riparian buffer zones as seen on block no. PM 86 B and PM 08M of Kledang2 estate. This is not in accordance with the company’s policy to protect of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones and the company’s action plan for HCV areas, which states that the company will not apply agrochemicals at the riparian zone.

**Corrective Action:**
Project manager has put sign board regarding restriction for agrochemical application especially in all riparian watercourses. All workers already explained during roll call meeting every morning.

**Evidence of Corrective action:**
It was sighted at the field as seen at block PM 86, the company put blue paint at each tree along to riparian to mark these trees as part of the riparian buffer zone where agrochemical application is not permitted. It was confirmed through interviews with the workers that they are aware that they are not to carry out chemical application at the marked trees.

**Auditor Conclusions:** Closed

**Observation:**
The meeting minutes of meetings with smallholders did not include any records that proper methods of agrochemical application (no application near river) was discussed during meeting with smallholders. Records will be checked at next surveillance audit.

**Criterion 4.7.1.b: All operations have been risk assessed and documented.**

**Non-conformance no. 9 of 16 (Minor non-conformity):**
Identification of risks pertaining to chemical mixing is not included in the estate’s HIRARC (Hazards Identification, Risk Assessment & Risk Control) for Sg. Mas and Tunggal estates

**Corrective Action:**
As stated on procedure HIRARC, company will conduct periodic assessment once a year, all activities that still not included in year 2010 assessment will be included on new hazards identification, risk assessment and risk control, including chemical activities.

**Evidence of Corrective action:**
Identification of risks pertaining to chemical mixing has been included in the estate’s HIRARC (Hazards Identification, Risk Assessment & Risk Control) for Sg. Mas and Tunggal estates. There are also found top loading activity was identified in Hazard Identification, risk assessment and risk control on 02/01/12. Felda Kledang, checked Spraying was identified in the HIRARC

Auditor Conclusions: Closed

**Criterion 5.1.2:** Scheme Managers should undertake and document aspects and impacts risk assessment, developed with the participation of the representatives of organized smallholders that sets out appropriate management planning and operational procedures for each impact identified. For significant impact time bound action plans and operational procedures should be drawn to mitigate the negative impacts.

The impact assessment should cover:
- Building and maintenance of roads to service smallholdings and provide access to mills
- Putting in drainage or irrigation systems.
- Replanting or expansion of smallholdings.
- Clearing of remaining natural vegetation and the need to avoid the use of fire (see 5.5).

**Non-conformance no. 10 of 16 (Minor non-conformity):**
The Environmental Aspects and Impacts Analysis document for all estates does not includes identification of environmental aspects of many common estate activities e.g. building and maintenance of roads, drainage and irrigation systems, replanting activities, clearing of natural vegetation, nursery, management of rhinoceros beetles, terracing, office and housing activities, and final disposal of used chemical containers

**Corrective Action:**
As stated on procedure Environmental aspect and impacts analysis, company will conduct periodic assessment once a year, all activities that still not included in year 2010 assessment will be included on Environmental aspect and impacts analysis year 2011.

**Evidence of Corrective action:**
During audit, the Environmental Aspects and Impacts Analysis document such as Doc: FPI/L4/QOHSE-1.7 Rev. 0 dated 25 January 2013 for Adela mill and all estates has been sighted and found to include identification of environmental aspects of many common activities e.g. building and maintenance of roads, drainage and irrigation systems, replanting activities, clearing of natural vegetation, nursery, management of rhinoceros beetles, terracing, office and housing activities, and final disposal of used chemical containers (for clear explanation please refer to section 3.1 principle 5 above)

Auditor Conclusions: Closed
**Criterion 5.2.1: Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings.**

Non-conformance no. 11 of 16 (Major non-conformity):

The HCV assessment was not conducted using appropriate methodology to obtain correct results, as it was found during field visits that there are many species birds in Kledang 2 estate which were not identified in the HCV assessment. There is no information found in HCV document regarding the ERT status of birds, the plantation condition of identified HCV areas has still not been determined, some HCV areas identified are not actually under FELDA’s management and the HCV management plan still not sufficient to protect defined HCV values.

Corrective Action:

New HCV assessment has been conducted, involving relevant stakeholders such as local communities, local institution and existing indigenous people. New document HCV has been provided. HCV document provided by Sustainability Departement, Felda Agricultural Services Sdn.Bhd- Pusat Perkhidmatan Pertanian Tun Razak. Assessment scope including all schemes under Adela planning group. Two types of potential HCVs were identified, i.e. HCV 1 and HCV 4 the location permit boundary of FELDA Adela group smallholder. Elements for HCV 1 are the existence of some animals that listed no 1 and 2 Malaysian act &16 and IUCN with status least concern. The important elements for HCV 4 are related to the potential damage from erosion riparian of Sungai Mas river and Sungai Lebab River.

Evidence of Corrective action:

There is a revised HCV document for FELDA JCC Adela complex (FPSB Kledang 2; FELDA Sungai Mas; FELDA Sening; FELDA Adela; FELDA Kledang and FELDA Tunggal) and company make annual HCV management such as year 2012 and year 2013 and patrol program for HCV area especially wildlife inside. HCV document has information regarding existing wildlife species such as 12 birds species such as White-throated Kingfisher (*Halcyon smyrnensis*); Owl (*Tyto alba*); Ochraceous Bulbul (*Alaphoixus ochraceous*); Red Junglefowl (*Gallus gallus*); 6 mammals species such as Monkey (*Macaca fascicularis*); Wild boar (*Sus scrofa*); Slow loris (*Nycticebus coucang*); Common treeshrew (*Tupaia glis*); Asian palm civet (*Paradoxurus hermaphroditus*); Rat (*Rattus tiomanicus*); 4 snake species such as Indian Cobra (*Naja naja*) and King Cobra (*Ophiopagus Hannah*); Reticulated python (*Phyton reticulus*); Monitor lizard (*Varanus salvator*).

Auditor Conclusions: Closed

**Criterion 5.3. SS Guidance: Scheme managers should develop and implement an appropriate plan for the management and disposal of waste from smallholdings including the safe disposal of pesticide containers (eg National Programme on recycling of used HDPE pesticide containers). Scheme managers should encourage/educate participants to use resources efficiently apply reduce, reuse, recycle methods wherever feasible/possible**

Non-conformance no. 12 of 16 (Minor non-conformity):

1) There is evidence that workers at Sg. Mas estate are improperly informed on proper management of HDPE containers. It was found at worker’s housing at both estates that several empty chemical containers were left in the open and being reused for purposes other than chemical containment.

2) Tunggal estate does not maintain inventory of chemical containers, as required the company’s procedure for identification and management of wastes (no. MR 5.3/2009)

3) Management of scheduled waste at mill needs to be improved to comply with the Environmental Quality (Scheduled Wastes) Regulations 2005, e.g.:
   - At Adela Mill, empty paint cans were left in open area at mill fertilizer bagging store

Corrective Action:

Adela mill provides specific container to schedule waste collection (SW409) such used paint can, it will be disposed regularly to approved waste collector (by DOE) specific training will be provided to all relevant workers.

Evidence of Corrective action:

1) It was confirmed through interviews that workers at Sg. Mas estate have been informed on proper...
management of HDPE containers. It was observed at worker’s housing at both estates that there are no longer empty chemical containers left in the open or being reused for purposes other than chemical containment.

2) Tunggal estate now maintains an inventory of chemical containers

3) No more empty paint cans were observed left in open area at mill fertilizer bagging store at Adela Mill.

Auditor Conclusions: Closed

**Criterion 5.4.2: Monitoring of fossil fuel use per ton of CPO or kW per tonne palm product (or FFB where the grower has no mill).**

**Non-conformance no. 14 of 16 (Minor non-conformity):**
There no specific action plans that has been established to improving the efficiency of fossil fuel consumption within all schemes, mills and land holdings.

**Corrective Action:**
All projects make campaign about saving of electrical and water consumption in the office. Diesel consumption for all operational transportation will be monitored and recorded on the log book. There will be investigation if found any over consumption

**Evidence of Corrective action:**
FELDA Adela complex provide planning document to reduce efficiency of fossil fuel consumption such as found at Sg. Mas has a documented plan for energy efficiency through continuous training on reducing usage of electricity and reduce of water for year 2013. There are also records of diesel consumption for all operational transportation recorded in a monitoring report log book and records of investigation of diesel over consumption from January to December 2012, and company’s target for year 2013 consumption.

Auditor Conclusions: Closed

**Criterion 6.5. SS Guidance: Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified. The Managers should educate the participants on legal obligations in employing workers on their plot/land.:**

**Non-conformance no. 15 of 16, 2011 (Minor non-conformity):**
There is no special labour policy available for migrant workers at Tunggal and Sg. Mas estates.

**Corrective Action:**
Special labour policy has been provided for migrant workers. Contract between migrat worker and FELDA has been made, evidence that foreign worker has been sign working agreement was provided through list of contracts receiver. Socialization of migrant worker policy will be conducted for every new migrant worker during enter they jobs.

**Evidence of Corrective action:**
Special labour policy already available for migrant workers at Tunggal and Sg. Mas estates. It is available at notification board in front of workers dormitory

Auditor Conclusions: Closed

**Criterion 6.8.1.: A publicly available equal opportunities policy.**
Non-conformance no. 16 of 16 (Major non-conformity):
There is no evidence that the company’s policy for equal opportunity has been publicly published at Adela estate and Kledang 2 estate so stakeholders are aware of the policy.

Corrective Action:
The policy has been publishing in RSPO information board in every project.

Evidence of Corrective action:
Felda’s equal opportunity policy; Doc. No: ML-1A/L2-PO10(0); Date issued: March 2012 was sighted posted on the notice boards. Interviews with the selected employees reveal that they were aware of the policy. Training opportunity is provided to all local and foreign employees including settlers.

Auditor Conclusions: Closed

3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

During this surveillance assessment, a total of 14 nonconformances were identified. These consisted of 2 major non-conformities and 12 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through checks of documents submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

<table>
<thead>
<tr>
<th>Criterion 2.1 (Major indicator 1) Evidence of compliance with relevant legal requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-conformance 2013-01 of 14  (Major non-conformity)</td>
</tr>
<tr>
<td>Procedures on compliance with relevant legal requirements were documented and evidence of compliance was evident. However the implementation of compliance were found short addressing the following:</td>
</tr>
<tr>
<td>1. Mill employee informed that workers occasionally work for two shifts due to second shift employee on leave. This is inconsistent with Employment Act 1955.</td>
</tr>
<tr>
<td>2. Deduction of wages from local employees for Great Eastern Insurance Scheme premium repayment and water and electricity usage exceeding the subsidized amount from foreign employee’s wages without approval from Labour Dept, as found on payment slips</td>
</tr>
<tr>
<td>3. Minimum wage of all estate workers was not implemented in accordance with National Minimum Wage Act year 2013, e.g. RM 800 plus as review on the payslip while in the regulation stated RM 900.</td>
</tr>
<tr>
<td><strong>Correction:</strong></td>
</tr>
<tr>
<td>Project: Adela Mill 1. Mill management should ensure our staffs are not working more than 12 hours per day in order to obey the Employment Act 1955 However.Mill management also have to make an agreement with the employee regarding this issue. This is to ensure all the employee alert or understand the rules inside Employment Act 1955.</td>
</tr>
<tr>
<td>Project: Adela Mill &amp; Schemes 2. All the deduction of wages from local employees included Great Eastern Insurance Scheme, water and electricity usage should have the approval from Labour Dept.</td>
</tr>
<tr>
<td>Project: All schemes 3. Minimum wage of all estate are implemented in Felda commencing March 2013. The evidence of</td>
</tr>
</tbody>
</table>
Surat Pekeliling Gaji TKA FELDA & Gaji Minimum Pekerja Ladang dan Kadar Upah 2013 enclosed.

**Corrective action:**

Project: Adela Mill

1) Mill management has ensured our staffs are not working more than 12 hours per day in order to obey the Employment Act 1955. However, there are certain case the employee can work more than 12 hours per day which is noticed in Circular letter no. 30 (Revision 1) no.6 “Requirements for Overtime, Working on Off Day and Public Holidays, circular no.30 (Amendment 1)” enclosed. Mill management also have make an agreement with the employee regarding this issue. This is to ensure all the employees alert or understand the rules inside Employment Act 1955. The agreement is enclosed.

2) All the deduction of wages from local employess included Great Eastern Insurance Scheme, water and electricity usage already have the approval from Labour Dept. The approval letter from Headquater of Labour Dept (16)dm.BSM.7/2/35/68 Bhg.1 dated 25 October 1996 and the Employee Wage Deduction Permit clearly state the type of deduction that can be deduct. The approval letter enclosed.

**Verification result:**

1. Adela mill provided a copy of a letter dated 6 January 2012 regarding overtime from the Labour Department of Johor, which stated that the department no longer issues overtime permits, but specifies certain requirements for overtime, including that workers are not allowed to work more than 12 hours a day except under certain conditions as specified under Section 60A(2) a, b, c, d and e of the Employment Act 1955, and there must be written agreement from the employees for overtime work. The mill provided evidence of written overtime agreement signed between company and employees regarding working more than 12 hours, and conditions under which overtime is done is in accordance with the requirements of the Employment Act 1955.

2. There is letter from the Labour Department dated 25 October 1996 reference no. (13) 010/HQ/840A/61 regarding permit for wages deduction, with an attachment which specific that Great Eastern Insurance is included in the list of items permitted to be deducted.

3. There is evidence of an internal memo issued on 26 March 2013 for all Felda schemes regarding requirement to implement the minimum wage by end of March 2013. Sample payment slips for workers submitted show the amount has fulfilled the minimum waged required by government i.e RM 900.

**Auditor Conclusions:** Closed

**Date of closure:** April 30, 2013

**Criterion 2.1. (Minor indicator 2) A documented system, which includes written information on legal requirements.**

**Non-conformance 2013-02 of 14 (Minor non-conformity)**

Sening estate has no documented system with written information on legal requirements, and no evidence of implementation of a mechanism to ensure they are implemented within the organization and by smallholders.

**Correction:**

The legal requirement will be documented and implementation as appointment officer for schemes in dealing with legal requirement.

**Corrective action:**

Felda scheme to appoint an officer as to monitor the legal requirement annually and communicate regularly with Felda Headquarters from legal department in assuring the legal requirement being updated accordingly.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of im-
Criterion 2.1 (Minor indicator 3) A mechanism for ensuring that they are implemented.

Non-conformance 2013-03 of 14 (Minor non-conformity)
Evaluation of compliance at the mill has been done for Safety, Health & Environmental relevant legal and other requirements as reviewed from Register Of Legal And Other Requirements FPI/L2/QOSHE – 2.1; Issue 0. However evaluation of compliance on the rest of the relevant legal requirements for e.g. on labour laws i.e. Employment Act 1955 was not yet conducted.

Correction:
Evaluation on the all relevant legal requirement will be done annually by mill’s appointed officer.

Corrective action:
The mill manager to ensure that the officer appointed to evaluate the relevant legal requirement conducts the evaluation by covering the other entire relevant legal requirement such as e.g. on labour laws i.e. Employment Act 1955.

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

Criterion 2.1. (Minor indicator 4) A system for tracking any changes in the law.

Non-conformance 2013-04 of 14 Minor non-conformity
There is evidence that mechanism or tracking system for identifying legal changes is poorly implemented. For example, Environmental Quality Act 1974 was revised in August 2012 and Solid Waste and Public Cleansing Management Act was gazetted in 2007, however these legal requirements were not included in the ‘List of Regulations and other RSPO Requirements’ dated 13/12/12.

Correction:
Project: Felda Tunggal & Kilang Adela

1) The scheme and mill will refer to Felda Headquarters on updating the revised acts and amended laws accordingly and being included inside the ‘List of Regulations and other RSPO Requirements’.

Corrective action:
Project: Felda Tunggal & Kilang Adela

1) Annual monitoring by mill’s manager and scheme’s manager to ensure that the legal requirement being updated and being implemented according to new amendments and revision of Malaysia Laws and Acts. Reference with the Felda Headquarters be made to update accordingly with the company’s policies.

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

Criterion 4.2.3 (Minor indicator 3) Monitor area on which EFB, POME and zero-burning replanting is applied.
## Non-conformance 2013-05 of 14 (Minor non-conformity)
EFB sighted in the field at Block 13 of Sg. Mas estate was applied in a row with two layers. This is not in compliance with Felda's Sustainable Estate Operational Manual for October 2007, which states that application shall be in 3 circles around each tree and in one layer

**Correction:**
- **Project:** Sg Mas
  1) In block 13 of Sg Mas, on next EFB application the implementation will be corrected in 3 circles around each tree and in one layer.

**Corrective action:**
- **Projek:** Sg Mas
  1) Scheme would conduct the EFB application record monitoring in 3 circles around each tree and in one layer for next EFB application. The mechanism was explained to smallholder during JKKK monthly meeting.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

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## Criterion 4.5.2 (Minor indicator 2) Monitoring extent of IPM implementation for major pests.

## Non-conformance 2013-06 of 14 (Minor non-conformity)
There is no SOP or work instruction for management of nettle caterpillar or bagworms which defines when census and at what rate of pest attacks (biological and chemical) are required to be conducted. At some estates, there was no records of census done to determine if rates of rat attacks are above 5% to justify usage of chemicals to manage these pests, as required in Felda's Sustainable Estate Operation Manual

**Correction:**
- **Project:** Kledang 2 & semua rancangan
  1) Reference with Felda Agricultural Services(R&D), on the SOP of nettle caterpillar or bagworms.
  2) The rat census will be done annually in determining the rat attacks are above 5% to justify usage of chemicals.

**Corrective action:**
- **Project:** Kledang 2 & semua rancangan
  1) Reference made with Felda Agricultural Services(R&D), there is still no SOP management of nettle caterpillar and bagworms but there is guideline in refer to "Crop Management Brochure" which is used as reference for Felda Group.
  2) Monitoring records on rat census by schemes’s management updated referring to guideline.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

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## Criterion 4.6.5 (Major indicator 5) Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).

## Non-conformance 2013-07 of 14 (Major non-conformity)
There is no evidence that annual medical surveillance for chemical levels in blood has been done annually for all plantation pesticide operators at all estates in accordance with the CHRA, which requires medical checks for exposure to chemicals Ecomax, Ally 20DF Herbicide and CSH paraquat. At Kledang 2 estate, last medical surveillance was done in year 2011.
Correction:
Project: Kledang 2 & all schemes
1) Medical Surveillance has been already done.

Corrective action:
Project: Kledang 2 & all schemes
1) The schemes manager to inform the Felda Technoplant of Johor Bahru region related to Medical Surveillance to be done before due 1 year.
2) Felda Technoplant of Johor Bahru region to make arrangement with the DOSH appointed clinic on Medical Surveillance checkup every year.

Verification Result:
The company provides evidence of medical surveillance for all plantation pesticide operators, the parameter checked during medical surveillance include chemical levels in blood. The test result showed that chemicals level for sprayer is normal. The workers still allowed to do spraying unless the chemical content in their blood is high level.

Auditor Conclusions: Closed
Date of closure: April 30, 2013

Criterion 4.7 (Minor indicator SS) Scheme and Group Managers should implement a health and safety plan for their organized smallholders that include agrochemical use and fire drills. The management should keep records of all accident and review them periodically. If records are not easily available, the management has to show evidence of measures adopted to seek such records.

Non-conformance 2013-08 of 14 (Minor non-conformity)
There are aspects of OSH which are not adequately implemented, i.e.:
1) Chemical sprayers at Kledang 2 and some schemes still bring their PPE home after work and there is no designated separate area for washing of sprayers PPE to reduce occurrence potential chemical contamination.
2) Some schemes have no updated safety and health plan for smallholders including agrochemical use and fire drills.

Correction:
Project: Kledang 2 & all schemes
1) Memo instruction to the chemical sprayers on the restriction of bringing PPE back to their hostel.
2) Refer to Felda Johor Bahru region on the designated separate area for washing of sprayers PPE.
3) The health and safety plan updated annually especially the training on agrochemical used and Fire Drill.

Corrective action:
Project: Kledang 2 & all schemes
1) Briefing to chemical sprayers on PPE usage and management.
2) Designated separate area for washing of sprayers PPE to be considered with small holder consultation.
3) Annual monitoring on plan and safety health by assistant manager updated with training record of Agrochemical Used and Fire Drill.

3) Memo to workers on PPE

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.
**Criterion 4.7 (Minor indicator SS) Scheme and Group Managers should implement a health and safety plan for their organized smallholders that include agrochemical use and fire drills. The management should keep records of all accident and review them periodically. If records are not easily available, the management has to show evidence of measures adopted to seek such records.**

**Non-conformance 2013-09 of 14 (Minor non-conformity)**

Found mandores and contractor’s lorry driver not having 1st aid kit at worksite and no evidence of training related to first aid being conducted for mandore, estate supervisor and workers involve with chemicals at worksites.

**Correction:**

**Correction:**

**Project:** Tunggal & Kledang

1) First aid kit given to mandore and loory driver. Letter of receiving, sign by them in evidence.
2) For next First aid training, both mandore and lorry driver to be included and attendance of training to be view.

**Corrective action:**

**Project:** Tunggal & Kledang

1) Memo by schemes management to mandore and lorry driver to carry first aid at working place.
2) The mandore and lorry driver to be included in the first aid training. Training record to be monitor annually.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

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**Criterion 4.8. (Minor indicator SS) The participants and registered workers on participants’ plots are provided adequate training and skills and this is documented. The trainings can be achieved through extension activities of growers, FFB dealers or mills that purchase fruit from them, or through collaboration with relevant government agencies.**

**Non-conformance 2013-10 of 14 (Minor non-conformity)**

The responsible persons for preparing the aspect impact assessment at all schemes was not well trained to conduct the assessment. This has been confirmed with discussion with the persons-in-charge that there is no proper training being done and seen from aspect impact assessments for some estates which were done incorrectly, stating occupational safety hazards and risks, instead of environmental related impacts.

**Correction:**

**Project:** Adela, Tunggal, Kledang

1) Person incharge on EIA will be send EIA training.
2) Correction on aspect impact assessments for some estates which were done incorrectly, stating occupational safety hazards and risks, instead of environmental related impacts.

**Corrective action:**

**Project:** Adela, Tunggal, Kledang

1) Consultation with Felda Johor Bahru region on EIA training on person incharge for schemes. Proceed with EIA training after the endorsement by Felda Felda Johor Bahru region.
2) EIA to be reviewed annually and correction to be as soon as possible.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

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**Criterion 5.3 (Minor indicator 2) Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.**
Non-conformance 2013-11 of 14 (Minor non-conformity)
Chemical mixing is done on a lorry and not accordance to the Environmental Management Plan which requires chemical mixing to be done at premix area before it can be used at the estate. At Adela estate, empty containers (paraquat) were seen at the roadside while on the way to the plantation.

**Correction:**
**Projek:** Adela, Tunggal, Kledang
1) Warning letter on prohibition of chemical mixing done on the lorry to the contractors and smallholders based on Environmental Management Plan and empty container (paraquat) left at the roadside.

**Corrective action:**
**Projek:** Adela, Tunggal, Kledang
1) Training and briefing of on chemical mixing and empty container storage to the contractors and smallholder to be included in training plan and organised yearly.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

---

**Criterion 5.5. (Minor indicator 3) No evidence of burning waste (including domestic waste).**

Non-conformance 2013-12 of 14 (Minor non-conformity)
Next to Sening estate chemical store, there was sighted an open area with rubbish and evidence of burning.

**Correction:**
**Project:** Sening
1) The warning signboard of no dumping and no burning of waste to be constructed near chemical store.

**Corrective action:**
**Project:** Sening
1) Provide garbage bin near workers housing
2) The warning signboard of no dumping inside the drains and no burning of waste on open land has been constructed.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

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**Criterion 6.1. (Minor indicator 3) A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.**

Non-conformance 2013-13 of 14 (Minor non-conformity)
No specific timetable for mitigation and monitoring of social impacts has been developed and there is no evidence of follow up done on the plan of impact mitigation and monitoring developed in the SIA.

**Correction:**
**Projek:** Sening
1) The person who responsible to develop the timetable of mitigation plan based on social impacts was assigned

**Corrective action:**
**Projek:** Sening
1) The scheme manager are responsible on the timetable of mitigation plan for social impacts and
assuring the person incharge in line with social impacts compliance.

Auditor Conclusions: Closed / Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Criterion 6.5 (Minor indicator 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.**

Non-conformance 2013-14 of 14  (Minor non-conformity)

FFB pickers sourced from contractor Massiah Enterprise Sdn. Bhd. were interviewed and found to have not received any copies of the employment contracts, pay slips and EPF and SOSCO benefits from the contractor. Adela mill has no system to ensure contractors comply with legal requirements

**Correction:**

Projek: KKS Adela
1) Letter send to contractor Massiah Enterprise in hand in the copies employment contracts, pay slips and EPF and SOSCO benefits to their employee and Adela mill for reference in complying with RSPO compliance.

**Corrective action:**

1) Mill management to appoint an officer whom responsible in monitoring the contractor’s employees welfare.

Auditor Conclusions: Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

### 3.4 Noteworthy Positive Components

**Criterion 6.1 (Minor indicator 1) A documented social impact assessment including records of meetings.**

**Findings:**

Social Impact assessment data complied includes the statistics for e.g. in terms age range, race / ethnic group and wage range.

**Criterion 6.11 (Minor indicator 1) Demonstrable contributions to local development that are based on the results of consultation with local communities.**

**Findings:**

MPOB incentives given to settlers as token of appreciation on meeting the replanting scheme program requirement.

**Criterion 8.1. (Major indicator 4) Pollution prevention plans (C5.6)**

**Findings:**

The mills no longer carries out incineration of EFB and all EFB is required to be used for application at estates. The complex is reminded to ensure this plan is implemented accordingly to ensure all EFB is recycled to the field.
3.5 Issues Raised by Stakeholders and Findings Pertaining to Issues
   Issues raised has been incorporated on the section 3.1, Principle 6.

4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit
   The next surveillance visit is planned for March 10, 2014

4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client
   It is acknowledged that the assessment visit was carried out as described in this report and we accept the assessment findings and report content.

Signed on behalf of FELDA

Signed on behalf of TUV Rheinland Malaysia

Name: Norazam Abdul Hameed
Position: General Manager
Date: 07/11/2013

Dian S. Soeminta
Lead Auditor
Date: August 26, 2013

QMF: RSPO-007b-11
APPENDICES

Appendix 1: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD</td>
<td>Biological Oxygen Demand</td>
</tr>
<tr>
<td>CHRA</td>
<td>Chemical Health Risk Assessment</td>
</tr>
<tr>
<td>CPL</td>
<td>Classification, Packaging and Labelling</td>
</tr>
<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
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<tr>
<td>CSDS</td>
<td>Chemical Safety Data Sheet</td>
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<tr>
<td>DOE</td>
<td>Department of Environment</td>
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<tr>
<td>DOSH/ JKKP</td>
<td>Department of Occupational Safety and Health/ Jabatan Keselamatan dan Kesihatan Pekerja</td>
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<tr>
<td>EFB</td>
<td>Empty Fruit Bunches</td>
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<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>ERTs</td>
<td>Endangered, Rare &amp; Threatened species</td>
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<tr>
<td>ESH</td>
<td>Environmental Safety &amp; Health</td>
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<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
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<tr>
<td>FOMEMA</td>
<td>Foreign Workers Medical Screening</td>
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<tr>
<td>FPISB</td>
<td>FELDA Palm Industries Sdn. Bhd.</td>
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<tr>
<td>FPSB</td>
<td>Felda Plantation Sdn. Bhd</td>
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<tr>
<td>FTSB</td>
<td>Felda Technoplant Sdn. Bhd</td>
</tr>
<tr>
<td>GPW</td>
<td>Gerakan Persatuan Wanita / United Women’s Movement</td>
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<tr>
<td>HCV</td>
<td>High Conservation Value</td>
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<tr>
<td>HIRARC</td>
<td>Hazard Identification, Risk Assessment and Risk Control</td>
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<tr>
<td>HQ</td>
<td>Headquarters</td>
</tr>
<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>JCC</td>
<td>Joint Consultative Council</td>
</tr>
<tr>
<td>JKKR</td>
<td>Jawatan Kuasa Kemajuan Rancangan (Plan Development Committee)</td>
</tr>
<tr>
<td>KER</td>
<td>Kernel Extraction Rate</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheets</td>
</tr>
<tr>
<td>MBFM</td>
<td>Majlis Belia Felda Malaysia (Felda Malaysia’ Youth Council)</td>
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<tr>
<td>MPOB</td>
<td>Malaysian Palm Oil Board</td>
</tr>
<tr>
<td>NCR</td>
<td>Nonconformity report</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>OER</td>
<td>Oil Extraction Rate</td>
</tr>
<tr>
<td>OSH</td>
<td>Occupational Safety &amp; Health</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>RKL</td>
<td>Rencana Pengelolaan Lingkungan (Environmental Management Plan)</td>
</tr>
<tr>
<td>RPL</td>
<td>Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)</td>
</tr>
<tr>
<td>SIA</td>
<td>Social Impact Assessment</td>
</tr>
<tr>
<td>SOCSO</td>
<td>Social Security Organization</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>UKL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>UPL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
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</table>
Appendix 2: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution / Position</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mawardi</td>
<td>Sg. Mas estate harvester</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Sasan</td>
<td>Sg. Mas estate smallholder</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Samid</td>
<td>Sg. Mas estate sprayer</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Hairul</td>
<td>Sg. Mas estate sprayer</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Zulhaq</td>
<td>Sg. Mas estate sprayer</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Norazli</td>
<td>Sg. Mas estate field driver</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Sani</td>
<td>Sg. Mas estate manuring mandore &amp; smallholder</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Sofuan Hartono</td>
<td>Sg. Mas estate manurer</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Herman Filani</td>
<td>Sg. Mas estate manurer</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Jumadi</td>
<td>Sg. Mas estate manurer</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Suhairi</td>
<td>Kledang 2 estate harvester</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Marjun</td>
<td>Kledang 2 estate harvester</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Edi Hartono</td>
<td>Kledang 2 estate harvester</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Rahim</td>
<td>Kledang 2 estate harvester</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Azri</td>
<td>Kledang 2 estate sprayers mandore</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Mahsiah</td>
<td>Adela mill contractor for FBB sortation</td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Armadi</td>
<td>Boiler chargemen head</td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Mr. Bidin</td>
<td>Sungai Mas Manager</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Mr. Abdul Jaid</td>
<td>Sungai Mas Scheme Manager</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Mr. Izan</td>
<td>Sungai Mas Supervisor</td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Mr. Sazali Kahar</td>
<td>Sungai Mas – Asst Chairman Reprensenting the Settler</td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Pn Nurul</td>
<td>Sungai Mas – Chairman for Women</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Mr. Nordin</td>
<td>Sening Scheme Manager</td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Mr. Zakaria</td>
<td>Kledang 2 Scheme Manager</td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Mr. Ramlan</td>
<td>Adela Mill – Coordinator</td>
<td></td>
</tr>
</tbody>
</table>

Appendix 3: Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Observations / Opportunities for Improvement</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Evaluation of compliance to be further reviewed to reflect changes in relevant employment laws for e.g. Employment Law (Amendment) Act 2012 and Children and Young Persons Act (As of December 2011).</td>
<td>2.1</td>
</tr>
<tr>
<td>2.</td>
<td>Evaluation of compliance to be further enhanced in reviewing the rest of each of the relevant sections and regulations of main legislation which is compiled to.</td>
<td>2.1</td>
</tr>
<tr>
<td>3.</td>
<td>All mills and estates have to monitor progress of land grants/land titles issued by the government.</td>
<td>2.2</td>
</tr>
<tr>
<td>4.</td>
<td>At Kledang 2 estate, there is no regular census conducted for pest attacks, monitoring is only done visually.</td>
<td>4.5</td>
</tr>
<tr>
<td>5.</td>
<td>The scheme smallholder estates have yet to identify a suitable alternative to replace usage of paraquat, which is agreeable with the smallholders. Paraquat (Class 1b) were found actively used from the estate</td>
<td>4.6</td>
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<td></td>
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<td>---</td>
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<tr>
<td>6</td>
<td>Control measures for most identified risks at Adela mill was stated to be as per SOP, however there is evidence that SOPs do not all define safety measures for all activities, e.g. for despatch area there is no instruction in SOPs regarding how to prevent slipping and falling, although this is identified as a risk and control measure is stated to be as per SOP.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>PPE Issuance Record (‘Rekod Pengeluaran Barang PPE’) used to control issuance related to PPE but there is no evidence of PPE received by the respective workers.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>For accident that occurred to workers who fell at despatch area in May 2012, Adela mill is reminded to follow up on the insurance claims</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sg. Mas estate does not maintain additional documentation of fire trainings performed other than photos.</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Some documents reviewed were not completely filled up with issued date and approval e.g. Env Management Plan, Aspect Impact Assessment.</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Waste management handling in the foreign employee’s hostel to be further enhanced to consider on cleaning possible areas where mosquitoes could breed.</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Follow-up on the application of government permit on deduction from foreign employee’s wages for usage of water was not yet conducted.</td>
<td></td>
</tr>
</tbody>
</table>