Roundtable on Sustainable Palm Oil
Annual Surveillance Audit Report

Report no.: ASA3_14015

Surveillance assessment against the
RSPO Principles & Criteria Malaysia NI (MY-NI) year 2010 including smallholder NI (with reference
to RSPO P&C Malaysia NI year 2014) & RSPO SCCS, Nov 2014

Felda Global Ventures Plantations (Malaysia) Sdn. Bhd.

Lok Heng Palm Oil Mill
Kota Tinggi, Johor, Malaysia

Date of assessment: 04 to 06 March 2015

Report prepared by:
Hendra Fachrurozy
(RSPO Lead Auditor)

Certification decision by:
Abdul Qohar
(Director of TUV Rheinland Indonesia)

Certification Body:
PT TUV Rheinland Indonesia
Menara Karya, 10th Floor
Jl. H.R. Rasuna Said Block X-5 Kav.1-2
Jakarta 12950, Indonesia
Tel: +62 21 57944579
Fax: +62 21 57944575
www.tuv.com/id
# TABLE OF CONTENTS

## 1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

1.1 National Interpretation Used................................................................. 3
1.2 Type of Assessment................................................................................... 3
1.3 Certification Details.................................................................................. 3
1.4 Location and Maps................................................................................... 3
1.5 Organizational Information / Contact Person............................................... 6
1.6 Description of Supply Base....................................................................... 6
1.7 Actual production volumes, tonnages and projected outputs....................... 7
1.8 Dates of Plantings and Replanting Cycles................................................ 7
1.9 Area of Plantation (Total, Planted and Mature).......................................... 8
1.10 Progress against Time Bound Plan.......................................................... 9
1.11 Compliance to Rules for Partial Certification.......................................... 11
1.12 Progress of associated smallholders or out growers towards RSPO compliance 12
1.13 (Revised) Approximate Tonnages Certified........................................... 12
1.14 Chronology of suspension of RSPO Certificate of FELDA Adela Mill and Withholding of Certification of Non-certified Management Units........................................ 12
1.15 Approval for certification........................................................................ 12
1.16 Date of next surveillance visit................................................................. 13

## 2.0 ASSESSMENT PROCESS

2.1 Certification Body.................................................................................... 14
2.2 Qualifications of Lead Assessor and Assessment Team............................. 14
2.3 Assessment Methodology & Agenda......................................................... 15

## 3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings............................................................................... 18
3.2 Status of Previously Identified Non-conformities....................................... 38
3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions................................................................. 49
3.4 Noteworthy Positive Components............................................................ 71
3.5 Issues Raised by Stakeholders and Findings Pertaining to Issues................. 72

## 4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client................................................................. 73

## APPENDICES

Appendix 1: Revised RSPO Certificate............................................................ 74
Appendix 3: List of Stakeholders Interviewed and Contacted............................ 78
Appendix 4: Observations and Opportunities for Improvement.......................... 79
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 RSPO P&C Malaysia NI year 2010 (with reference to the RSPO P&C Malaysia-NI 2014) & RSPO Supply Chain Certification Standard, November 2014. As per the RSPO announcement dated 12 March 2015, the RSPO P&C Malaysia-NI 2014 was compulsory to be used for all audits and ASAs within Malaysian from 1st May 2015 onwards. The date of this annual surveillance audit was prior to this date.

Any non-compliance found against the MY-NI 2014 was raised as an observation and compliance will be evaluated during the next annual surveillance audit.

1.2 Type of Assessment

The annual surveillance audit was carried out on one mill and 4 smallholder scheme (Papan Timur estate, Lok Heng Timur estate, Lok Heng Barat estate and Lok Heng Selatan estate), under FELDA owned by FELDA Palm Industries Sdn. Bhd. The date of certification of this unit was 2012-04-16.

1.3 Certification Details

The details of RSPO certification of Lok Heng Mill are as per the table below.

Table 1: RSPO Certification details of Lok Heng Mill

<table>
<thead>
<tr>
<th>RSPO Membership no.:</th>
<th>1-0013-04-000-00 on behalf FELDA since October 17, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Certificate no.:</td>
<td>824 502 14015 (Replaces previous certificate no. 18501694 001)</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity:</td>
<td>2012-04-16 until 2017-04-15</td>
</tr>
<tr>
<td>Date of certification audit:</td>
<td>21 - 26 March 2011</td>
</tr>
<tr>
<td>Date of previous surveillance audit:</td>
<td>16 to 21 February 2014</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity (if applicable):</td>
<td>Validity of revised certificate remains the same as the initial certificate issued</td>
</tr>
<tr>
<td>CPO tonnages claimed:</td>
<td>24,609 Tones</td>
</tr>
<tr>
<td>PK tonnages claimed:</td>
<td>6,589 Tones</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>
</tr>
</thead>
<tbody>
<tr>
<td>Lok Heng Palm Oil Mill</td>
<td>P.O. Box 55, 81907 Kota Tinggi, Johor</td>
<td>1° 41’15”N 104° 07’ 19”E</td>
</tr>
<tr>
<td>Lok Heng Timur</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°41’58.6”N 104°06’38.7”E</td>
</tr>
<tr>
<td>Lok Heng Barat</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°42’03.7”N 104°06’36.2”E</td>
</tr>
<tr>
<td>Lok Heng Selatan</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°43’49.5”N 104°05’52.4”E</td>
</tr>
<tr>
<td>Papan Timur</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°36’45.6”N 104°19’09.1”E</td>
</tr>
</tbody>
</table>
Figure 1: Location of Felda Lok Heng Complex in Peninsular Malaysia
Figure 2: Locations of FELDA Lok Heng estates within the state of Johor, Malaysia
1.5 Organizational Information / Contact Person

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>FELDA (Lok Heng Mill)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>Lok Heng Palm Oil Mill, P.O. Box 55, 81907, Bandar Penawar, Kota Tinggi, Johor, Malaysia</td>
</tr>
<tr>
<td>Head office:</td>
<td>Felda Global Ventures Plantations (M) Sdn Bhd Tingkat 8, Balai Felda, Jalan Gurney, 54000 Kuala Lumpur</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. FGVPM (Felda Global Ventures Plantations Malaysia Sdn. Bhd) consisting of FELDA’s owned commercial oil palm plantation.
3. FTPSB (Felda Technoplant Sdn Bhd), 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 out growers
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

Table 3: FFB Supply Information for Lok Heng Mill year 2014

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tones</td>
</tr>
<tr>
<td>I. FELDA Scheme:</td>
<td></td>
</tr>
<tr>
<td>FELDA*</td>
<td>44,426.34</td>
</tr>
<tr>
<td>FTPSB*</td>
<td>81,865.38</td>
</tr>
<tr>
<td>FGVPM (Kledang 2 estate)*</td>
<td>2,056.96</td>
</tr>
<tr>
<td>Sub Total I</td>
<td>128,348.68</td>
</tr>
<tr>
<td>II. Out growers:</td>
<td></td>
</tr>
<tr>
<td>Dealer</td>
<td>42,653.14</td>
</tr>
<tr>
<td>Other estates</td>
<td>10,617.39</td>
</tr>
<tr>
<td>Independent out growers</td>
<td>8.63</td>
</tr>
<tr>
<td>Sub Total II</td>
<td>53,279.16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>181,627.84</td>
</tr>
</tbody>
</table>

Note:
*) Only tonnages supplied from FELDA scheme and FTPSB (Felda Techno Plant Sdn Bhd) are included in the certification scope. FGVPM exclude in the certification scope as FFB certified because it has included in the certification scope from other mill.
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 Lok Heng Mill

<table>
<thead>
<tr>
<th></th>
<th>Amount (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CPO</td>
</tr>
<tr>
<td>Certified tonnages claimed*</td>
<td>24,609.00</td>
</tr>
<tr>
<td>Total product tonnages sold**</td>
<td>39,477.57</td>
</tr>
<tr>
<td>Certified product tonnage sold through Greenpalm (January to December 2014)</td>
<td>12,000.00</td>
</tr>
<tr>
<td>Certified tonnages purchased</td>
<td>-</td>
</tr>
<tr>
<td>Actual OER and KER for year 2014 (%)</td>
<td>20.79</td>
</tr>
<tr>
<td>Total Actual Production year 2014 (tonnes)</td>
<td>37,200.56</td>
</tr>
<tr>
<td>Actual certified production year 2014 (tonnes)</td>
<td>25,063.38</td>
</tr>
<tr>
<td>Projected OER and KER for year 2015 (%)</td>
<td>20.54</td>
</tr>
<tr>
<td>Projected output for year 2015**</td>
<td>39,763.39</td>
</tr>
</tbody>
</table>

Note:
* Based on projected certified FFB output, OER and KER for year 2015. See Section 1.13 for explanation on calculation of certified tonnages.
** Data from January to December year 2014, includes amount sold from remaining stock from production in year 2013; open stock as per 1 January 2014 i.e CPO : 2,527.88 mt and PK : 119 mt.
***) Based on projected FFB processed in year 2015: 119,810 mt

1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 30 years (average). As inform per the table below.

Table 5: Age and year of plantings of company estate supplying to Lok Heng 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>Lok Heng Barat (Scheme)</td>
<td>672.09</td>
<td>1,281.13</td>
</tr>
<tr>
<td>Lok Heng Timur (Scheme)</td>
<td>1,177.10</td>
<td>1,157.10</td>
</tr>
<tr>
<td>Lok Heng Selatan (Scheme)</td>
<td>310.98</td>
<td>1,421.00</td>
</tr>
<tr>
<td>Papan Timur (Scheme)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>2,160.17</td>
<td>3,859.23</td>
</tr>
</tbody>
</table>
Table 6: Planned and actual oil palm replanting activities for Lok Heng Complex

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total planned area (Ha)</th>
<th>Total planned area replanted (Ha)</th>
<th>Year/Ha</th>
<th>Actual total area replanted (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lok Heng Barat</td>
<td>357.08</td>
<td>-</td>
<td>357.08</td>
<td>357.08</td>
</tr>
<tr>
<td>Lok Heng Timur</td>
<td>1177.1</td>
<td>-</td>
<td>1177.1</td>
<td>1177.1</td>
</tr>
<tr>
<td>Lok Heng Selatan</td>
<td>310.98</td>
<td>-</td>
<td>310.98</td>
<td>310.98</td>
</tr>
<tr>
<td>Papan Timur</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</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 FELDA-Lok Heng 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 (Tones)</th>
<th>Average yield/ha*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lok Heng Barat</td>
<td>2,107.94</td>
<td>1,953.22</td>
<td>1,596.14</td>
<td>357.08</td>
<td>27,900.27</td>
<td>17.48</td>
</tr>
<tr>
<td>Lok Heng Timur</td>
<td>2,875.06</td>
<td>2,334.2</td>
<td>1,157.10</td>
<td>1,177.10</td>
<td>19,361.84</td>
<td>16.73</td>
</tr>
<tr>
<td>Lok Heng Selatan</td>
<td>1,834.98</td>
<td>1,731.98</td>
<td>1,421.00</td>
<td>310.98</td>
<td>24,551.84</td>
<td>17.28</td>
</tr>
<tr>
<td>Papan Timur</td>
<td>2,447.64</td>
<td>2,176.30</td>
<td>2,176.30</td>
<td>0.00</td>
<td>54,477.77</td>
<td>25.03</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,265.62</td>
<td>8,195.70</td>
<td>6,350.54</td>
<td>1,845.16</td>
<td>126,291.72</td>
<td>19.13</td>
</tr>
</tbody>
</table>

* Company data on average yield per ha is calculated over mature area of each estate.

Table 8: Land use data for FELDA-Lok Heng Complex

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (Ha)</th>
<th>Rubber Planted 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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Housing</td>
</tr>
<tr>
<td>Lok Heng Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other Land Use</td>
</tr>
<tr>
<td>Lok Heng Barat</td>
<td>2,107.94</td>
<td>-</td>
<td>1,953.22</td>
<td>-</td>
<td>154.72</td>
</tr>
<tr>
<td>Lok Heng Timur</td>
<td>2,875.057</td>
<td>-</td>
<td>2,334.2</td>
<td>-</td>
<td>452.41</td>
</tr>
<tr>
<td>Lok Heng Selatan</td>
<td>1,834.498</td>
<td>-</td>
<td>1,731.98</td>
<td>-</td>
<td>103.00</td>
</tr>
<tr>
<td>Papan Timur</td>
<td>2,447.64</td>
<td>108.05</td>
<td>2,176.30</td>
<td>-</td>
<td>163.29</td>
</tr>
</tbody>
</table>
1.10 Progress against Time Bound Plan

The following is FELDA’s listed of certified units to date and time bound plan at time of 3rd surveillance audit of Lok Heng palm oil mill and complex.

Table 9: Felda Management Units which have to audited and certified to date

<table>
<thead>
<tr>
<th>No.</th>
<th>Complex</th>
<th>Date of Audit</th>
<th>Date of Certification</th>
<th>Certificate expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>WaHa</td>
<td>21/02/2011</td>
<td>31/05/2012</td>
<td>30/05/2017</td>
</tr>
<tr>
<td>6.</td>
<td>WaHa</td>
<td>21/02/2011</td>
<td>31/05/2012</td>
<td>30/05/2017</td>
</tr>
<tr>
<td>7.</td>
<td>Adela</td>
<td>21/03/2011</td>
<td>16/04/2012</td>
<td>15/04/2017</td>
</tr>
<tr>
<td>8.</td>
<td>LokHeng</td>
<td>21/03/2011</td>
<td>16/04/2012</td>
<td>15/04/2017</td>
</tr>
<tr>
<td>9.</td>
<td>Jengka 3</td>
<td>28/03/2011</td>
<td>13/12/2012</td>
<td>12/12/2017</td>
</tr>
<tr>
<td>10.</td>
<td>Jengka 8</td>
<td>28/03/2011</td>
<td>13/12/2012</td>
<td>12/12/2017</td>
</tr>
<tr>
<td>11.</td>
<td>Padang Piol</td>
<td>28/03/2011</td>
<td>13/12/2012</td>
<td>12/12/2017</td>
</tr>
<tr>
<td>12.</td>
<td>Semenchu</td>
<td>06/06/2011</td>
<td>25/07/2012</td>
<td>24/07/2017</td>
</tr>
<tr>
<td>14.</td>
<td>Jengka 21</td>
<td>09/07/2011</td>
<td>14/01/2013</td>
<td>13/01/2018</td>
</tr>
<tr>
<td>15.</td>
<td>Jengka 18</td>
<td>13/07/2011</td>
<td>16/01/2013</td>
<td>12/01/2018</td>
</tr>
<tr>
<td>16.</td>
<td>Bukit Mendi</td>
<td>19/10/2011</td>
<td>05/12/2012</td>
<td>04/12/2017</td>
</tr>
<tr>
<td>17.</td>
<td>Kemasul</td>
<td>19/12/2011</td>
<td>20/12/2012</td>
<td>19/12/2017</td>
</tr>
<tr>
<td>18.</td>
<td>Tementi</td>
<td>19/12/2011</td>
<td>09/09/2013</td>
<td>08/09/2018</td>
</tr>
<tr>
<td>19.</td>
<td>Triang</td>
<td>19/12/2011</td>
<td>15/10/2012</td>
<td>14/10/2017</td>
</tr>
<tr>
<td>20.</td>
<td>Bukit Kepayang</td>
<td>27/12/2011</td>
<td>07/01/2013</td>
<td>06/01/2018</td>
</tr>
<tr>
<td>21.</td>
<td>Bukit Besar</td>
<td>03/12/2012</td>
<td>28/03/2014</td>
<td>27/03/2019</td>
</tr>
<tr>
<td>22.</td>
<td>Kulai</td>
<td>05/12/2012</td>
<td>14/04/2014</td>
<td>13/04/2019</td>
</tr>
<tr>
<td>23.</td>
<td>Penggelgi</td>
<td>06/12/2012</td>
<td>14/04/2014</td>
<td>13/04/2019</td>
</tr>
<tr>
<td>24.</td>
<td>Beliton</td>
<td>10/12/2012</td>
<td>13/06/2014</td>
<td>12/06/2019</td>
</tr>
<tr>
<td>25.</td>
<td>KaHang</td>
<td>12/12/2012</td>
<td>13/06/2014</td>
<td>12/06/2019</td>
</tr>
<tr>
<td>26.</td>
<td>Nitar</td>
<td>17/12/2012</td>
<td>13/06/2014</td>
<td>12/06/2019</td>
</tr>
<tr>
<td>27.</td>
<td>Lepar Hilir</td>
<td>18/12/2012</td>
<td>14/04/2014</td>
<td>13/04/2019</td>
</tr>
<tr>
<td>28.</td>
<td>Bukit Sagu</td>
<td>20/12/2012</td>
<td>12/02/2014</td>
<td>11/02/2019</td>
</tr>
<tr>
<td>29.</td>
<td>Fajar Harapan</td>
<td>21/10/2013</td>
<td>27/02/2014</td>
<td>26/02/2019</td>
</tr>
<tr>
<td>30.</td>
<td>Baiduri Ayu</td>
<td>21/10/2013</td>
<td>14/04/2014</td>
<td>13/04/2019</td>
</tr>
<tr>
<td>31.</td>
<td>Lancang Kemudi</td>
<td>06/05/2014</td>
<td>03/10/2014</td>
<td>02/10/2019</td>
</tr>
<tr>
<td>33.</td>
<td>Hamparan Badai</td>
<td>11/08/2014</td>
<td>04/12/2014</td>
<td>03/12/2019</td>
</tr>
<tr>
<td>34.</td>
<td>Besout</td>
<td>11/08/2014</td>
<td>22/12/2014</td>
<td>21/12/2019</td>
</tr>
<tr>
<td>35.</td>
<td>Nilam Permata</td>
<td>18/08/2014</td>
<td>04/12/2014</td>
<td>03/12/2019</td>
</tr>
<tr>
<td>36.</td>
<td>Krau</td>
<td>02/09/2014</td>
<td>02/10/2015</td>
<td>01/10/2020</td>
</tr>
<tr>
<td>37.</td>
<td>Neram</td>
<td>07/09/2014</td>
<td>15/10/2015</td>
<td>14/10/2020</td>
</tr>
<tr>
<td>38.</td>
<td>Trolak</td>
<td>09/09/2014</td>
<td>20/12/2014</td>
<td>19/12/2019</td>
</tr>
<tr>
<td>40.</td>
<td>Keratong 2</td>
<td>22/09/2014</td>
<td>05/01/2015</td>
<td>04/01/2020</td>
</tr>
<tr>
<td>41.</td>
<td>Selancar 2B</td>
<td>22/09/2014</td>
<td>09/01/2015</td>
<td>08/01/2020</td>
</tr>
<tr>
<td>42.</td>
<td>Sq. Tengi</td>
<td>29/09/2014</td>
<td>04/12/2014</td>
<td>03/12/2019</td>
</tr>
<tr>
<td>43.</td>
<td>Mempaga</td>
<td>29/09/2014</td>
<td>16/02/2015</td>
<td>15/02/2020</td>
</tr>
<tr>
<td>44.</td>
<td>Serting</td>
<td>29/09/2014</td>
<td>09/10/2015</td>
<td>08/10/2020</td>
</tr>
<tr>
<td>45.</td>
<td>Pasoh</td>
<td>29/09/2014</td>
<td>01/07/2015</td>
<td>30/06/2020</td>
</tr>
<tr>
<td>46.</td>
<td>Selancar 2A</td>
<td>13/10/2014</td>
<td>24/04/2015</td>
<td>23/04/2020</td>
</tr>
<tr>
<td>47.</td>
<td>Keratong 3</td>
<td>17/10/2014</td>
<td>01/07/2015</td>
<td>30/06/2020</td>
</tr>
<tr>
<td>48.</td>
<td>Kerteh</td>
<td>26/10/2014</td>
<td>01/09/2015</td>
<td>31/08/2020</td>
</tr>
<tr>
<td>49.</td>
<td>Jerangau Barat</td>
<td>03/11/2014</td>
<td>23/02/2015</td>
<td>22/02/2020</td>
</tr>
</tbody>
</table>
Table 10: Original time bound plan for certification of all Felda’s Management Units

<table>
<thead>
<tr>
<th>No.</th>
<th>Complex</th>
<th>Date of Audit</th>
<th>Date of Certification</th>
<th>Certificate expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>50.</td>
<td>Jerangau Baru</td>
<td>03/11/2014</td>
<td>24/02/2015</td>
<td>23/02/2020</td>
</tr>
<tr>
<td>51.</td>
<td>KemaHang</td>
<td>06/04/2015</td>
<td>28/07/2015</td>
<td>27/07/2020</td>
</tr>
<tr>
<td>52.</td>
<td>Aring A</td>
<td>20/04/2015</td>
<td>25/09/2015</td>
<td>24/09/2020</td>
</tr>
<tr>
<td>53.</td>
<td>Felda Segamat</td>
<td>08/06/2015</td>
<td>13/06/2012</td>
<td>12/06/2017</td>
</tr>
<tr>
<td>54.</td>
<td>Embara Budi</td>
<td>15/06/2015</td>
<td>21/08/2014</td>
<td>20/06/2019</td>
</tr>
<tr>
<td>55.</td>
<td>Kalabakan</td>
<td>17/08/2015</td>
<td>07/10/2015</td>
<td>06/10/2019</td>
</tr>
<tr>
<td>56.</td>
<td>Umas</td>
<td>17/08/2015</td>
<td>30/10/2014</td>
<td>29/10/2019</td>
</tr>
</tbody>
</table>

Table 11: Revised time bound plan in year 2015*

<table>
<thead>
<tr>
<th>No</th>
<th>Mill complexes to be audited in the respective year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>K. Gelanggi</td>
</tr>
<tr>
<td>2</td>
<td>L. Utara 6</td>
</tr>
<tr>
<td>3</td>
<td>Jengka 8</td>
</tr>
<tr>
<td>4</td>
<td>Lepar Utara 4</td>
</tr>
<tr>
<td>5</td>
<td>Jengka 18</td>
</tr>
<tr>
<td>6</td>
<td>Padang Piol</td>
</tr>
<tr>
<td>7</td>
<td>Kemasul</td>
</tr>
<tr>
<td>8</td>
<td>Tementi</td>
</tr>
<tr>
<td>9</td>
<td>Triang</td>
</tr>
<tr>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>
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 “Unassessed Management Units for RSPO Self-Assessment” issued by TUV Rheinland. A summary of findings is as stated below:

<table>
<thead>
<tr>
<th>Partial Certification Requirements</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The parent organization or one of its majorities 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 time bound plan is as stated under Section 1.10 above</td>
</tr>
</tbody>
</table>
Partial Certification Requirements | Audit Findings
--- | ---
(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 | As found during the previous surveillance audit, 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. The NPP notification letter is available on the RSPO website and dated on January 09, 2013 signed by RSPO team leader and Citra Niaga General Manager. No other cases of replacement of primary forests or HCV areas were found being carried out by Felda since then.

(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. | There is no identified land conflict in all FELDA’s certified management unit and uncertified management unit.

(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3. | There is no identified labor dispute in all FELDA’s certified management unit and un certified management unit.

(h) Legal non-compliance, if any, is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2. | Some legal noncompliance as stated on the NCR below.

1.12 Progress of associated smallholders or out growers towards RSPO compliance

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

1.13 (Revised) Approximate Tonnages Certified

The approximate tonnages certified, based on projection in year 2015 for FELDA scheme and FTPSB only (projection of FFB production year 2015 are 119,810 mt with extraction rate are 20.54% (OER) and 5.50% (KER)) are as follows:

- Crude Palm Oil (CPO) : 24,609 Tones
- Palm Kernel (PK) : 6,589 Tones

1.14 Chronology of suspension of RSPO Certificate of FELDA Adela Mill and Withholding of Certification of Non-certified Management Units

PT TUV Rheinland Indonesia issued a suspension letter dated on May 9, 2015 for FELDA Adela Mill which had previously been RSPO certified. The suspension was issued due there are 5 (five) major non-conformities were not successfully closed. In accordance with the RSPO requirements, evidence of closure of the open Major non-compliance must be furnished within a further 60 days. The deadline for submission of evidence is 3 July 2015. Audit team has conducted verification of 5 major non-conformities in headquarter dated on July 3, 2015. Results of verification are all non-conformities were closed.

1.15 Approval for certification

The audit team has confirmed that Adela mill of FELDA and its supplying estate and smallholder schemes continues to maintain an effective system to ensure compliance with the RSPO Principles and Criteria. The audit team has confirmed through the audit process that the company’s practices complies with, adequately maintains,
and implements the requirements of RSPO P & C Malaysian NI year 2010, including smallholder NI (with reference to Draft RSPO P&C Malaysian NI year 2015) and RSPO Supply Chain Certification Standard: November 2014.

TÜV Rheinland Indonesia approves that FELDA - Adela Palm Oil Mill maintains their certification as a producer of RSPO Certified Sustainable Palm Oil.

1. 16 Date of next surveillance visit

The next surveillance visit is planned for February 2016.
2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT TUV Rheinland Indonesia 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 500 locations in 65 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SÀ 8000, RSPO (RSPO-ACC-013) and ISPO (LS-P&K-005-ISPO). PT TUV Rheinland Indonesia office is located in Jakarta, Indonesia.

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) Carol Ng (Environment & Best Practices)
2) Azizan bin Zakaria (Environment & Legal)
3) Yusof Nizar (OSH & Legal)

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>
| Hendra Fachrurrozy    | Lead Auditor                    | **Education:** Bachelor’s Degree in Forestry - Bogor Agriculture Institute, Indonesia, (1995 to 2000).  
                           |                                  | **Working experience:** Experienced as Junior Consultant at PT Surveyor Indonesia (2002 s/d 2010), assessor for SFM –mandatory (PHPL & PHTL), assessor for industry performance assessment (IPHHK)-mandatory, auditor for Timber Legality of Verification, auditor for SMK3, auditor for QMS and EMS and auditor for RSPO & ISPO at TUV Rheinland Indonesia. |
| Dr. Savinder Gill      | Auditor (Social, HCV & Land is-  
                           | **Education:** Bachelor of Engineering (Hons) (Civil Engineering), Universiti Sains Malaysia (1999); Master of Science in Highway and Transportation Engineering, Universiti Sains Malaysia (2000) and Ph.D. in Environment & Resource Studies, Mahidol University, THailand (2008).  
                           |                                  | **Trainings attended:** November 2010: Auditor’s Training Course on the Malaysian Criteria and Indicators 2002 (Malaysian Timber Certification Council); May 2012: Auditor’s Training Course on the Malaysian Criteria and Indicators (Natural Forest) (Malaysian Timber Certification Council); September 2012: Lead Auditor’s Training Course for Roundtable on Sustainable Palm Oil (RSPO) (Proforest and WildAsia); November 2012: ISO 14001 Lead Auditor’s Training Course (by SGS (M) Sdn. Bhd.).  
                           |                                  | **Working experience:** Worked as a consultant/project highway and transportation engineer from 2000-2004 (Maunsell Sharma & Zakaria and Scott Wilson Pavement Engineering Sdn.Bhd.); Experience in project administra- |
Harso Yuli Antena | Auditor

**Education:** Bachelor of Agriculture (social and economic of agriculture) – Bogor Agriculture University.

**Trainings attended:** ISO 9001:2008 Lead Auditor training – TUV Rheinland Indonesia, Sustainable Forest Management training – Forest education and training center, ISPO training - Commission of ISPO.


### 2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted between 04 to 06 March 2015 as per the assessment program below. The assessment was carried out in accordance with TUV Rheinland Indonesia’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 4 smallholders schemes and one 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.

### 3rd Surveillance Audit Agenda.
<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
</table>
| 01/03/2015 | Tunggal Community Hall  | Opening Meeting  
- Presentation of updated company data by Felda representatives  
- Introduction of audit team  
- Finalization of audit plan |
| 04/03/2015 | Lok Heng Selatan         | Verification NCR previous audit  
- On site visit: Spraying area at Peringkat 4 (Lok Heng Barat), Block 12 (Lok Heng Barat) for Harvesting activity, chemical store, chemical mixing area, fertilizer store, "Klinik kesihatan Desa",  
- Interview: Managers, Asst Managers, Supervisors, Stock Clerk, Foremen, Sprayers, Harvesters, Driver, Occupational Health Doctor, Medical Assistant, Senior Administrative Assistant, village head (JKKR), GPW Chairwoman and 10 foreign workers (5 Indonesian, 5 Indian)  
- Document Review: Medical Surveillance Report, JKKP 6, JKKP 8, Workers’ contracts, pay slips, check-roll, HCV/SIA management plans, minutes of meetings for GPW, gender committee & JCC, |
| 05/03/2015 | Papan Timur              | Document Review  
- Area statement  
- Standard Operating Procedures  
- Records of agricultural best practices implementation  
- Environmental management  
- Chemical management and IPM  
- Occupational safety records  
- Continuous Improvement plans  
- On-site visit:  
  - Harvesters interview  
  - Sprayers interview  
  - Interview with scheme smallholders & independent smallholders  
  - EFB application area  
  - Worker’s housing  
  - Waste disposal |
- On-site visit:  
  - Housing of migrant worker, working area at the field, Replanted area and application of zinc plates for wild boar management – Block 17, Level 2, EFB Application area – block 12, level 2 Small river/drain – block 9 & 5, Spraying area at Block 3 and 10 for Harvesting activity, chemical store, chemical mixing area, fertilizer store,  
  - Interviews: 7 migrant worker (2 Indonesian, 2 Bangladeshi, 2 Nepali and 1 Pakistani) about working condition, working contract, facility for migrant workers, Managers, Asst Managers, Supervisors, Store Clerk, Foremen, Sprayers, Harvesters, Drivers. |
### Main activities

- On-site visit: Mill compound, boiler room, waste store, effluent treatment pond, weighbridge, chemical store, workshop, scheduled waste store, mill operation area, water treatment plant, loading area.
- Interviews: 5 local workers, Mill Manager, Assistant Mill Manager, Supervisors Workers, Quality Supervisor, Operation Supervisor, Foreman.
- Chief Clerk

### Closing Meeting
- Preparation and discussion of findings
- Presentation of findings to company

Verification of closure of major non-conformances was conducted on 7 & 8 May 2015 at Felda Lok Heng POM & its owner suppliers (on-site) located in Johor and Felda headquarters located in Kuala Lumpur and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit.

The verification audit team members comprised of:

1. Carol Ng
2. Yusof Nizar
3. Dr. Savinder Gill

The verification audit agenda was as below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 7, 2015</td>
<td>Felda Lok Heng POM &amp; its owner suppliers (on-site)</td>
<td>Opening meeting Verification of Major NCs for P&amp;C and SCCS</td>
</tr>
<tr>
<td>May 8, 2015</td>
<td>Felda Headquarters</td>
<td>Opening meeting Verification of Major NCs for P&amp;C (policy) and SCCS (marketing)</td>
</tr>
</tbody>
</table>
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 (MY-NI) year 2010, including smallholder NI (with reference to Draft RSPO P&C Malaysia NI year 2015) and RSPO SCGS, November 2014.

- RSPO P&C

<table>
<thead>
<tr>
<th>Principle 1: Commitment to transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria assessed: CR1.1, CR1.2; CR1.3</td>
</tr>
<tr>
<td>Criteria not assessed: -</td>
</tr>
</tbody>
</table>

Findings:

Management still maintains their commitment to transparency during this surveillance audit. There are evidences showed such as incoming and outgoing letter that archived for determined retention time. Every letter (in and out) registered in Logbooks that registered information such as: kind of letter (electronic mail or Hard paper mail); date of incoming; number; date of response; sender address; remarks; and number of related response letter.

Estates and mills could show that they maintain their communication to stakeholders, both internal and external stakeholders. No specific letters regarding information request (legal, environment and social report) found in the logbooks. Most of the incoming letters subjects are routine communication with supplier, local community heads and local government, such as a letter from LKJ, March 1st 2015 regarding Customer Day celebrations.

According to Section 7 of the Standard Operating Felda (RSPO) Manual Lestari (ML-1A/L2-PR3(0) dated March 2012, titled Consultation Involvement and Communication Procedures (“Prosedur Komunikasi Penglibatan Dan Rundingan”) the documents which are to be made publicly available (with permission from the management) are as follows:

a. Internal Circulars and Memo
b. Monthly Management Minutes of Meeting
c. Minutes of Meeting of Occupational Health and Safety Committee
d. Suggestions from Staff
e. Written comments from relevant external stakeholder
f. Complaints Investigation Report
g. Written feedback/responses from interested parties
h. Records of internal/external communication for mill/estates
i. Land titles/User rights
j. Health and Safety Plan
k. Plans and impact assessments relating to environmental and social impacts
l. Pollution prevention plans
m. Details of complaints and grievances
n. Negotiation procedures
o. Continuous improvement plan
p. List of stakeholders

The list of publicly available documents has complied with the requirement.

Lok Heng mill now has a documented quality, occupational safety and environmental quality plan for year 2014 including monthly monitoring of progress. The plan included objectives to reduce BOD levels below 50 ppm (as checked from BOD monitoring certificates, this was achieved), prevention of oil spillage from the continuous sterilizer to the monsoon drain (achieved from May 2014 onwards after construction of retaining wall), zero accidents within the mill compound (achieved) and zero accidents when off-duty or road accidents (not achieved in year 2014). A similar documented program for year 2015 is also available with similar objectives but including new objective to reduce usage of diesel to below the RM0.76/MT. Documents can be made publicly available upon request. It was informed by the mill that no such requests have been made.

There is evidence of a written policy committing to a code of ethical conduct and integrity in all operations and
transactions, titled, “Polisi Kod Etika Kerja dan Integriti” dated 1 June 2014.
The mechanism of the implementation of the ethical conduct policy is unclear. There is no evidence of commu-
nication of such a policy to the workers or communication of a protection mechanism for workers to voice their
grievances pertaining to lapses in ethical conduct at the management level, if any. This was raised as a negative
observation.

Compliance status: Full-compliance

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

**Criteria assessed:** CR2.1, CR2.2, CR2.3

**Criteria not assessed:** CR2.2.1

**Findings:**

Some evidences that company Has compliance with laws and regulations, as follows:

- Lok Heng mill compliance schedule no. 004790 from the Department of Environment (DOE) dated 1 July
  2015 - 30 June 2015 was sighted. The license stated processing capacity of 40 MT/hour. In accordance with
  the license and the Environmental Quality Act Crude Palm Oil Regulations 1977, Lok Heng Mill provides a
  quarterly report to the DOE in accordance with as seen from quarterly reports for year 2014 sent on 5 Febru-
  ary 2015 (4th quarter), 20 Oct 2015 (3rd quarter), 19 July 2014 (2nd quarter) and 14 April 2014 (1st quarter).

- Foreign workers are insured under the Workmen’s Compensation Act 1952 (Act 273) whereas local workers
  and staff Have social security (SOCSO) deductions, in accordance with the Employees Social Security Act

- The local workers and staff and the employer also contribute to the Employees Provident Fund (EPF), in ac-
cordance with the Employees Provident Fund Act 1951 (Act 272).

- The company also provides housing, water (from Syarikat Air Johor) and electricity (from Tenaga Nasional
  Berhad, TNB) for its workers, in accordance with the Workers’ Minimum Standard of Housing and Amenities Act
  1990 (Act 446).

- Compliance schedule license no. 004790 from the Department of Environment (DOE) dated 1 July 2014 - 30
  June 2015 for Lok Heng Palm Oil Mill

A field citation report for visit done by DOE to the mill on 12 February 2015 was sighted. Based on the mill field
citation report, several issues raised included no competent operator for effluent management appointed, incon-
sistency between the approved mill effluent pond layout plan and actual pond layout, and data for Continuous
Emission Monitoring System (CEMS) is not printed out and maintained for at least 3 months. The mill Has taken
action to resolves the issues taken with evidence as follows:

1) Request for competent effluent pond operator request sent to FGV Human Resources department, letter
dated 26 February 2015.

2) Request to FGV Technical Department on correct lay out plan according to mill actual layout

3) The mill Has started printing out daily copies of CEMS reports since end of February

However, there is some evidence of legal non-compliances as follows:

- Safety & Health Committee meeting year 2014 in Lok Heng Selatan estate was conducted only twice in April
  and Nov 2014. This is not comply with the Peraturan-Peraturan KKP Jawatankuasa Keselamatan Dan
  Kesihatan) 1996 which requested once in every months.

- No evidence of CHRA and medical surveillance Have been conducted on yearly basis as stipulated in Use
  and Standard Exposure to Hazardous Chemical (USECHH) 2000 (Lok Heng Selatan).

- Senarai Undang-Undang Dan Lain-Lain Daftar (LORR) - Peraturan-Peraturan Keselamatan Dan Pegawai
  kesihatan 1997 and Peraturan-Peraturan Kilang dan Jentera (Pendedaan Bising) 1989 is not applicable
  however it is ticked marked consider as comply. Petroleum (Langkah Langkah Keselamatan) Akta, 1984,
  (Langkah Langkah Keselamatan) Petroleum, 1984 is listed but there is no evidence that diesel is kept
  at the place and no permit available as well. (Papan Timur).

- Senarai Undang-Undang dan Lain-Lain Daftar (LORR) Have been updated to includes Legal Requirements.
  However, Peraturan-Peraturan Keselamatan Dan Pegawai Kesihatan 1997 was not applicable but it is ticked
as complied. Pengelasan, Pembungkusan Dan Pelabelan Bahan Kimia Berbahaya – Peraturan 1997 (CPL) is still in the list which was obsolete with new regulations Occupational Safety Health (Classification Labelling and Safety Data Sheet of Hazardous Chemicals) 2013. The LORR was not signed and no date available (Lok Heng Mill)

• Overtime permit known as "Permit Bekerja Melebihi Sekatan Kerja Lebih Masa" that hold by the Mill Has last in July 31st 2013 and has not updated yet. Otherwise, according to worker overtime records there are found that some companies Has overtime hours over the limitations (Look Heng Mill).

• Company Has been not compliance with pesticide act 1974 (Act 149) and environmental quality act 1974 (scheduled waste) regulation 2005 because it was found disposal of Juru container in block 03, 07, 15 and there is no Safety Warning sign available for area where pesticides applied such as at Block 3 or other place. (Lok Heng Timur)

• In Lok Heng Timur estate, no evidence such as safety inspection conducted that noncompliance with SCH Regulations 1996, Regulations 12, no evidence of medical surveillance conducted year 2014 that noncompliance with USECHH Regulations 2000, Medical surveillance Regulations 28 and MSDS/CSDS not available at Block 3 where group of sprayers doing spraying that noncompliance with SCH Regulations 1996, Regulations 25.

This condition above was raised as non-conformity (NCR No.2015-01 of 32).

Since the legal requirement for competent operator was in an amendment to Environmental Quality Act since year 2012 and also stated in Lok Heng mill’s compliance schedule dated 1 July 2014, the audit team questioned why no action was taken to appoint a competent operator prior to the DOE officer visit. As explained by mill staff, there was lack of understanding of the DOE requirement at headquarter level as they were informed that one competent person was appointed to conduct visits to all mills within Johor and Kluang region (10 mills) once a month. This is evidence of failure in FGV headquarter’s mechanism to ensure compliance to any changes in the law. This was raised as non-conformity (NCR No.2015-02 of 32). There is letter no.834/300/05/08/08/4 dated on 20 January 2015 from water agency in Johor Bahru regarding all parties using water from river or beach shall get license before it. Lok Heng POM Has filled form in order the request of water used license and it Has submitted again to local government again.

The company is able to demonstrate legal ownership of the land including history of land tenure, e.g. in land title (leasehold) by the Johor State Government to Felda Lok Heng Selatan in a document dated 29 March 1984 (ref: No. Pemberitahuan Warta 299) from the Kota Tinggi District Land Administration Office, titled, “Borang 5EK (Jadual Keempat Belas): Pajakan Mukim: Hakmilik No: 2389 – PengisytiHaran Rezab Melayu Dalam Kawasan Gugusan Felda Lok Heng.” Scheme members Have individual land titles which are registered under the names of the individual smallholders. An example of an individual land title is “Borang 5EK (Jadual Keempat Belas): Pajakan Mukim: Hakmilik No: 2389 – PengisytiHaran Tanah Berkelompok Dalam Kawasan Rancangan L.K.T.P. Lok Heng Selatan” (ref: No. Pemberitahuan Warta 1293) dated 30 May 2012 sighted at Felda Lok Heng Selatan. A copy of the individual land titles are kept in the scheme office and a copy are retained by the individual smallholder.

Copies of the land titles for smallholders were sighted at Felda Lok Heng Selatan.

There is a documented company policy in Bahasa Melayu which prohibits the use of mercenaries and para-militaries in their operations, titled, “Polisi Larangan Menggunakan Senjata Dan Ketenteraan”. This policy explicitly prohibits extra-judicial intimidation and Harassment by contracted security forces.

The same result with the last surveillance, the land occupied by Felda is a leasehold which is outside of Orang Asli reserves/areas and forest reserves. Therefore, Lok Heng Complex, according to the law, Has no issues with customary rights. As such, there are no land disputes recorded which does not necessitate participatory mapping or land acquisition.

Compliance status: Non-Compliance

NCR No.2015-01 of 32 (Indicator 2.1.1 – Major non-conformity)

There is some evidence of legal non-compliance as follows:

• Safety & Health Committee meeting in 2014 was conducted only twice in April and Nov 2014. This is not comply with the Peraturan-Peraturan KKP Jawatankuasa Keselamatan Dan Kesihatan) 1996 which request- ed once in every months.

• No evidence of CHRA and medical surveillance Have been conducted on yearly basis as stipulated in Use
and Standard Exposure to Hazardous Chemical (USECHH) 2000 (Lok Heng Selatan).

- Senarai Undang-Undang Dan Lain-Lain Daftar (LORR) - Peraturan-Peraturan Keselamatan dan Pegawai kesihatan 1997 and Peraturan-Peraturan Kilang dan Jentera (Pendedah Bising) 1989 is not applicable however it is ticked/mark and consider as comply. Petroleum (Langkah Langkah Keselamatan) Akta, 1984, (Langkah Langkah Keselamatan) Petroleum, 1984 is listed but there is no evidence that diesel is being kept at the place and no permit available as well. (Papan Timur).

- Senarai Undang-Undang dan Lain-Lain Daftar (LORR) Have been updated to includes Legal Requirements. However, Peraturan-Peraturan Keselamatan dan Pegawai Kesihatan 1997 was not applicable but it is ticked as complied. Pengelasan, Pembungkusan dan Pelabelan Bahan Kimia Berbahaya – Peraturan 1997 (CPL) is still in the list which was obsolete with new regulations Occupational Safety Health (Classification Labelling and Safety Data Sheet of Hazardous Chemicals) 2013. The LORR was not signed and no date available (Lok Heng Mill).

- Overtime permit known as "Permit Bekerja Melebihi Sekatan Kerja Lebih Masa" that hold by the Mill Has last in July 31st 2013 and Has not updated yet. Otherwise, according to worker overtime records, there are found that some workers Has overtime hours over the limitations (Lok Heng Mill).

- Company Has been not compliance with pesticide act 1974 (Act 149) and environmental quality act 1974 (scheduled waste) regulation 2005 because it was found disposal of Juru container in block 03, 07, 15 and there is no Safety Warning sign available for area where pesticides applied such as at Block 3 or other place. (Lok Heng Timur)

- In Lok Heng Timur estate, no evidence such as safety inspection conducted that non compliance with SCH Regulations 1996, Regulations 12, no evidence of medical surveillance conducted year 2014 that non compliance with USECHH Regulations 2000, Medical surveillance Regulations 28 and MSDS/CSDS not available at Block 3 where group of sprayers doing spraying that non compliance with SCH Regulations 1996, Regulations 25.

**NCR No.2015-02 of 32 (Indicator 2.1.3 – Minor non-conformity)**

There is evidence of failure in FGV headquarter (HQ)’s mechanism to ensure compliance to any changes in the law, i.e. action taken at HQ level to meet the year 2012 amendment to the Environmental Quality Act requirement for competent officer is not in accordance with DOE requirement. As explained by Lok Heng mill staff, they were informed that one competent person was appointed to conduct visits to all mills within Johor and Kluang region (10 mills) once a month, however DOE requires a competent person to be stationed at all time at each mill.

**Principle 3: Commitment to long-term economic and financial viability**

Criteria assessed: CR3.1
Criteria not assessed: -

Findings:

Lok Heng Timur estate Has a budget with minimum five year projection until December 2019. The budget covers estimation of costs for all major estate activities including management of immature plantings, drainage and Harvesting paths maintenance, IPM, weeding, manuring, etc. The estate Has no replanting program as all area Has already gone through first round of replanting for all of the scheme’s area in year 2007 (estate level 1) and year 2012 (estate level 2 and 3) and Has no further plans for replanting.

Documented management plans for most smallholder scheme for 2 years (year 2015 & 2016) available. Annual budget year 2015 for smallholder areas at Lok Heng Timur estate was discussed with head of block or their elected representatives but annual budget year 2016 was not discussed or shared to head of block or their elected representatives in yearly meeting. This was raised as non-conformity (NCR No.2015-03 of 32).

Lok Heng mill still using 5 year business plan for period (2015 to 2019), information on this plan consist of projection of FFB purchased for 5 years until 2019, projection of product production and projected oil extraction rate (OER) and kernel extraction rate (KER) for 5 years.

Estate and mill business plan not integration thus forecast prices and long term profitability information not included in 5 years business plan. That is condition was raised as non-conformity (NCR No.2015-04 of 32).
Compliance status: Non-compliance

NCR No.2015-03 of 32 (Indicator 3.1 (scheme smallholder) – Major non-conformity)
Business/Management plan year 2016 Has not been shared to head of block (Lok Heng Timur)

NCR No.2015-04 of 32 (Indicator 3.1 – Major non-conformity)
Business/Management plan Has not included information about forecast prices and financial indicators (All estate & Lok Heng POM).

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

Criteria not assessed: CR4.3

Findings:
The company applies an updated sustainability Manual with 5 main sections, i.e. Felda Global Ventures Manual for Sustainable Oil Palm, 2nd edition effective 1 June 2012 (document number : ML.SL (Ed.2)-Sec.3(3.0)); Section 1 – Management of Nursery, Section 2 – Replanting, Section 3 – Immature Oil Palm, Section 4 - Mature Oil Palm, and Section 5 – Fertilization of oil palm. Section 2 on replanting, includes SOPs for census and management of Ganoderma infected trees, installation of boundary stones, management of rhinoceros beetles, pre-lining, weeding, cutting and felling old palms, road construction on flatlands, and hilly areas, terracing, drainage and boundary drains, planting of LCC, transportation of seedling to the field, rat baiting during replanting process, installation of barn owl boxes. Section 3 on immature oil palm includes SOP for replacement of planted seedlings, installation of tree protection, application of EFB, installation of Felda Mulch (sheet placed around seedlings to prevent weed from growing), weeding of LCC area, ablation, basal pruning, scout Harvesting, census for Ganoderma inoculum and planting of beneficial plants. Section 4 on mature oil palm includes including SOPs for rat baiting, weeding at mature area, pruning, circle racking, Harvesting and collection of FFB at the loading ramp, management of loose fruits after Harvesting, FFB grading at the field, transportation of FFB to the mill, tree netting, road maintenance, bunch census, selective weeding. Company (all estates and adela mill) Has internal audit procedure (No.FPI/L2/QOHSE-19.0) but it Has not included mechanism to check consistent implementation of procedure. That is condition was raised as non-conformity (NCR No.2015-06 of 32).

The estate and schemes still carry out annual leaf and soil sampling for monitoring of nutrient status. Sighted from analysis records at Papan Timur estate, 39 leaf samples and 2 soil samples were sampled on 31 March 2014 and at Lok Heng Timur estate were sampled on 31 December 2014. The results were used by Felda Agricultural Services for the preparation of the fertilizer application recommendation program for year 2015. Fertilizer recommendation summary year 2015 at Lok Heng Timur estate are 10.50 kg/palm/year (level 1 in tecnoplant) and 15.11 kg/palm/year (level 1 in smallholder). Type of fertilizers will using are NPK 27, NPK Mag 6/8/13/5 and Granual NPK Mag 7/6/20/4.2. Lok Heng Timur estate was requested to Felda Technoplant Sdn Bhd dated on 19 February 2015 (letter no.(26) 883197000/2-5) regarding change of volume of fertilizer plan year 2015

Papan Timur estate maintains records of application of EFB to the field in monthly EFB application reports which include the amount received from the mill per day. Data on areas at which EFB is applied is also maintained in a log book. As seen in the logbook, total applied in year 2014 was 140 Tones for March 2014 at block 18, 312.60 Tones for June 2014 at block 18, 253.60 Tones for September 2014 at block 13, 147.30 Tones for October 2014 at block 15 and 138.80 Tones in December 2014 at block 18. Whereas, Lok Heng Timur estate Has implemented EFB (example block 15 – level 2) but company do not have EFB application record (rekod kemajuan kerja dan lokasi sungkupan EFB) year 2014. It was not consistented with their procedure (ML.SL (Ed.2)-Sec3 (3.0)). This was raised as non-conformity (NCR No.2015-05 of 32). The results of verification in field (block 10) that auditor was found, EFB was not distributed to oil palm areas more 2 weeks. It was not consistented with their procedure too (ML.SL (Ed.2)-Sec3 (3.0)). This was raised as non-conformity (NCR No.2015-05 of 32). There is no application of POME or zero-burn replanting at all estates.

Lok Heng Timur estate Has conducted protection of water course in form no activities chemical (spraying and fertilizing) in riparian and Lok Heng Mill Has effluent and river upstream and downstream samples sent for quality

QMF: RSPO-007a-13(Rev.0)
analysis once every month with analysis done by the Penggeli Analytical Laboratory. Analysis results for effluent include monitoring of pH, BOD, COD, suspended solids, total solids, oil & grease, ammoniacal nitrogen and total nitrogen. Checks of BOD analysis results for whole of year 2014 show parameters were not exceeded. Water consumption year 2014 form water company in Lok Heng mill are 95,179 mt. Whereas, total of water consumption year 2014 are 212,898.60 mt (0.83 mt/Tones FFB) where it condition lower with previous year (0.87 mt/Tones year).

Lok Heng Timur estate and Lok Heng mill Have water management plan but they are not show evidence of water management plan it. This was raised as non-conformity (NCR No.2015-07 of 32).

Lok Heng Timur does not Have evidences that it Has implementation and monitoring of IPM related activities whereas Papan Timur estate maintains records of implementation of an Integrated Pest Management Plan. The estate maintains records of plantings of beneficial plants planted in year 2012, 2013 and 2014. Number of beneficial plant polybags planted in May 2014 was total of 900 bags. Papan Timur scheme carries out prophylactic application of Butik S rat bait annually in accordance with Field’s program. The last application for Butik S was in March and April 2014. An annual summary of results of census done for rat attacks at Papan Timur estate was sighted, however, the raw data census records used to derive this summary were not available and it was informed by the Papan Timur staff that the raw data census records were disposed. This was raised as non-conformity (NCR No.2015-08 of 32).

Chemicals used by the schemes are registered. As seen from site visit and chemical records usage at Papan Timur estate, chemicals used include the following: Roundup Rainguard (a.i. glyphosate potassium 48.7%), Ecomax, Garlon, and Action 13SL (a.i. paraquat dichloride). Volume of agrochemical was use per year 2014 is in Lok Heng Timur estate are Acomax : 3,322 liter, Juru : 386,599 gram and blocus : 187 liter. Whereas, year 2015 (per February) are Acomax : 25 liter, Juru : 75,000 gram and Blocus : 25 liter. Lok Heng Timur estate using Blocus agrochemical as extent of IPM implementation for major pest but it was not monitored and there are not recording areas where it Have been used. This was raised as non-conformity (NCR No.2015-09 of 32 and NCR No.2015-10 of 32). Lok Heng Timur estate was not carried out training about IPM implementation for all workers which involved it. This was raised as non-conformity (NCR No.2015-11 of 32).

At Lok Heng Timur Estate, Chemical Management and Handling Rules (Section 20) dated 1/1/2011. Explaining the storage, issuance, mixing, application, disposal of use containers/packaging. Found inconsistency when sampled at site such as Block 3, Used container for Juru being left in the estate. Evidence also found 4 empty containers left at Block 15. After spraying activity no warning sign as required in reminder of the rules at page 6. The supervisor also admitted that no warning sign is available. This was raised as non-conformity (NCR No.2015-12 of 32).

Annual Medical Surveillance was not conducted year 2014 at Lok Heng Timur estate for sprayers and workers Handling chemical. While for the year 2015, no plan was established yet to send workers for medical surveillance. This was raised as non-conformity (NCR No.2015-13 of 32).

There is no evidence of reduction in usage of paraquat at Papan Timur estate. As seen from records of chemical usages for Papan Timur estate, usage of paraquat in year 2013 was 700 litres and while total usage was 710 litres in year 2014. Checks of bin card for usage of Action 13SL (a.i. paraquat dichloride) showed that several new stocks of this chemical was purchased and received on 9 December (400 litres), 17 December (400 litres) and 28 December 2014 (520 litres), which total current stock available equivalent to 1,550 litres. The common usage of paraquat is also not in accordance with the company policy to reduce usage of paraquat dated 1 June 2014, which states usage of paraquat is restricted for all mature areas, as all planted areas in Papan Timur are mature. This is raised as non-conformity (NCR No.2015-14 of 32).

Safety & Health Policy of Felda Technoplant Sdn Bhd dated 2 Jan 2014 signed by the Group President/Chief Executive Officer at Lok Heng Selatan & Papan Timur estate (smallholder) is sighted. Safety & Health Plan 2015 Have been established which includes CHRA, medical surveillance, PPE, fire drill and first aid training. However, no evidence of CHRA and medical surveillance Has been conducted for year 2014. This was raised as non-conformity (NCR No.2015-16 of 32). OSH meeting were conducted 2 times year 2014 (Apr and Aug) in Papan Timur which is against the Peraturan KKP (Jawantankuasa Keselamatan Dan Kesihatan) 1996 which requested the OSH meeting once in every 3 month. This was raised as non-conformity (NCR No.2015-16 of 32).

HIRARC (FP/I4/QOHSE-1.4 Pnd 0) revised 19/01/15 for Lok Heng Mill. At Lok Heng Timur Estate, observed 4 sprayers at Block 3, all wearing helmets, masks, safety glasses, aprons, gloves and safety boots where it was good condition. The organization chart for Safety and Health Committee displayed inside the office. Photo with name clearly indicated identity with composition in the committee. Emergency and accident flow chart posted outside office. At Lok Heng Timur, evidence of Safety and Health Committee meeting was not consistently held
as evidence from minutes of meeting found only on 2/3/15, 6/1/15, 8/10/14 then follow by 1/3/13 and 1/6/13. While in Lok Heng Mill the content of the minutes of meeting for 17/12/14 and 15/10/14 were similar. Other minutes of meeting found dated 23/07/14, 29/04/14, 5/2/14.

Workers observed at Papan Timur estates were wearing appropriate safety equipment, i.e. Harvester wore safety helmets and boots, while sprayers wore aprons, rubber gloves, goggles, masks, and boots. It was confirmed with the workers that PPE is provided for free and can be replaced when damaged. After completion of work, sprayers wash and store their PPE at the estate store.

At Block 3 (Peringkat 1) – Lok Heng Timur estate, found 4 sprayers without foreman and under care of supervisor. While carry out their work, no first aider available nearby them. Another group of Harvesters at the same block also not having a trained first aider around them. Only two supervisors attended first aid training but no valid certificate of training as evidence. This was raised as non-conformity (NCR No.2015-15 of 32). It same location that no first aid box available nearby them. It was kept by the Supervisor. Later the supervisor arrival with the first aid box.

At Lok Heng Timur Estate, form JKKP 8 was sent to DOSH on 13/1/15. One accident reported involving Malaysian worker on 29/04/14 at 10 am. At Lok Heng Mill, no accident reported for 2014. Only have statistic for all other Felda Mills. Accident analysis from Jan-Dec 2014 reported 19 cases where mostly from Jan-April 2014. For Lok Heng Mill no accident inside the mill too was recorded. The commuting accident Happen to worker on 23/11/14, 20/11/14 and 17/3/14 reported and claimed to Socso made accordingly.

Lok Heng Selatan estate Has conducted training are First aid training and CPR training Have been conducted from 14 - 15 April 2014 from the safety and health plan for 2014 which also includes PPE training and fire drill and training on pesticide eats leaf (ulat pemakan daun) on 27 January 2015. Whereas, Papan Timur estate Has conducted OSH training year 2015 which includes safety, cleanliness and fire safety briefing, spraying, Harvesting, manuring. At Lok Heng Mill, training and demo on use of fire extinguisher on 24/01/15, Attendance list for training for press station and kernel plant was conducted on 20/01/15. Training records were kept as evidence. Based on information above that some topic has conducted training but implemented of management and monitoring SIA and HCV not available so the nominated officer in-charge of overseeing the implementation of the SIA and HCV plans have not been adequately trained, hence, there are gaps in the monitoring and review of these plans in all estates. This was raised as non-conformity (NCR No.2015-17 of 32).

Compliance status: Non-compliance

NCR No.2015-05 of 32 (Indicator 4.1.2 (MY-NI,2010) and 4.1.3 – Minor non-conformity)

- Lok Heng Timur estate does not have EFB application record (rekod kemajuan kerja dan lokasi sungkupan EFB) year 2014.
- It was found at block 10 (Lok Heng Timur estate) that EFB was not distributed to oil palm more 2 weeks

NCR No.2015-06 of 32 (Indicator 4.1.2 – Minor non-conformity)

Company (all estates and mill) has internal audit procedure (No.FPI/L2/QOHSE-19.0) but it has included mechanism to check consistent implementation of procedure

NCR No.2015-07 of 32 (Indicator 4.4.7 (MY-NI, 2010) and 4.4.1 – Minor non-conformity)

Lok Heng Timur estate & Lok Heng mill has not evidence / implementation of water management plans

NCR No.2015-08 of 32 (Indicator 4.5.1 – Major non-conformity)

1. Lok Heng Timur do not have evidences that it has implementation and monitoring of IPM related activities
2. An annual summary of results of census done for rat attacks at Papan Timur estate was sighted, however, the raw data census records used to derive this summary were not available and it was informed by the Papan Timur staff that the raw data census records were disposed.

NCR No.2015-09 of 32 (Indicator 4.5.2 (MY-NI,2010) – Minor non-conformity)

Lok Heng Timur estate doing not monitoring extent of blocus application

NCR No.2015-10 of 32 (Indicator 4.5.3 (MY-NI,2010) – Minor non-conformity)
There are not recording areas where blocus Have been used at Lok Heng Timur estate

**NCR No.2015-11 of 32 (Indicator 4.5.2 – Minor non-conformity)**
Lok Heng Timur estate not carry out training about IPM implementation

**NCR No.2015-12 of 32 (Indicator 4.6.3 (MY-NI,2010) – Major non-conformity)**
It was found disposal of Juru container in block 03, 07 & 15 (Lok Heng Timur estate)

**NCR No.2015-13 of 32 (Indicator 4.6.5 (MY-NI,2010) and 4.6.11 – Major non-conformity)**
Annual Medical Surveillance was not conducted year 2014 at Lok Heng Timur estate for sprayers and workers Handling chemical. While for the year 2015, no plan was established yet to send workers for medical surveillance

**NCR No.2015-14 of 32 (Indicator 4.6.7 (MY-NI,2010) and 4.6.4 – Minor non-conformity)**
There is no evidence of reduction in usage of paraquat at Papan Timur estate. As seen from records of chemical usages for Papan Timur estate, usage of paraquat in year 2013 was 700 litres and while total usage was 710 litres in year 2014. Checks of bin card for usage of Action 13SL (a.i. paraquat dichloride) showed that several new stocks of this chemical was purchased and received in December 2014, and total current stock available equivalent to 1,550 litres. The common usage of paraquat is also not in accordance with the company policy to reduce usage of paraquat dated 1 June 2014, which states usage of paraquat is restricted for all mature areas, as all planted areas in Papan Timur are mature.

**NCR No.2015-15 of 32 (Indicator 4.7.1 (MY-NI,2010) and 4.7.5 – Major non-conformity)**
At Block 3 (Peringkat 1) – Lok Heng Timur estate, found 4 sprayers without foremen and under care of supervisor. While carry out their work, no first aider available nearby them. Another group of Harvesters at the same block also not Having a trained first aider around them. Only two supervisors attended first aid training but no valid certificate of training as evidence

**NCR No.2015-16 of 32 (Criterion 4.7 (scheme smallholder) – Minor non-conformity)**
- No evidence of CHRA and medical surveillance Have been conducted for 2014 (Lok Heng Selatan)
- OSH meeting were conducted 2 times in 2014 (Apr and Aug) (Papan Timur)

**NCR No.2015-17 of 32 (Indicator 4.8.1 – Major non-conformity)**
The nominated officer in-Charge of overseeing the implementation of the SIA and HCV plans Have not been adequately trained, hence, there are gaps in the monitoring and review of these plans in all estates.

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

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

**Findings:**
Sampled Identification of aspect and impact (Form No. 5.1/5.6) reviewed on 31/12/14. Need to improve method for doing it as found not consistent and proper such as receiving of diesel-Aspect (spillage of diesel) condition is normal, suppose it is emergency. Aspect (fire) condition is normal too, Use of Genset for generation of electric, Aspect (Genset), Impact (Noise) condition is Normal suppose abnormal. Actually genset is not in use.

Environmental management plan was established on 22/02/13 in Lok Heng Timur estate for managing and reducing waste such as Fertilizer bags, plastic, bottle, used PPE, Tyre and etc. Lacking in term of mechanism to control and monitor the progress. No clear target to achieve and responsible person to monitor. All the wastes mention under remarks as not to burn but actualy condition burning of waste clearly seen at Block 10 and estate at block 3.
The significance impact from the environmental aspect impact assessment have been established but there is no proper mechanism in monitoring such as who is the person in charge, data collected from the monitoring and the effectiveness of the mitigation plan. One of the mitigation plans to burn the EFB is using incinerator but this was not allowed by the DOE. This was raised as non-conformity (NCR No.2015-18 of 32).

Aspect and impact risk assessment in smallholder areas (Lok Heng Selatan) for year 2015 have not been identified and established and there is aspect and impact risk assessment dated on 23 December 2014 in smallholder areas (Papan Timur) but there is no action plan to reduce the impact from the pollution activities. This was raised as non-conformity (NCR No.2015-19 of 32).

The company has conducted an identification and assessment of HCV Habitats and protected areas for Lok Heng complex in a document titled, “Laporan Pengenalpastian Nilai-Nilai Pemuliharaan Tinggi (HCV), Biodiversiti dan Pelan Pengurusananya Di Kompleks Felda Kompleks Lok Heng” (dated 04 May 2011), prepared by the Sustainability Department of Felda Agricultural Services Sdn.Bhd. The document has identified the following HCV attributes within the Lok Heng complex, i.e. watersheds and rivers, i.e. Sungai Sedili Kecil, Sungai Lukah and Sungai Papan (riparian reserve, 40m on either side: HCV 4). The HCV 6 values identified within Lok Heng complex are graveyards. The HCV assessment was conducted in conjunction with the SIA assessment whereby a standard questionnaire survey was conducted involving various levels of internal and external stakeholders. The HCV component was included at the final portion of the questionnaire. The HCV report was prepared internally using the MR 5.2/100 Standard Operating Procedure on the identification of HCV attributes (1-6) titled, “Pengenalpastian Kawasan Pemuliharaan Tinggi dan Tindakan Pemuliharaan”.

The HCV assessment also included relevant wider landscape-level consideration, i.e. the assessment captured HCV Habitats and protected areas surrounding Lok Heng complex, specifically primary peat swamp forests (HCV 1), Sungai Lukah and Sungai Sedili Kecil (HCV 4). The HCV document also includes a management plan for HCV Habitats (including ERTs) and their conservation. A management plan for duration of 12 months (for 2011 only) is available for each estate and mill within the Lok Heng Complex.

There is some evidence that smallholder have not implemented HCV requirement, as follows:
1) There is no evidence that Scheme Managers compile information about the status of aspects of high conservation value for their organized smallholders, as well as the associated mill.
2) There is no evidence of monitoring of HCV and no analysis conducted to ascertain whether the measures employed to maintain or enhance the HCV value identified are effective or otherwise.
3) There is no evidence of appropriate measures should be employed to maintain or enhance the HCV identified.

There is no review of the status of the HCV as to whether it is applicable to the scheme or otherwise. Lok Heng Selatan scheme management claims that there is no HCV. This should have been reflected in a review of the HCV report. This was raised as a minor non-conformity (NCR No.2015-20 of 32).

Felda has created a recycling policy dated 1st June 2014, which states that Felda is concerned about recycling of wastes including metal, paper, plastic for the protection of environment, and that Felda management will take efforts to improve the solid waste management. However there is lack of measurable objectives for implementation of this policy, and currently there is little evidence of implementation of a recycling program being established as part of implementation of this policy. This is noted as observation. There is still evidence of burning of waste, i.e. domestic wastes as seen at Papan Timur estate is still being disposed on a self-made landfill located about 200 m away from Papan Timur office or nearby to the chemical store and being burnt. This minor non-compliance raised during the previous ASA has now been raised to a major non-compliance (NCR No.2015-22 of 32).

An objective plan for Quality, Environment, Safety & Health 2014 in Lok Heng Mill has been established which includes BOD <100 ppm per month and reducing diesel consumption to RM0.76/mt.

Open burning was sighted at the workers' hostel at Lok Heng Selatan and Lok Heng Timur. Interviews with workers at Lok Heng Selatan (3 March 2015) and Lok Heng Timur (6 March 2015) schemes indicate that there is no awareness-raising amongst the workers on prohibition on open burning. This was raised as a major non-conformity (NCR No.2015-22 of 32).

No evidence of evaluation of all polluting activities and action plan to reduce the polluting activities in Lok Heng Selatan and Papan Timur estate. This was raised as non-conformity (NCR No.2015-21 of 32).

Felda sustainability department is currently in progress to carry out training on data collection of GHG production to be completed for all schemes by May 2015 and data collection on GHG production is planned to be completed...
by for all Felda schemes by June 2015. Analysis of data will be done using the latest version of the PalmGHG tool approved by RSPO to create a more detailed plan management plan for reduction of greenhouse gas emissions will be carried out during the RSPO implementation period until December 31st 2016. Sighted the following templates planned to be used for GHG data collection:

- Borang Maklumat GHG Ladang (GHG Information Sheet for Estates), to include data collection on fertilizer, pesticides and diesel usage
- ISCC Mill GHG Data template, to include data collection for EFB disposal, POME disposal and Energy consumption, main products & by-products

Evidence of monitoring of diesel usage per tonne FFB was sighted at Sg. Mas, with monitoring only just started in January 2015 where amount of diesel usage recorded for the month was 1040 litres with FFB production of 3040.36 Tones, i.e. 34 litres diesel per tonne FFB.

Compliance status: Non Compliance

NCR No.2015-18 of 32 (Indicator 5.1.2 – Minor non-conformity)
The significance impact from the environmental aspect impact assessment Have been established but there is no proper mechanism in monitoring such as who is the person in charge, data collected from the monitoring and the effectiveness of the mitigation plan. One of the mitigation plan to burn the EFB in the incinerator but this was not allowed by the DOE.

NCR No.2015-19 of 32 (Criterion 5.1 (scheme smallholder) – Minor non-conformity)

- Aspect and impact risk assessment for 2015 Have not been identified and established (Lok Heng Selatan)
- Aspect and impact risk assessment Have been established dated 23 Dec 2014. However, there is no action plan to reduce the impact from the polluting activities (Papan Timur)

NCR No.2015-20 of 32 (Criterion 5.2 (scheme smallholder) – Minor non-conformity)

- There is no evidence that Scheme Managers compile information about the status of aspects of high conservation value for their organized smallholders, as well as the associated mill.
- There is no evidence of monitoring of HCV and no analysis conducted to ascertain whether the measures employed to maintain or enhance the HCV value identified are effective or otherwise.
- There is no evidence of appropriate measures should be employed to maintain or enhance the HCV identified.
- There is no review of the status of the HCV as to whether it is applicable to the scheme or otherwise. Lok Heng Selatan scheme management claims that there is no HCV. This should have been reflected in a review of the HCV report

The location of NCRs above is all estates.

NCR No.2015-21 of 32 (Criterion 5.6 (scheme smallholder) – Minor non-conformity)
No evidence of evaluation for all polluting activities and action plan to reduce the impact at Lok Heng Selatan and Papan Timur estate.

NCR No.2015-22 of 32 (Indicator 5.5.3 (MY-NI, 2010) – raised to Major non-conformity from previous audit)
Evidence of open burning is still found, as follows:

- Open burning was sighted at the workers’ hostel at Lok Heng Selatan and Lok Heng Timur. Interviews with workers at Lok Heng Selatan (4 March 2015) and Lok Heng Timur (6 March 2015) schemes indicate that there is no awareness-raising amongst the workers on prohibition on open burning
- Found domestic waste dump by the road side and burnt along the road at Block 10 in Felda Lok Heng Timur. At Block 3 the waste of food packaging dumped and burn in the estate
- Open burning sighted at the office of Papan Timur, nearby to the chemical store

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills
Criteria not assessed : CR6.13

Findings:

The same as previous audit result, there is a social impact assessment for Lok Heng Complex, titled, “Laporan Penilaian Impak Sosial Kompleks Lok Heng”. The report includes a profile of the Lok Heng Complex, assessment methodology (with internal and external stakeholders) and identification of positive and negative social impacts. A standard questionnaire was used to elicit information from respondents. The SIA report was prepared internally using the ML-1A/L3-GP7 (0) Standard Operating Procedure on the identification of social impacts titled, “Pengenapastian Penilaian Impak Sosial” dated March 2012. No new changes updating the actual social impacts.

Estates and Mill could show evidences of stakeholder participatory on SIA development process. Relate of internal and external stakeholders that they have been involved in the assessments process, in meetings and interviews. Evidences showed regarding the stakeholder participations showed such as:
1. List of respondents and filled questionnaires.
2. Meeting records and attendant lists

Based on these records, company has not been involving migrant worker (or their representatives) on the SIA development process. Participation of migrant workers in Social Impact Assessment is inadequate, although these are one of main stakeholders of Felda. Assessment process with their participations to develop a proper impact management and monitoring is lacking. This is further evident from a number of complaints from workers found by the audit team that were not captured in the SIA of the schemes and estate. This is condition was raised as non-conformity (NCR No.2015-23 of 32).

There is no evidence of monitoring and review of the SIA at the Lok Heng Selatan and Lok Heng Timur. There is continuous assessment of issues and impacts pertaining to all levels of stakeholders gauged in the monthly meetings with settlers, GPW, youth, JKKK/JKKR, staff as well as quarterly meetings with workers’ representatives in the OSHA meeting. However, these are not analysed and compiled, thus, the effectiveness of the actions taken to address the issues have not been gauged. This was raised as a major non-conformity (NCR No.2015-24 of 32).

The SIA plans for Lok Heng Selatan and Timur are not reviewed and updated (a minimum once every two years) to reflect the changes to current practices. This was raised as a negative observation.

The company has a procedure and manual guidance regarding communication and consultation with stakeholders. The procedure has documented on Standard Operating Felda (RSPO) - Manual Lestari (ML-1A/L2-PR3(0)) dated March 2012, titled, “Prosedur Komunikasi Penglibatan Dan Rundingan”.

There is a Joint Consultative Committee (JCC) at Felda Lok Heng which is a platform for consultation and communication between the different schemes and estates. There are other platforms for scheme participants (smallholders) such as the Jawatankuasa Kemajuan Rancangan (JKKR), Felda smallholders cooperative and a united women’s movement for female scheme participants and their dependents (Gerakan Persatuan Wanita / GPW) as well as youth association. There is documented evidence of these meetings being held, samples include: minutes dated 25 February 2015 at Lok Heng Selatan estate, titled, “Minit Mesyuarat Pengurusan Rancangan Lok Heng Selatan Bil 01/2015”; Minit Mesyuarat Bulanan Persatuan Belia (MBFM) Felda Lok Heng Selatan dated 1 November 2014; Minit Mesyuarat JKFR Felda Lok Heng Selatan (Bil 12/2014) dated 30 December 2014; “Minit Mesyuarat JKKK Kali Ke 01/2015 Felda Lok Heng Timur dated 22 January 2015”, evidence of monthly staff meetings at Felda Lok Heng Timur, eg.Minit Mesyuarat Bulanan (ref: 12/2014 dated 11 December 2014). At the Lok Heng Mill, there is evidence of a JCC meeting dated 15 December 2014 (ref:8/2014), titled, “Jawatankuasa Persepatakan Bersama (JCC) Kilang Sawit Adel” which involves the mill and all relevant estates, such as Lok Heng Timur and Lok Heng Selatan. At the Papan Timur estate, there were records of stakeholder communication and consultation shows during audit are minute of meeting dated on December 18, 2014 regarding replanting actions plan where it has attended by management and stakeholders and minute of meeting dated on November 17, 2014.

Lok Heng Complex, through the Johor Bahru regional office has conducted a larger stakeholder meeting, i.e. with representatives of all relevant government departments and NGOs such as the Malaysian Nature Society (MNS) and WWF, as per the document titled, “Majlis Perjumpaan Bersama PiHak Yang Berkepentingan/Stakeholders Anjuran Jawatun Kuasa Kerja Minyak Sawit Mapan (JKKMSM) Kompleks Wilayah Johor

QMF: RSPO-007a-13(Rev.0)
Each estate under Felda Has a Social Development Assistant (SDA) who is responsible for engaging with stakeholders and dealing with social issues within the estate, including women’s issues. The SDA also acts as company representative in the women’s movement (GPW). Issues related to workers are handled by Technoplant while issues related to the smallholders are dealt by Felda. There is a list of stakeholders, titled “Majlis Felda Bersama PiHak Berkepentingan” (Representative of Stakeholders), Kota Tinggi areas, January 2015. This list consists of information such as:

a. Stakeholder list of papan Timur
b. Zone Head in field
c. Member of JCC Plan
d. Member of Smallholders

Each of the estates and the mill has a grievance mechanism which is documented. There are several methods whereby a grievance can be channeled to the relevant authority at the estates and mill. There are two Standard Operating Procedures related to grievance mechanism, i.e. “Prosedur Komunikasi, Penglibatan dan Rundingan” (ref: ML-1A/L2-PR3(0)) and “Prosedur Menangani Aduan dan Rungutan” (ref: ML-1A/L2-PR4(0)). Among the methods to channel complaints is via the morning muster/roll call, via respective supervisors (Foremen), direct to the manager, in a complaints box located at the entrance to each estate/mill office or a standard form which is filled by workers to report about their housing/work conditions. The standard form is also available as a Standard Operating Procedure (ref: 105 FPI/L4/QOHSE-22.1 Pinda dated 7 February 2011) which is applicable for all estates and mill at Lok Heng Complex. The grievance records are kept for at least three years. In addition, at the management level, the Joint Consultative Committee (JCC) is the platform for the grievance resolution at the highest level of Lok Heng Complex, which is a body consisting all estates and mill.

Document and records regarding complaint and grievances mechanism has been showed during audit. All complaint and grievances recorded in logbook of complaints. This logbook registered information, consists of the date of complaint registration, name of complainant, complaint clauses, response/actions, officer responsible. Here examples for some complaint and grievances recorded in Papan Timur, such as:

<table>
<thead>
<tr>
<th>Date</th>
<th>Complaint</th>
<th>Officer and Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 12th 2014</td>
<td>Support request for smallholder loan for housing repair projects.</td>
<td>The proposal has submitted to head office</td>
</tr>
<tr>
<td>March 4th 2015</td>
<td>Ask for additional payment for transaction of August 2014 from KPF.</td>
<td>Complaint has verified to KPF.</td>
</tr>
</tbody>
</table>

Nonetheless, the following are some of the gaps identified pertaining to the grievance mechanism for Lok Heng Complex:

1) Interviews with workers at Lok Heng Selatan and Lok Heng Timur revealed that the complaint process was not discussed during the briefing by the Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) on 16 April 2014.
2) Slow resolution of workers’ grievances: A Nepali worker at Lok Heng Timur complained about the fan in his room but action was not taken until 5 March, the day of the audit, which is more than the 14 days prescribed in the correction plan.
3) There is no complaints book for workers at Lok Heng Selatan.
4) There is no mechanism for anonymous complaints for the workers at Lok Heng Selatan and Lok Heng Timur. There is no avenue to air grievances to the higher authorities in Felda in a confidential manner.
5) Migrant workers claim that they resorted to strike (Indian workers, Lok Heng Selatan, February 2015) and (Nepali workers, Lok Heng Timur, 2014) due to slow response from the management pertaining to pay and work conditions.

This was raised as a minor non-conformity (NCR No.2015-25 of 32).

There is a procedure for identifying legal and customary rights, as reflected in the Standard Operating Procedure (SOP), or more specifically, Manual Lestar dated March 2012, titled, “Prosedur Mengenalpasti Hak Perundangan dan Adat” (ref: ML-1A/L2-PR12(0)). This manual also includes identification of people entitled to compensation. Lok Heng Complex, according to the law, has no issues with customary rights.

There is a Standard Operating Procedure (SOP) for calculating and distributing fair compensation, i.e. Manual Lestar dated March 2012, titled, “Prosedur Penghitungan Dan Pengagihan Pampasan” (ref: ML-1A/L2-
There are no land claims which necessitate compensation to date at Felda Lok Heng Complex.

The audit team observed that there are employment contracts for local workers and staff at Lok Heng Complex. There is also evidence to show that the migrant workers are legalised, i.e. through random checks on migrant workers’ passports (work permits). There are also pay slips for each employee. Workers’ pay slips are based on the check-roll which is filled in by the respective supervisors of the workers (local and foreign) whereas staff have a fixed monthly salary, the amount is stated in the employment contract. The pay slip contain information such as Income (Working order: Harvesting, fertilizing, maintaining, chemist/spraying, Incentive: worker, daily and Attendant, Allowance, Overtime, Paid Leave, Annual Paid Leave, Insurance Paid by the company: KWSP and SOCSO), Deduction (Insurance paid by the worker: KWSP and SOCSO, Savings for BKKPM, Savings for AIPS, Water supplies contributions, Others (installment etc), and term and conditions (Number of attendant: regular, Sunday, general leave day, accidental (holiday) leave day, Half day leave, official business, Number of Leave Day and Overtime: regular overtime hours, Sunday overtime hours, general leave day hours). Payment schemes for each worker Has documented by the company. The document name as “Kadar Upah Kerja Ladang, KUK BIL. 04/2014 FGVPMSB”. This is documents consist information regarding remunerations of each kind of workers, especially for Harvester and maintenance. Each working order has its own minimum target and additional incentive if the worker achieved above target. Interview result with workers found that this norm has been recognized by all workers. If there were any worker too Hard to understand this norm, they will have some discussion with other worker and/or their supervisor. The 10 pay slips collected during audit from 2 audit areas (Papan Timur Estate and Mill). The random collected evidences showed that workers payment has complied with minimum wage requirement.

The management of Lok Heng Selatan has shown initiative to assist the Indian workers to get a minimum wage of RM900 by giving different types of work and incentives. This was raised as a positive observation.

Workers work eight hours a day for 6 days a week. The audit team confirms that workers do not work on public holidays and week off days and that the overtime working hours and payments are in accordance with the Employment Act 1955. Foreign workers are insured under the Workmen’s Compensation Act 1952 (Act 273) whereas local workers and staff have social security (SOCSO) deductions, in accordance with the Employees Social Security Act 1969 (Amended 2003). The audit team also confirms that the local workers and staff and the employer also contribute to the Employees Provident Fund (EPF), in accordance with the Employees Provident Fund Act 1951 (Act 272).

The company also provides adequate housing, water (from Syarikat Air Johor) and electricity (from Tenaga Nasional BerHad, TNB) for its workers, in accordance with Workers’ Minimum Standard of Housing and Amenities Act 1990 (Act 446). The company give subsidies MYR 6.00 for electricity and MYR 4.00 for water supply but there are deduct water from the employee’s salary where there is no concrete evidence of permission from the Jabatan Tenaga Kerja which authorises Felda to deduct water from the employees’ salary. According to Clause 6(1)(a) of the Workers’ Minimum Standard of Housing and Amenities Act 1990 (Act 446) the company have to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing, to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director. Furthermore, FGV has not yet produced Pekeleling (151) 010/HQ/840A/1 Ot.III and letter of authorisation of deduction of water by the Jabatan Tenaga Kerja Johor. This condition was raised non-conformity (NCR No.2015-27 of 32).

However, beside the condition above there are others condition which is categorized as non compliance, as follows:

1) Domestic waste is disposed randomly around the hostel area. This contravenes Clause 23 (1) (a) & (c) of the Workers’ Minimum Standard of Housing and Amenities Act 1990 (clause 23(1) It shall be the duty of the employer of a place of employment where workers and their dependants are provided with housing accommodation to ensure that the area surrounding the workers’ housing is kept clear of undergrowth and maintained in a clean and sanitary condition.

2) Visual inspection and interviews with the workers at Lok Heng Selatan and Lok Heng Timur reveal that there is no scheduled collection of domestic waste from the workers’ hostel. This contravenes Clause 23(c) of the Workers’ Minimum Standard of Housing and Amenities Act 1990 (clause 23(c) all refuse in the housing site is collected daily and disposed of satisfactorily).

3) Poor drainage as drains are clogged with rubbish. There is a risk of dengue through stagnation of water. This contravenes Clause 23 (1) (b) of the Workers’ Minimum Standard of Housing and Amenities Act 1990 (Papan Timur Estate and Mill).
pertain to wage calculations, medical benefits, entitlement and utility deductions) to its workers (e.g. unemployment contract and the company’s lack of effective communication of the employment contract (especially contracts for Lok Heng Complex which were raised as non-conformity (clauses post-arrival orientation due to inappropriate language). The following are the findings related to employment

Foreign workers are housed according to their ethnicity and religious beliefs and have adequate beds, running water from taps, kitchen and toilet facility. There is a regular solid waste disposal system and routine maintenance for the upkeep of the linesite/housing. There is also a special labour policy, titled, “Polisi Pengambilan Pekerja Asing” (dated 28 June 2011) stating non-discriminatory practices.

The audit team traced the source of most work-related grievances to ambiguities and discrepancies in the employment contract and the company’s lack of effective communication of the employment contract (especially pertaining to wage calculations, medical benefits, entitlement and utility deductions) to its workers (e.g. ineffective post-arrival orientation due to inappropriate language). The following are the findings related to employment contracts for Lok Heng Complex which were raised as non-conformity (NCR No.2015-26 of 32).

Every worker in Felda Papan Timur and Lok Heng Mill received and signed working contracts with the company. Each of foreign or migrant workers has their own working contract with company, the document known as “Surat Perjanjian Kontrak Pekerja” (Working Contract Agreement). The working contract is written in language and has been consulted with worker before they signed.

Different condition in Lok Heng Selatan and Lok Heng Timur estate where there are others condition as non-compliance, as follows:

1) The company does not retain a copy of contracts for existing workers (already employed prior to the revision of contracts in April 2014).

2) The employees of contractors and sub-contractors do not have employment contracts.

3) Interviews with foreign workers on 4 March 2015 (at Lok Heng Selatan) and 5 March 2015 (at Lok Heng Timur) revealed that the briefing by Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) pertaining to terms and conditions of employment indeed did take place on 16 April 2014. The briefing was not in appropriate languages as in some cases, translators from Bangladesh, Nepal and Pakistan do not have sufficient command of the Malay language, which was the language used by the HR representative. The workers from India were briefed in Bengali language through a single Bengali speaking translator who cannot speak proper Hindi, the language of the rest of the Indian workers.

4) Briefing on terms and conditions of employment conducted on 16 April for Lok Heng Timur is inadequate as it focused only on disciplinary matters and did not touch on the pay, insurance and other aspects of the workers’ contracts. The foreign workers interviewed from both Lok Heng Selatan and Lok Heng Timur still have very poor knowledge on their pay and contract, e.g. they do not understand the Incentive AIPS mechanics nor do they understand insurance, flight ticket home, etc.

The condition above was raised as non-conformity (NCR No.2015-26 of 32).

Field checked and interview with workers found that they know the contracts, understand the clauses, has been signed the contracts and accepted the copy of the working contracts. All workers that has been interviewed keep their copy. On the other hand, company could show all contract samples asked by the auditor during audit process. Deep checked to foreign worker list found that they know the contracts, understand the clauses, has been signed the contracts and accepted the copy of the working contracts. Not all workers that has been interviewed keep their copy. Two extended worker has interviewed during the surveillance, both of them working as placement maintenance worker. They confirmed that they have been fulfilled their first 3 years contracts but no new contracts for this present job.

Felda Lok Heng still maintain their commitment respecting the right of all personnel to form and join to labour union. Their commitment has been documented in a policy named “Polisi Kebebasan Menganggotai Khidmat Sukarela” (Policy of freedom to Join Union), published in December 20th, 2010, signed by Director of Felda. Where, there is a published statement in Bahasa Melayu (dated 28 June 2011) sighted at Lok Heng Selatan estate recogniz-
There is a union for staff called Kesatuan Pekerja-Pekerja Felda Global Ventures Plantations (Malaysia) Sdn.Bhd. and a Kesatuan Pekerja-Pekerja Felda Palm Industries Sdn.Bhd. Semenanjung for all workers and staff. Nonetheless, there is no specific union for Technoplant (FTPSB) staff. Their staff has the option to join the larger Felda workers’ union as the requirement for a union is 500 persons. Especially local workers in mill that they have join worker union known as “Kesatuan Pekerja-Pekerja Felda Cawangan Johor Selatan” (Worker Associations of Felda South Johor).

As per immigration department rules, foreign workers are not allowed to join unions. There is documentation, dated 15 April 2013 (ref: (358)KPF/IP/6Bhg.II) to show that staff and local workers at Lok Heng Complex are members of the union, titled, “PengesaHan Permohonan Menjadi Ahli Kesatuan Pekerja-Pekerja Felda”. In addition, there is also workers’ union Handbook titled, “Peraturan-Peraturan Dan Perlembagaan Kesatuan Pekerja-Pekerja FELDA No: Pendaftaran: 455”.

There was an activity record showed during audit, such as:

a. Minute of Meeting, November 16th 2014. The agenda discussed in the meeting were:
   - Ratification of the late Minute of Meeting.
   - Issues Rise regarding last meeting
   - Report presentation from managers
   - Consideration of stakeholder inputs
   - Ratification of financial statement.
   - Reports from branches

b. Minute of Meeting, September 18th 2014. The agenda discussed in the meeting were routine agendas (same as above).

There is documented evidence that minimum age requirement is met. Based on interviews with selected employees and examination on the list of local and foreign workers (per February 2015) at Papan Timur estate and Lok Heng Mill and random checks of staff and local workers’ employment contracts and personal details as well as passports of foreign workers at Lok Heng Selatan demonstrate compliance to the minimum age requirement of Malaysia, i.e. 16 years. Moreover, Felda, in a document dated 1 June 2014, titled, “Polisi Pekerja Kanak-Kanak” clearly stipulates that children under the age of 17 are not permitted to work in the estate. There is no systemic access for foreign people under minimum age could join the company as a migrant foreign worker. Recruitment requirement and procedure from the home country (Bangladesh, Indonesia, India etc.) by their own regulations, and recruitment company procedures, prohibit under minimum people to be part of recruitment process. A standard operations procedure has published as part of human resources managerial system. The procedure known as Sustainable Manual 1A No ML-1A/L2-PO9 (0) document which took effect since March 2012.

There is an equal opportunities policy dated 1 June 2014 in Bahasa Melayu, titled, “Polisi Kesetaraan Peluang (Equal Opportunities Policy)” sighted at Lok Heng Selatan estate. The Policy No. ML-1A/L2-PO10 (0) on Equality of Opportunities, which took effect since March 2012 at Papan Timur estate.

Interviews with migrant workers (Indonesian) at Lok Heng Timur and Lok Heng Selatan estate on 5 & 6 March 2015 confirm that migrant workers are not discriminated against with example in the promotion opportunities as well as in the training opportunities. Likewise, the working opportunity in Felda is open to all residents of Malaysia.

Migrant workers receive the same employment benefits such as pay, holiday entitlement, working hours as local workers. Foreign workers have the Workmen Compensation insurance in lieu of the SOCSO for local workers.

Interviews with migrant workers at Lok Heng Timur and Lok Heng Selatan estate on 5 & 6 March 2015 confirm that migrant workers are not discriminated against with example in the promotion opportunities as well as in the training opportunities. Likewise, the working opportunity in Felda is open to all residents of Malaysia.

Migrant workers receive the same employment benefits such as pay, holiday entitlement, working hours as local workers. Foreign workers have the Workmen Compensation insurance in lieu of the SOCSO for local workers.

Interviews with migrant workers at Lok Heng Timur and Lok Heng Selatan estate on 5 & 6 March 2015 confirm that migrant workers are recruited based on their skills (especially for Harvesters) and medical fitness.

Interview in dialog and discussion manner has been conducted to foreign workers in group at emplacement (Papan Timur estate). Some questions regarding discrimination issues has floor on the group. Workers agreed that no such discrimination issues exist in working area or in emplacement. Every foreign worker know and understand their duty and rights, share company’s facilities appropriately, and give respects to each other as the same foreign worker from different country. No discrimination treatment among workers and against supervisor, mandor, assistant and manager treat them properly.

There is a policy on sexual Harassment, titled, “Polisi Gangguan Seksual, Keganasan Serta Hak Kebebasan Reproduksi” dated 1 June 2004 sighted at Lok Heng Selatan and Lok Heng Timur estate. There is also a Standard Operating Procedure (Manual Lestari) for the grievance mechanism pertaining to sexual Harassment dated March 2012 titled, “Prosedur Menangani Aduan Oleh Gender Committee” (ref: ML-1A/L2-PR10(0)). There is also a guideline on dealing with sexual Harassment at the workplace by the Jabatan Tenaga Kerja Semenanjung Malaysia (Department of Human Resources Peninsular Malaysia), titled, “Kod Amalan Untuk Mencegah dan Mem-
basmi Gangguan Seksual Di Tempat Kerja’/Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace”. In August 1st 2006, Felda has documented policy regarding whistle blowing protections. This policy has communicated to all level of worker.

There are dedicated gender officers in each estate. Due to the limited number of women in each estate/mill, the gender committee is based on zonation, i.e. Zon Law for Lok Heng Complex. Zon Law representatives are part of the regional gender committee, i.e. Jawatankuasa Wanita Peringkat Wilayah Johor Bahru.

There is adequate documentation which shows that dissemination of information to women settlers through GPW meetings, e.g. minutes of meeting dated 4 February 2015 (ref: 02/2015), titled, “Minit Mesyuarat GPW Felda Lok Hen Selatan” and “Minit Mesyuarat GPW Kali Ke 02/2015 Felda Lok Heng Timur” dated 10 February 2015. As for staff, there is evidence of annual meetings at the regional level, i.e. Zon Law, e.g. minutes of meetings dated 23 December 2014 (ref:01/2014) titled, “Minit Mesyuarat Puspanita Zon Law”. The implementation of the sexual harassment and reproductive rights policy is demonstrated through a briefing conducted on the sexual harassment policy and its associated grievance procedure during the Karnival Wanita held on 1 February 2015 held at the Dewan Serbaguna Felda Lok Heng Barat from all schemes/estates (see minutes of meeting) from FELDA, FELDA TECHNOPLANT SDN.BHD. & FPTSB, organised by the regional gender committee (attendance sheet is also attached with the minutes). The carnival also sensitised women on their reproductive rights, and had free health screening for women on women related diseases. The programme included the following:

a. Briefing on sexual Harassment at the workplace by the Psychology Officer of the Family Development Centre (LPKKN);

b. Women’s rights from the Perspective of Islam (by an Ustazah from the Kota Tinggi Religious Department);

c. Health briefing on women’s health issues;

d. Health screening (e.g. Pap Smear, Breast cancer, BMI, Blood glucose, Stress test); and

e. Exhibition (10 booths)

There is an internal audit report (RSPO for each scheme) which monitors each RSPO P&C, including 6.9 (sexual Harassment and reproductive rights policy and implementation of the policy). Whereas, Checking on Gender Complaint and Grievance logbook 2015 found that there’s no report from parties regarding gender issues.

Procedure for calculating prices, and for grading, FFB is based on MPOB. The current FFB price (based on 1% OER) is displayed at the mill sign boards and the weighbridge ticket and past FFB price list record has been showed during surveillance. The record applied to all Felda operations areas in Semenanjung Malaysia, Sabah and Sarawak. This record consist information of date, and price per locations. The evidences were showed a FFB prices for December 1st to 31st 2014.

Contractual agreement has legally fair implemented to local business. Every local business must meet requirements to be a business partner of Felda Mill, such as Samudera Raya Construction, as follow:

a. Contractor identity and profile


c. Summary of Contract, FPISB – 139/2013

d. Agreement Declaration between Contractor and Mill regarding Tender winner

e. Ratification of Field Visit, may 7th 2013.

There are evidences showed that Mill has fairly and transparently deal with local business, such as:

a. A Letter from contractor, January 2015, regarding tax deductions.

b. Goods receipt no 5003736124, February 08th 2015, for EFB transportation services payments.

c. Invoice, February 4th 2015 from contractor, for EFB transportation services.

d. EFB transportation Note, January 2015, from Lok Heng Mill to Felda Papan Timur Estate.

Felda routinely conducted meeting with all of stakeholders. Some of meeting subjects are stakeholder requests to Felda for conducting activities that reflected company’s contribution to local development. Evidence of Contribution to local development as stakeholder consultation result showed in Minute of Meeting, December 18th 2014, Meeting Room of Felda Papan Timur. The meeting has reported Felda contributions to local development by berou activities, such as:

1. Mosque (religion) report that all donations that has collected would be use to young generation activities.

2. GPW report that has been conducted social working activities that by block markin maintenance.

3. Proposal to develop TABIKA at emplacements.

Felda Mill has showed their contribution to local development such as canal clearance projects that has been conducted in January 27th 2015, as response of stakeholder proposal letter, January 14th 2015.

There is an element of contract substitution for new Bangladeshi workers (who came in February 2015). New Bangladeshi workers signed a contract with FELDA through the Bangladeshi government prior to their departure from Bangladesh and were made to sign another contract at Lok Heng Timur office. Their original contracts signed in Bangladesh are not made available to the auditor. The management has not provided evidence that
the contents of the contract signed in Malaysia and Bangladesh are the same and that contract substitution has not occurred. A Pakistani worker interviewed at Lok Heng Timur asserted that his agent who recruited him in his village promised him work in the factory with a salary of between RM1500-2000. He was only told his real working conditions by his agent two days before flying off, when he had already arrived in Islamabad. This was raised as non-conformity (NCR No.2015-28 of 32).

Compliance status: Non-Compliance

NCR No.2015-23 of 32 (Indicator 6.1.2 – Major non-conformity)
Participation of migrant workers in Social Impact Assessment is inadequate, although these are one of main stakeholders of Felda. Assessment process with their participations to develop a proper impact management and monitoring is lacking. This is further evident from a number of complaints from workers found by the audit team that were not captured in the SIA of the schemes and estate

NCR No.2015-24 of 32 (Indicator 6.1.3 – Major non-conformity)
1. There is no evidence of monitoring and review of the SIA at the Lok Heng Selatan and Lok Heng Timur
2. There is continuous assessment of issues and impacts pertaining to all levels of stakeholders gauged in the monthly meetings with settlers, GPW, youth, JKKK/JKKR, staff as well as quarterly meetings with workers' representatives in the OSHA meeting. However, these are not analysed and compiled, thus, the effectiveness of the actions taken to address the issues have not been gauged at Lok Heng Selatan estate & Lok Heng Timur estate.

NCR No.2015-25 of 32 (Indicator 6.3.1 & 6.3.2 – Major non-conformity)
1) Interviews with workers at Lok Heng Selatan and Lok Heng Timur revealed that the complaint process was not discussed during the briefing by the Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) on 16 April 2014.
2) Slow resolution of workers’ grievances: A Nepali worker at Lok Heng Timur complained about the fan in his room but action was not taken until 5 March, the day of the audit, which is more than the 14 days prescribed in the correction plan.
3) There is no complaints book for workers at Lok Heng Selatan.
4) There is no mechanism for anonymous complaints for the workers at Lok Heng Selatan and Lok Heng Timur. There is no avenue to air grievances to the higher authorities in FELDA in a confidential manner.
5) Migrant workers claim that they resorted to strike (Indian workers, Lok Heng Selatan, February 2015) and (Nepali workers, Lok Heng Timur, 2014) due to slow response from the management pertaining to pay and work conditions.

NCR No.2015-26 of 32 (Indicator 6.5.2 – Major non-conformity)
• The company does not retain a copy of contracts for existing workers (already employed prior to the revision of contracts in April 2014) (All estate)
• The employees of contractors and sub-contractors do not have employment contracts (all estate)
• Interviews with foreign workers on 4 March 2015 (at Lok Heng Selatan) and 5 March 2015 (at Lok Heng Timur) revealed that the briefing by Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) pertain to terms and conditions of employment indeed did take place on 16 April 2014. The briefing was not in appropriate languages as in some cases, translators from Bangladesh, Nepal and Pakistan do not have sufficient command of the Malay language, which was the language used by the HR representative. The workers from India were briefed in Bengali language through a single Bengali speaking translator who cannot speak proper Hindi, the language of the rest of the Indian workers (all estate)
• Extended migrant worker (after fulfill their first 3 years contracted services as written in their first contract) has no new contracts and/or working order statement from company’s management (Papan Timur)
• Briefing on terms and conditions of employment conducted on 16 April for Lok Heng Timur is inadequate as it focused only on disciplinary matters and did not touch on the pay, insurance and other aspects of the workers’ contracts. The foreign workers interviewed from both Lok Heng Selatan and Lok Heng Timur still have very poor knowledge on their pay and contract, e.g. they do not understand the Incentive AIPS mechanism nor do they understand insurance, flight ticket home, etc (Lok Heng Timur)

NCR No.2015-27 of 32 (Indicator 6.5.3 – Minor non-conformity)
1) a. There is no concrete evidence of permission from the Jabatan Tenaga Kerja which authorises Felda to deduct water from the employees' salary. According to Clause 6(1)(a) of the Workers’ Minimum Standard of Housing and Amenities Act (1990).
b. FGV Has not yet produced Pekeliling (151) 010/HQ/840A/1 Ot.III and letter of authorisation of deduction of water by the Jabatan Tenaga Kerja Johor

2) **Domestic waste is disposed randomly around the hostel area.** This contravenes Clause 23 (1) (a) & (c) of the Workers’ Minimum Standard of Housing and Amenities Act (1990)

3) Visual inspection and interviews with the workers at Lok Heng Selatan and Lok Heng Timur reveal that there is no scheduled collection of domestic waste from the workers’ hostel. This contravenes Clause 23(c) of the Workers’ Minimum Standard of Housing and Amenities Act (1990):

4) **Poor drainage as drains are clogged with rubbish.** There is a risk of dengue through stagnation of water. This contravenes Clause 23 (1) (b) of the Workers’ Minimum Standard of Housing and Amenities Act (1990)

5) There are no records of monitoring of workers’ housing by the authorized person for each as required by Clause 23 (3) of the Workers’ Minimum Standard of Housing and Amenities Act (1990)

**NCR No.2015-28 of 32 (Indicator 6.12.2 – Minor non-conformity)**

1) There is an element of contract substitution for new Bangladeshi workers (who came in February 2015) at Lok Heng Timur estate. New Bangladeshi workers signed a contract with FELDA through the Bangladeshi government prior to their departure from Bangladesh and were made to sign another contract at Lok Heng Timur office. Their original contracts signed in Bangladesh are not made available to the auditor. The management Has not provided evidence that the contents of the contract signed in Malaysia and Bangladesh are the same and that contract substitution Has not occurred

2) A Pakistani worker interviewed at Lok Heng Timur asserted that his agent who recruited him in his village promised him work in the factory with a salary of between RM1500-2000. He was only told his real working conditions by his agent two days before flying off, when he Had already arrived in Islamabad

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

Criteria not assessed:

Findings:

Principle 7 is not applicable as there are no new plantings within Lok Heng complex, only replanted area of 357.08 Ha in year 2013 for Lok Heng Barat estate, 1,177.10 Ha in year 2014 for Lok Heng Timur and 310.98 Ha in year 2013 for Lok Heng Selatan estate.

Compliance status: Not Applicable

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

Criteria assessed: CR8.1
Criteria not assessed: -

Findings:

It was informed at Felda HQ that that company Has plans to carry out biogas capture projects for several and Has already implemented such projects at 6 other Felda complexes with several others in progress. For Adela and Lok Heng mill, there is a plan to implement a biogas plant at both complexes with planned implementation in February 2016 and April 2016. The plan is currently in draft and unconfirmed by the person-in-charge at HQ. Progress will be verified during the next surveillance audit.

The continuous improvement plan sighted at the schemes includes many social activities does not include plans for continuous improvement involving smallholder representatives with consideration of environmental impacts. Felda HQ Has also issued a Recycling Policy dated 1 June 2014, however there is no evidence of however there
is no evidence of training or steps being taken to implement this policy with participation of smallholders.

**Compliance status: Non-compliance**

**NCR No.2015-29 of 32 (Indicator 8.1 – Major non-conformity)**

The continuous improvement plan sighted at the schemes includes many social activities does not include plans for continuous improvement involving smallholder representatives with consideration of environmental impacts. Felda HQ Has also issued a Recycling Policy dated 1 June 2014, however there is no evidence of however there is no evidence of training or steps being taken to implement this policy with participation of smallholders.

**RSPO SCCS**

**Module E – CPO Mills: Mass Balance**

**E.1. Definition**

**Findings:**

The organization (Lok Heng Mill) was implemented the RSPO-SCCS Mass Balance (MB) model since get certificate. This SCCS model allowed to mixing of certified and uncertified product but shall be control by the Mass Balance record to ensure the quantity of certified product, and only certified product could be claim by the organization as certified palm oil product. Organization Has identified the volume of certified and uncertified FFB supplied to the mill. Based on record of Mass Balance showed the amount of FFB certified and uncertified, when the certified FFB is come from FELDA scheme (Papan Timur, Lok Heng Barat, Lok Heng Timur & Lok Heng Selatan) and FTPSB (Felda Techno Plant Sdn. Bhd) and FGVPM (Kledang 2 estate) which scope audit from Adela POM. Whereas, uncertified FFB is come from dealers, other estate and Independent outgrowers.

Based on Table 3 that Lok Heng Mill was received certified FFB year 2014 is approximately 128,348.68 Toness of FFB (70.66% from the total of FFB received in once year) and uncertified FFB is approximately 53,279.16 Tones (29.34%). Lok Heng Mill only produced Crude Palm Oil (CPO) and Palm Kernel (PK).

Mass balance record also showed the certified product. In year 2014 that certified CPO are 25,063.38 Tones (67.37%) and uncertified CPO is 12,137.18 Tones (32.63%). Whereas, certified PK are 6,748.91 Tones (67.17%) and uncertified PK are 3,298.93 Tones (32.83%).

**Compliance status: Full Compliance**

**E.2. Explanation**

**Findings:**

The projection of certified CPO and PK year 2014 are 12,371 mt and 3,198 mt. The realization of certified product sold is 12,000 mt and null by green palm platform. Whereas, projection of certified product year 2015 are 25,057 mt (CPO) and 6,709 mt (PK) with projection of FFB process is 193,590 mt and extraction rate are 20.54% (OER) and 5.50% (KER).

Register in eTrace on behalf Lok Heng POM (Felda Palm Industries Sdn Bhd) and in green palm on behalf Felda Marketing Services Sdn Bhd (green palm no.GP00000217) since January 2011.

In the downgrade book & claim year 2014 was recorded that the company Has sold certified CPO with Mass Balance claim under green palm (book and claim) amount of 12,000 mt. Whereas, under eTrace no certified transaction for CPO and PK.

**Compliance status : Full Compliance**

**E.3. Documented procedures**
Findings:

Lok Heng mill have procedures for implementation of SCCS requirement where it has stated on FELDA Agriculture Service FPISB Palm Oil Mill “SOP for Mill Compliance to RSPO Supply Chain Certification System” (FGVPM-RSPO SCCS) issued No. 2.0 dated July 2013. Lok Heng mill implement quality management system ISO 9001:2008 as a part of compliance to this standard company has to establish complete and up to date standard operation procedure.

The Mill Manager is having overall responsibility for and authority over the implementation of SCCS requirements and compliance with all applicable requirements. Job description has been made for mill operator who will implement SCCS. Assistant Mill Manager has responsibility for conducting internal audit of RSPO SCCS and also responsible to check that the SCC system is properly implemented and all documents required for mass balance tracking, delivery, etc are in place. Internal audit year 2014 has conducted dated on January 6, 2014 and their record was available. Whereas, year 2015 has conducted too dated on 14 January 2015 by Mr Haznawi C but records of internal audit not available. This was raised as non-conformity (NCR No.2015-30 of 32).

Based on interview assistant mill manager and two officers that they are not understand about RSPO SCCS requirement/standard year 2014 because SCCS update information or training has not been conducted. This is condition was raised as non-conformity (NCR No.2015-31 of 32).

On SOP for Mill Compliance to RSPO Supply Chain Certification System (FGVPM-RSPO SCCS) issued No. 2.0 dated July 2013 has included procedure for receiving and processing certified and non-certified FFBs and it has clear information regarding definition of FFB from certified source that will be claimed as certified material and the condition that will make certified FFB become non certified FFB. All FFB from Adela complex as certified scheme were categorized as certified FFB, and FFB from other complexes or transfer from other mills was categorized as non-certified.

Compliance status: Not Compliance

NCR No.2015-30 of 32

Records of internal audit year 2015 not available so it was not compliance with FGVPM-RSPO SCCS rev 2

NCR No.2015-31 of 32

Lok Heng Mill has no training program year 2015

E.4. Purchasing and goods in

Findings:

Lok Heng Palm Oil Mill has mechanism to receive FFB both from certified sources and non-certified sources (SOP for Mill Compliance to RSPO Supply Chain Certification System (FGVPM-RSPO SCCS) issued No. 2.0 dated July 2013). Adela mill has implemented verify and document the volumes of certified and non-certified FFBs received. The results of verification that Lok Heng Mill was received certified FFB year 2014 is approximately 128,348.68 Toness of FFB (70.67% from the total of FFB received in once year) and uncertified FFB is approximately 53,279.16 Tones (29.33%).

Incoming FFB from Smallholder Adela Complex such as Papan Timur, Lok Heng Barat, Lok Heng Timur and Lok Heng Selatan, accompanied by document “FFB Delivery Note” about Project code; Smallholder name and code, field code; driver name; Vehicle number, date of FFB transported, IC code driver.

Receiving FFB in Weighbridge will be recorded on GatePass (FFB receiving Form/ Penerimaan FFB) and form FFB Receipt Account including information about quantity and quality FFB, grading result. Information on gate pass and “Receipt Account”(incoming notes) is Pass no.; Project code; Smallholder name and code, field code; driver name; Vehicle number, date of FFB transported, IC code driver; quantity and quality of FFB and Delivery Order number.

There is information about MB certification status attached on the document both document from smallholder and incoming FFB documents issued by the mill.

Inside SOP for Mill Compliance to RSPO Supply Chain Certification System (FGVPM-RSPO SCCS) issued No.
2.0 dated July 2013 that mill will inform to the CB immediately if there is a projected overproduction of certified tonnage.

**Compliance status: Full Compliance**

### E.5. Record keeping

**Findings:**

The mill has record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO on three months basis; including record for PK production on “Laporan Penerimaan FFB dan Operasi Pada Harian” (Report on incoming FFB and daily operations); “Laporan Daily Figure Produk Sampingan” (By-product daily figures report) and Daily Figure ISCC/RSPO report (FFB, CPO, Kernel). The company has defined method for mass balance calculation, the formula for MB calculation has been determined on the procedure considers actual condition of certified FFB and non-certified FFB processed. Spreadsheet form to records material and production balance has no longer used since July 2013 replaced by “Daily operation Figure ISCC/RSPO (FFB,CPO,Kernel) " PIMP739. The mass balance record has evaluated in every months.

During the surveillance audit, mill has evaluated of volume the CPO and PK certified quantity year 2014 and 2015 but their information was not accurately regarding FFB status on Check sheet of FFB transfer out (kertas semak aliHantar BTS) period September 2014. In Check sheet of FFB transfer out (kertas semak aliHantar BTS) has categorized as FFB certified but on FFB transfer out year 2014 as FFB non-certified. Moreover, information in material balance (input, process and output) was not accurately too and provided information or report about volume of CPO & PK production certified and non-certified. This was raised as non-conformity (NCR No.2015-32 of 32). The annual balance records including the incoming certified FFB and non-certified FFB, the production process, the finished goods of certified and non-certified CPO and CSPK, sales and end stock.

In the mass balance year 2014 that no sold transaction as certified in form physically or eTrace but by green palm. Based on mass balance record year 2014 that all volume of CPO and PK has delivered or sold from positive stock and has deducted from material accounting system according to actual daily conversion ratios.

There is no outsource process, company has their own facility to produce CPO and PK

**Compliance status: Non Compliance**

**NCR No.2015-32 of 32**

- Company has not accurately information regarding FFB status on Check sheet of FFB transfer out (kertas semak aliHantar BTS) period September 2014. In Check sheet of FFB transfer out (kertas semak aliHantar BTS) has categorized as FFB certified but on FFB transfer out year 2014 as FFB non-certified.
- Company has not accessible reports about volume of CPO production certified and non-certified
- Company has not accurate about information in material balance (input, proces, output)

### 3.2 Status of Previously Identified Non-conformities

During the 2nd surveillance assessment in year 2014 for Felda Lok Heng, a total of 19 nonconformances were identified. These consisted of 14 major non-conformities and 5 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 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:

- **RSPO P&C.**

**Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or**
### Social outcomes. This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO criteria.

**Non-conformance 2014-01 of 19 (Minor non-conformity)**

Lok Heng Mill Management does not have the following documents prepared and not yet made publicly available:
1. Safety and health plan for year 2014
2. Plans and impact assessments relating to environmental and social impacts for year 2014
3. Pollution prevention plans for year 2014

**Verification of correction/corrective action:**

Lok Heng Mill has a documented quality, occupational safety and environmental quality plan for year 2014 including monthly monitoring of progress. The plan included objectives to reduce BOD levels below 50ppm (as checked from BOD monitoring certificates, this was achieved), prevention of oil spillage from the continuous sterilizer to the monsoon drain (achieved from May 2014 onwards after construction of retaining wall), zero accidents within the mill compound (achieved) and zero accidents when off-duty or road accidents (not achieved in year 2014).

A similar documented program for year 2015 is also available with similar objectives but including new objective to reduce usage of diesel to below the RM0.76/mt. Documents can be made publicly available upon request. It was informed by the mill that no such requests have been made.

**Auditor conclusions:** Closed

<table>
<thead>
<tr>
<th><strong>Criterion 2.1 (Minor indicator 2)</strong> A documented system, which includes written information on legal requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance 2014-02 of 19 (Raised to Major non-conformity from previous surveillance)</strong></td>
</tr>
<tr>
<td>Legal Requirements related to RSPO was found not having details and complete informations such as specific requirements of Occupational Safety and Health Acts 1994 and its Regulations, Factory Machinery Act 1967 and its Regulations, Environmental Quality Act 1974 and its Regulations, only listed the main acts with an abstract and general information about the acts.</td>
</tr>
<tr>
<td><strong>Verification of correction/corrective action:</strong></td>
</tr>
<tr>
<td>Lok Heng Mill: Sighted revised List of laws and requirements related to compliance with RSPO ('Senarai Undang-undang dan Keperluan yang berkaitan bagi pematuHan RSPO') revised on 02/04/14 containing detailed information of regulations under OSHA 1994 and FMA 1967.</td>
</tr>
<tr>
<td>Lok Heng Selatan: Sighted appointment letter for person-in-charge of legal issued on 02/04/14 to the G17 supervisor from Lok Heng Selatan estate manager. Sighted revised list of laws and requirements related to compliance with RSPO ('Senarai Undang-undang dan Keperluan yang berkaitan pematuHan RSPO') included regulations that was made available as issued by the Sustainable Palm Oil Unit, PSQM Department (FGVPM2SB) on 23 March 2014</td>
</tr>
<tr>
<td><strong>Auditor Conclusions:</strong> Closed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Criterion 2.1 (Minor indicator 3)</strong> A mechanism for ensuring that they are implemented.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance 2014-03 of 19 (Raised to Major non-conformity from previous surveillance)</strong></td>
</tr>
<tr>
<td>Evaluation of compliance was not done properly and covering all relevant sections such as requirements from Occupational Safety and Health Act 1994 and its regulations, Factories and Machinery Act 1967 and its regulations and Environmental Quality Act 1974 and its regulations as found in Lok Heng Barat and Selatan in list of Laws and Requirements Related to the Determination of Compliance with RSPO ('Senarai Undang-Undang dan Keperluan yang Berkaitan dengan Penentuan bagi PematuHan RSPO'). Only the 3 Acts mentioned and evaluated but their relevant regulations were not included and evaluated accordingly.</td>
</tr>
</tbody>
</table>
While in the Lok Heng Mill, the List of Legal and Other Requirements (FPI/L4/QOHSE-2.1 Pind.0)” revised 15th March 2013 shows that Section 49A under EQA 1974 (rev. 2012) was ticked as complied even actually not yet complied as there is no competent person available to manage scheduled waste.

Location: Lok Heng Barat, Lok Heng Selatan, Lok Heng Mill

**Verification of correction/corrective action:**

Lok Heng Mill: Appointment letter was issued to appoint the assistant manager as PIC for legal dated 02/04/14 by Mill Manager. A letter was sent to PQE Unit requesting for sending 2 staffs to attend training for becoming competent person for scheduled waste dated 04/04/14, i.e. the Assistant Manager and Lab Analyst. The related List of laws and requirements related to compliance with RSPO (Senarai Perundangan dan Keperluan PematuHan RSPO) was revised accordingly particularly for Section 49A dated 02/04/14 shown not compliance status and action to comply as explained was included.

Lok Heng Barat: Sighted an appointment letter dated 13/02/14 appointing the supervisor of FTPSB Lok Heng Barat the manager of Lok Heng Barat estate as person-in-Charge for legal compliance.

Lok Heng Selatan: Appointment letter for legal person-in-Charge issued on 02/04/14 to G17 Supervisor by Lok Heng Selatan estate manager.

Revised evaluation of compliance on 31 March 2014 evidence of evaluation of compliance was done on List of laws and requirements related to compliance with RSPO (Senarai Undang-undang dan Keperluan yang berkaitan pematuHan RSPO) included regulations that was evaluated in the previous findings.

During 3rd surveillance audit that Senarai Undang-Undang and Lain-Lain Daftar (LORR) have been updated to includes Legal Requirements. However, Peraturan-Peraturan Keselamatan Dan Pegawai Kesihatan 1997 and Peraturan-Peraturan Kilang dan Jentera (PendedaHan Bising) 1989 was not applicable but it is ticked as complied and the LORR was not signed and no date available. Pengelasan, Pembungkusan Dan Pelabelan Bahan Kimia Berbahaya – Peraturan 1997 (CPL) is still in the list which was obsolete with new regulations Occupational Safety Health (Classification Labelling and Safety Data Sheet of Hazardous Chemicals) 2013. No evidence has been provided that the mill has sent 2 persons i.e. Assistant Manager and Lab Analyst to attend the scheduled waste training to become a competent person. Hence, Section 49A under EQA 1974 is not yet complies as there is no competent person available Handling the schedule waste.

**Auditor conclusions:** Open (NCR No.2015-01 of 32)

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

**Non-conformance 2014-04 of 19 (Raised to Major non-conformity from previous surveillance)**

The tracking mechanism for changes of law (Sistem Pengesanan Perubahan Undang-Undang) is not effectively implemented as found Environmental Quality Act 1974 (revised 2012) not updated at Lok Heng Barat and Lok Heng Selatan. While new regulation Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013 was also not updated at Lok Heng Barat, Lok Heng Selatan and Lok Heng Mill.

**Verification of correction/corrective action:**

During the verification audit, it was sighted at Lok Heng Mill & Lok Heng Barat an email FGVPMSB- South Zone on 30/03/14 including attachment 2.1.2a on List of compliance, which was updated to include the Environmental Quality Act amendments in 2012 (Senarai pematuHan, Akta Kualiti Alam Sekeliling pindaan 2012) and CLASS 2013.

Felda also conducted a Workshop for Discussion of Policies and checking of Legal Compliance, PSQM Department done on 9 May 2014 with 11 participants from the PSQM department. The agenda for the workshop included briefing to all participants about the system for tracking changes to legal requirements implemented at Felda and Felda Holdings level, where any changes to legal requirements are to disseminate from regional level to all Felda projects, mills and estates. The agenda also included an update on latest revised legal requirements, including CLASS 2013, Classification, Packaging and Labelling (CPL) 1997, revisions to Environmental Quality Act 2012, Minimum Wage Act 2012, and Workers’ Minimum Standards of Housing and Amenities 1990. The signed attendance list for this workshop was sighted.

Another workshop at PSQM department level was held on 5-6 June 2014 for 22 members of the department regarding checking of the safety manual, Quality, Occupational Health and Safety, and Environment (QOHSE)
manual), policies and checking of legal compliance. The agenda included briefing on the current system for tracking changes to legal requirements and a Handover of the latest update legal requirements register applicable for the organization. The attendance list of the workshop and photos were sighted.

**Auditor Conclusions:** Closed

### Criterion 3.1 (Major indicator 1) Annual budget with a minimum 2 years of projection.

**Non-conformance 2014-05 of 19 (Major non-conformity)**

It was found on Lok Heng Selatan budget plan for year 2014 to year 2016 has not include information about budget plan for Plantation Maintenance program, Harvesting activity. The budget only for supporting activities such as housing expenses, staff salary, training, and donation.

**Location:** Lok Heng Selatan

**Verification of correction/corrective action:**

The budget for plantation maintenance programs and estate activities for smallholder lots as well as planted lots not owned by smallholders was sighted for year 2014, 2015 and 2016. The budget covered main estate activities such as Harvesting, spraying, manuring, field maintenance, drainage maintenance, cover crops, and workers.

**Auditor Conclusions:** Closed

### Criterion 4.3 (Minor indicator 4) Subsidence of peat soils should be minimized through an effective and documented water management programme.

**Non-conformance 2014-06 of 19 (Raised to Major non-conformity from previous surveillance)**

The scheme established sampling point to monitor water table only. There are 2 sampling point in Lok Heng Selatan however only one point has been monitored, the data other sampling point is not available. Company has no established yet sampling point to monitor subsidence level.

**Verification of correction/corrective action:**

Water level monitoring data for two sampling points established in Division 02 of Lok Heng Selatan estate for year 2013 up until March 2014 was sighted, with water table ranging from 60cm to 120cm.

Sighted photographic evidence of a subsidence monitoring point established at Division 02 of Lok Heng Selatan estate and first monitoring data recorded for April 2014.

**Auditor Conclusions:** Closed

### Criterion 4.6 (Major indicator 5) Annual medical surveillance as per CHRA for plantation pesticide operators.

**Non-conformance 2014-07 of 19 (Maintained as Major non-conformity from previous surveillance)**

At Lok Heng Barat, the medical surveillance was conducted for 10 workers (Sprayer) on 13th April 2013 by a licensed Occupational Health Doctor. It was found one sprayer at Division 4 was not sent for medical surveillance. According to supervisor, they only sent representatives of the workers due to budget limitation and 12sprayers were not included in the medical surveillance. While in Felda Lok Heng Selatan Medical surveillance was only conducted for only 15 Sprayers on 25th April 2013.

**Verification of correction/Corrective action:**

Lok Heng Barat: Invoice to Klinik Dhilon no 005/14 on Medical surveillance conducted for 30 workers carried out on 8, 10, 11 and 12 March 2014. Reported in the summary that no workers has been found to have any occupational illness.

Lok Heng Selatan: Evidence sighted of name list of those who work related to chemicals that required to be sent for Medical Surveillance 20 workers (all Indonesian) A letter dated 03/04/14 to Klinik Dhilon requesting to conduct Medical Surveillance in April 2014 by Lok Heng Selatan estate was sighted. Records of medical surveil-
lance conducted were sighted with no workers found with illnesses. During 3rd surveillance audit that Lok Heng Timur estate not conducted annual medical surveillance year 2014 for sprayers and workers Handling chemical. While for the year 2015, no plan was established yet to send workers for medical surveillance.

Auditor Conclusions: Open (NCR No.2015-13 of 32)

Criterion 4.7 (Major indicator 1h) Workers trained in First Aid should be present in both field and mill operations.

Non-conformance 2014-08 of 19 (Maintained as Major non-conformity from previous surveillance)
1) There was no evidence training for first aid conducted for workers and Foremen as planned in the Program Lathan 2013.
2) No evidence of letter signed by the foremen and lorry driver that they receive first aid kits as stated in previous year’s corrective action
Location: Lok Heng Selatan

Verification of correction and corrective action:
1) Evidence of first aid training conducted on 14 to 15 April for 30 participants from Lok Heng complex as well as Adela complex (another management unit of Felda) was sighted, including attendance lists and photos.
2) The mill has prepared a list of all Foremen and truck divers that has received the first aid kits and the list of signed off as acknowledgement of receipt by each personnel. According to the list, 9 Foremen and 3 truck drivers received the first aid kits. The first aid kits have been provided to all drivers and Foremen as sighted during the visit to the estate. The distribution list also been provided as an evidence that the first aid kits been distributed and acknowledged accordingly.

However during 3rd surveillance audit, it was found 4 sprayers without foremen and under care of supervisor/foremen and no first aider available nearby them while they are carry out their work at block 3 (level 1)-Lok Heng Timur estate. Another group of Harvesters at the same block also not Having a trained first aider around them. Only two supervisors attended first aid training but no valid certificate of training as evidence.

Auditor conclusions: Open (NCR No.2015-15 of 32)

Criterion 4.6 (Scheme smallholder guidance) Scheme Managers should provide regular training to their organized smallholders on agrochemical use.

Non-conformance 2014-09 of 19 (Raised to Major non-conformity from previous surveillance)
There is still no evidence of training on chemical Handling Has been conducted. Discussion with smallholder and contractor on chemical Handling in the JKKR/JKUK meeting was also not highlighted. The discussion is more to safety and health such as PPE and cleanliness in the meeting dated 14 November 2013, 11 July 2013 and 8 March 2013.
Location: Papan Timur

Verification correction/corrective action:
Papan Timur: Evidence of Training on Management and Use of Chemicals (‘Lathan Pengurusan Dan Penggunaan Bahan Kimia’) was conducted on 07/02/14 to sprayer and smallholder. 12 participants were involved. Trainer is Hamendan b. RaHamat.
A letter to call for a meeting to discuss on chemical Handling was prepared and planned to be held in 14/ 04/ 14.

Auditor conclusions: Closed

Criterion 5.1 (Major indicator 1) Documented aspects and impacts risk assessment that is periodically reviewed and updated
Non-conformance 2014-10 of 19 (Maintained as Major non-conformity from previous surveillance)

1) There is no evidence that training on aspect impact assessments been provided or that EIA prepared previously Had been corrected, e.g. sighted at Lok Heng Selatan’s EIA, some of aspects of land clearing for re-planting and drainage or irrigation system were not included.

2) Lok Heng Mill Has an Identification of Environmental Aspects and Impacts Evaluation of Significance document which includes identification of aspects and impacts related to all mill activities. However, the mill Had just recently started constructions of a bunch shredder but EAI evaluation for this new bunch shredder, including construction activities, was not yet done.

Verification of correction/corrective action:
Lok Heng Selatan provided an updated Environmental Aspects and Impacts Assessments which included identified aspects and impacts for land clearing and irrigation related activities. During 3rd surveillance audit that evidence of training as it was informed that the EAI was done at PSQM level and disseminated to all Felda projects and done to the estate level staff.

Lok Heng Mill Has identified Environmental Aspects and Impacts of the operations of the bunch shredder, but not construction of the shredder. Since the shredder construction is completed, this is noted as an observation.

The Environment Aspect Impact Assessment (FPI/L4/QOHSE – 1.7 Pind 0) Has been updated accordingly dated 20 Jan 2015 to include bunch shredder activity. The assessment Has been conducted in an appropriate way.

Auditor conclusions: Closed

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 2014-11 of 19 (Minor non-conformity)
Empty pesticide containers which is schedule waste were not disposed accordingly to the license contractor and no records/inventory is available/ kept.

Verification of correction/corrective action:
The empty pesticide containers are now going through triple rinsing and not considered as scheduled waste. The empty containers are sold to wholesaler and the records of triple rinse and collection are kept updated and confirm by the manager.

Auditor conclusions: Closed

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

Non-conformance 2014-12 of 19 (Minor non-conformity)
Open burning is sighted near the office of Lok Heng Barat and Lok Heng Selatan

Verification of correction/corrective action:
During 3rd surveillance audit that open burning is still:

• Sighted at the workers’ hostel at Lok Heng Selatan and Lok Heng Timur. Interviews with workers at Lok Heng Selatan (4 March 2015) and Lok Heng Timur (6 March 2015) schemes indicate that there is no awareness-raising amongst the workers on prohibition on open burning.

• Found domestic waste dump by the road side and burnt along the road at Block 10 in Felda Lok Heng Timur. At Block 3 the waste of food packaging dumped and burn in the estate.

• Open burning sighted at the office of Papan Timur, nearby to the chemical store

Auditor conclusions: Open (NCR No.2015-22 of 32 raised to major non-conformity)
Criterion 6.1 (Major indicator 1) A documented social impact assessment including records of meetings.

Non-conformance 2014-13 of 19 (Major non-conformity)
There is no evidence that management has made an SIA monitoring plan for year 2014. In addition, management is also not able to show the progress of settlement of issues/impacts that have been identified in the SIA document for year 2012.

Location: Lok Heng Timur, Lok Heng Barat, Mill Lok Heng

Verification of correction/corrective action:
For Lok Heng Mill, there is evidence sighted of actions taken to resolve negative impacts identified in SIA for year 2012-2013, e.g., in response to complaint regarding poor mill water quality, the mill installed a new water clarifier. There is also photographic evidence of road repairs done and repair of a broken fence at scrap metal storage area after complaints made. In response to complaint from mill workers regarding disruptive foreign workers at their housing, the foreign workers were relocated as confirmed through interviews with mill staff. The mill has also created a new SIA monitoring plan for year 2014 based on the SIA analysis results, including monitoring schedule and person-in-charge. The issues identified include waste collection, ensuring there is no waste burning or clogged drains, and no EFB discarded within the mill area.

At Lok Heng Barat estate and Lok Heng Timur estates, there is a documented SIA management plan for year 2014 and evidence of progress in settlement of issues/impacts that have been identified in the SIA document for year 2012 was sighted.

Auditor Conclusions: Closed

Criterion 6.3 (Minor indicator 2) The system resolves disputes in an effective, timely and appropriate manner.

Non-conformance 2014-14 of 19 (Minor non-conformity)
The system for dealing with complaints and grievances for foreign workers are not understood by foreign Indian workers. Thus, the grievance mechanism for Indian foreign workers is ineffective due to language barrier. An interview with Indian workers at Lok Heng Selatan on 19 February 2014 revealed that workers have many grievances regarding pay, working conditions and housing due to lack of understanding of terms and conditions of employment (terms and conditions of employment not explained in appropriate language).

Verification of correction/corrective action:
1. Evidence of briefings conducted for all foreign workers were sighted at Lok Heng Selatan and Lok Heng Timur. Interviews with foreign workers on 4 March 2015 (at Lok Heng Selatan) and 5 March 2015 (at Lok Heng Timur) revealed that the briefing by En. Hj. Muhdhor bin BorHam, Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) pertaining to terms and conditions of employment indeed did take place on 16 April 2014. However, the workers said that the complaint process was not discussed during the briefing.

2. Slow resolution of workers’ grievances: A Nepali worker at Lok Heng Timur complained about the fan in his room but action was not taken until 5 March, the day of the audit, which is more than the 14 days prescribed in the correction plan.

3. There is no complaints book for workers at Lok Heng Selatan.

4. There is no mechanism for anonymous complaints for the workers at Lok Heng Selatan and Lok Heng Timur. There is no avenue to air grievances to the higher authorities in FELDA in a confidential manner.

5. Migrant workers claim that they resorted to strike (Indian workers, Lok Heng Selatan, February 2015) and (Nepali workers, Lok Heng Timur) to demand better pay and working conditions.

During 3rd surveillance audit, the results of interview with workers at Lok Heng Selatan and Lok Heng Timur re-
RSPO 3rd Annual Surveillance Audit Report
FEHaHaHaLDA Lok Heng Palm Oil – Johor, Malaysia

revealed that the complaint process was not discussed during the briefing by the Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) on 16 April 2014.

Auditor conclusions: Open (NCR No.2015-24 of 32 raised to major non-conformity)

**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 2014-15 of 19 (Raised to Major non-conformity from previous surveillance)**

1. It was still found that foreign employees working in the plantation have not received copies of their employment contracts which states the terms and conditions of employment. Interviews with these foreign employees revealed that they do not know their terms and conditions of employment such as the annual leave and medical leave they are entitled to.

2. Employment contracts sighted also do not state benefits/allowance/insurance, holiday entitlements, overtime, sickness, maternity leave.

3. There is still evidence of contract substitution for foreign workers, where the contract held by workers stated a 2 year working plan but the contract made by FELDA for the same workers stated 3 years. In addition, workers were promised work in factories instead was brought to work in an oil palm estate. Workers were also promised higher wages than wages currently received.

4. Contracts for Bangladeshi and Indian foreign workers signed on 18 Feb 2014 are not in appropriate language. According to an interview with 7 Indian national workers on 19 February 2014, these workers were made to sign employment contracts without knowing/understanding content of contract (no Free, Prior and Informed Consent).

**Verification correction/corrective action:**

1) Felda Technoplant has revised and standardised its contract for foreign workers. Lok Heng Selatan recruits workers under Technoplant. The new contracts have been initiated for new workers and foreign workers without contracts in the past.

   There is a Guide to the Management Regulations and the Employment of Local Plantation Workers ('Panduan Peraturan Pengurusan Dan Penggajian Pekerja Ladang Tempatan') (Bil.03/2012) (Technoplant) & Terms of Service for Local Employees of Estate Operations ('Syarat-syarat Perkhidmatan Pekerja Operasi Ladang Tempatan') Felda Global Ventures Plantations (Malaysia) Sdn.Bhd. (FVGPMBS) which stipulates the terms and conditions of employment (e.g. benefits, insurance, leave, wages, EPF, SOCSO) which is supposed to be appended with the work contracts of the employers. It will be verified at next surveillance audit if the terms and conditions are appended to new employment contracts as stated in the corrective actions.

   For Technoplant and FGV of staff, there is a standard practice to sign the Handbook “Syarat-syarat perkhidmatan petugas syarikat” (Enforced on 1 January 2010) whereby each staff is provided with the staff Handbook and a signed copy detached from the Handbook is kept at HQ as proof that staff have understood their terms and conditions of employment.

2) For Felda (which is a government entity), the letters of appointment of staff has a reference to a government circular ref:Pekeliling Perkhidmatan Bil.4 Tahun 2002 which stipulates the terms and conditions of employment as civil servants bound by the Public Services Department (JPA).

3) As stated above, Felda Technoplant has revised and standardised its contract for foreign workers. Lok Heng Selatan recruits workers under Technoplant. The new contracts have been initiated for new workers and foreign workers without contracts in the past. However, the company will retain the contracts for existing foreign workers.

4) The company provided evidence of briefings conducted for all foreign workers located at each estate or scheme regarding the terms of their employment contract, including payment of electricity and water, responsibility of employees (housing and employer’s responsibilities, work contract duration, working hours, discipline and behaviour, maintenance of work equipment, levies and temporary work passes, annual leave), employer’s responsibility (ensuring job opportunities, housing and transport, foreign worker’s insurance scheme (‘Skim Pampasan Pekerja Asing’ or SPPA), medical check-ups for workers, medical exams, etc.).
Foreign workers who understood Malay were appointed as translators as seen from sample appointment letters, in order to assist other workers to understand the briefing. Photographic evidence of the briefings done and attendance lists were also sighted. The workers also signed a statement that they had attended the briefing, understood what was explained during the briefing and received a copy of their contracts. As the company has many workers, evidence that employment contracts have been signed will be sampled and checked during next surveillance audit.

During 3rd surveillance audit, contracts for foreign workers were sighted at Lok Heng Selatan and Lok Heng Timur but workers are not given a copy, all estate does not retain a copy of contracts for existing workers (already employed prior to the revision of contracts in April 2014), All estate that the briefing about term of condition in contract was not in appropriate languages as in some cases, translators from Bangladesh, Nepal and Pakistan do not have sufficient command of the Malay language, which was the language used by the HR representative. The workers from India were briefed in Bengali language through a single Bengali speaking translator who cannot speak proper Hindi, the language of the rest of the Indian workers (all estate), extended migrant worker (after fulfill their first 3 years contracted services as written in their first contract) has no new contracts and/or working order statement from company’s management at Papan Timur estate, and result of interview with migrant workers in Lok Heng Timur estate that briefing on terms and conditions of employment conducted on 16 April is inadequate as it focused only on disciplinary matters and did not touch on the pay, insurance and other aspects of the workers’ contracts.

There is new Bangladeshi workers, they are has signed in Bangladesh as original contract, they are signed a contract with FELDA through the Bangladeshi government prior to their departure from Bangladesh and were made to sign another contract at Lok Heng Timur office. Lok Heng Timur management has not provided evidence that the contents of the contract signed in Malaysia and Bangladesh are the same.

Auditor conclusions: Open (NCR No.2015-26 of 32)

Criterion 6.5 (Scheme smallholder guidance) Where temporary or migrant workers are employed, a special labor policy should be established. This labor policy would state the nondiscriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labor laws, cultural practices etc.; decent living conditions to be provided. Migrant workers are legalized, 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 2014-16 of 19 (Major non-conformity)
Nepalese workers can show a copy of the employment contract. However foreign workers from Indonesia claim that they do not have a copy of their employment contract.
Location: Lok Heng Timur

Verification of correction/corrective action:
Felda Lok Heng provided documented evidence of a list of 56 Indonesian workers who have received a copy of their employment contracts and signed off that they have received their contract.
However, the office, in the process of handing over the contracts to the worker, has not retained any copies of the contract for office records
During 3rd surveillance audit that contracts for foreign workers were sighted at Lok Heng Selatan and Lok Heng Timur but workers are not given a copy, and all estate does not retain a copy of contracts for existing workers (already employed prior to the revision of contracts in April 2014).

Auditor conclusions: Open (NCR No.2015-26 of 32)

Criterion 6.9 (Major indicator 1) A policy on sexual Harassment and violence in the workplace and records of implementation.

Non-conformance 2014-17 of 19 (Major non-conformity)
Sexual Harassment policy not adequately implemented and communicated to all levels of staff, with evidence as below:
1. There is no Gender Committee at Lok Heng Selatan, only a gender officer appointed in 2010. There has not
been any training on women’s rights or counselling or any awareness-raising on gender issues.

2. There is a gender committee at FTPSB Papan Timur but there is no evidence of any activity. The committee activities and its members list, including its affiliation with the Wilayah and Lok Heng JCC Gender Committees is not updated. There is also no coordination/cooperation between FTPSB and FELDA on gender issues.

3. New female staff are not aware on the sexual Harassment policy, and not appointed to the existing gender committee, e.g. at Papan Timur.

4. There is no monitoring on the implementation of the sexual Harassment policy as the gender committees remain dormant at Lok Heng Complex.

Verification of correction/corrective action:

There is evidence of briefing conducted on the sexual Harassment policy and its associated grievance procedure during a meeting held on 31 March 2014 involving 59 members and female representatives from all schemes/estates (see minutes of meeting) at the Wilayah (Regional) level (attendance sheet is also attached with the minutes). Appointed representatives are responsible to disseminate information received during the meeting to the other women located at their area, however there is inadequate evidence that this is done. Dissemination of information will be verified at next surveillance audit.

- A new gender committee was formed during the meeting (rendering all previous gender committees at schemes/estates obsolete). The committee is divided into three zones and each scheme/estate has a representative in the committee.
- A list of committee members is recorded in the minutes of meeting.
- Letters of appointments of the newly-formed gender committee (regional level) were sighted.
- There is a suggested activities program for women regional level developed at regional level, where suggested activities include training on dealing with sexual Harassment, briefings to be done for all levels of female staff, workers and scheme smallholders and a seminar on dealing with sexual Harassment of children.

During 3rd surveillance audit that there are dedicated gender officers in each estate. Due to the limited number of women in each estate/mill, the gender committee is based on zonation, i.e. Zon Law for Lok Heng Complex. Zon Law representatives are part of the regional gender committee, i.e. Jawatankuasa Wanita Peringkat Wilayah Johor Bahru.

There is adequate documentation which shows that dissemination of information to women settlers through GPW meetings, e.g. minutes of meeting dated 4 February 2015 (ref: 02/2015), titled, “Minit Mesyuarat GPW Felda Lok Hen Selatan” and “Minit Mesyuarat GPW Kali Ke 02/2015 Felda Lok Heng Timur” dated 10 February 2015.

As for staff, there is evidence of annual meetings at the regional level, i.e. Zon Law, e.g. minutes of meetings dated 23 December 2014 (ref:01/2014) titled, “Minit Mesyuarat Puspazanita Zon Law”. The implementation of the sexual Harassment and reproductive rights policy is demonstrated through a briefing conducted on the sexual Harassment policy and its associated grievance procedure during the Karnival Wanita held on 1 February 2015 held at the Dewan Serbaguna Felda Lok Heng Barat from all schemes/estates (see minutes of meeting) from FELDA, FELDA TECHNOPLANT SDN.BHD. & FPTSB, organised by the regional gender committee (attendance sheet is also attached with the minutes). The carnival also sensitised women on their reproductive rights, and had free health screening for women on women related diseases. The programme included the following:

a. Briefing on sexual Harassment at the workplace by the Psychology Officer of the Family Development Centre (LPPKN);
b. Women’s rights from the Perspective of Islam (by an Ustazah from the Kota Tinggi Religious Department);
c. Health briefing on women’s health issues;
d. Health screening (e.g. Pap Smear, Breast cancer, BMI, Blood glucose, Stress test); and

e. Exhibition (10 booths)

Auditor conclusions: Closed

**Criterion 6.9 (Major indicator 2) A specific grievance mechanism is established.**

**Non-conformance 2014-18 of 19 (Major non-conformity)**

There is no grievance mechanism for gender issues, i.e. pertaining to sexual Harassment and/or women’s reproductive rights at Lok Heng Selatan (based on interview with the gender officer at Lok Heng Selatan).
Verification of correction/corrective action:

There is evidence of briefing conducted on the sexual Harassment policy and its associated grievance procedure during a meeting held on 31 March 2014 involving 59 members and female representatives from all schemes/estates (see minutes of meeting) at the Wilayah (Regional) level (attendance sheet is also attached with the minutes). Appointed representatives are responsible to disseminate information received during the meeting to the other women located at their area, however there is inadequate evidence that this is done. Dissemination of information will be verified at next surveillance audit.

Appointed representatives at each estate and mill are responsible for handling any grievance pertaining to this policy. Female staff interviewed at both Lok Heng Selatan and Lok Heng Timur have basic sound understanding of their roles as the gender officers and report the regional level committee (Zon Law) should there be any incidences of sexual harassment or infringement of rights pertaining to staff/worker’s reproductive rights.

Auditor conclusions: Closed

Criterion 8.1 (Scheme smallholder guidance) Scheme Managers should develop an action plan for continual improvement in a participatory manner with their organized smallholder representatives, based on consideration of the main social and environmental impacts and opportunities for improvement.

Non-conformance 2014-19 of 19 (Minor non-conformity)
1) Scheme Managers currently do not have action plan for continual improvement in a participatory manner with their organized smallholder representatives, based on consideration of the main social and environmental impacts and opportunities for improvement.
2) The schemes have no mechanism to capture the performance and expenditure in social aspects.

Verification correction/corrective action:

Papan Timur has an annual community development work plan as sighted for year 2014 and year 2015, including planned implementation dates, target groups and venues. The activities covered include religious studies, beautification of village surroundings, village clean-up, traditional celebrations and festivals, safety, health, women’s day and other social and community activities. The estates maintain reports including photos of activities conducted, e.g. donations to orphans made on 17 July 2014, Hari Raya celebration done on 6 August 2014, village beautification activity done on 15 June 2014, planting of pudding trees and so on. A similar community development program was observed available for Lok Heng Timur for year 2015.

However, the continuous improvement plan for the schemes does not include plans for continuous improvement involving smallholder representatives with consideration of environmental impacts. Felda HQ has also issued a Recycling Policy dated 1 June 2014; however there is no evidence of training or steps being taken to implement this policy with participation of smallholders.

Auditor conclusions: Open (NCR No.2015-29 of 32)

• RSPO SCCS

SCCS Non-conformance
No. ASA1 – 2014 -1 of 04:

There is no evidence internal audit has been done with 3 monthly basis by Mill Assistant manager, as determined by FGVPM-RSPO SCCS rev 2 page 3 of 10 regarding job description for Assistant Manager.

Verification of correction/corrective action:

The mill provided a document with results of internal audit conducted on 6 January 2014, but (the evidence was misplaced during the time of the audit). The audit was done by a Sustainability officer from Felda’s PSQM unit as well as the assistant manager of the mill.

Auditor Conclusions: Closed
SCCS Non-conformance
No. ASA2– 2014-2-1 of 04:
There is no evidence that delivery note FFB from Lok Heng Scheme estate has indicate certification status as required by FGVPM-RSPO SCCS page 6 of 10.

Verification of correction/corrective action:
The mill does not stamp certification status on the delivery notes as the mill's system automatically classifies FFB received as RSPO certified or non-certified accordingly depending on the source.
The mill's SOP FGVPM-RSPO SCCS page 6 of 10 states the weighbridge tickets for FFB diverted from other mills must include “RSPO Certified FFB” stamp. The SOP does not require FFB from mill's regular supply base to have the RSPO status stamp. Since year 2013, Lok Heng mill has not received any diverted FFB from other mills, but the mill occasionally diverts their crop to other mills, as seen from diversion delivery note dated 31 March 2014 for 30.59 Tons of FFB from Lok Heng mill to Waha mill. The delivery note has an attached letter stating “Certified FFB”

Auditor Conclusions: Closed

SCCS Non-conformance
No. ASA2– 2014-3 of 04:
- Lok Heng mill cannot provide information about total outgoing certified PK to their customer for period January to December 2013.
- Daily Figure ISCC/RSPO for year 2013 was not recorded completely.

Verification of correction/corrective action:
The mill provided a summary of all RSPO certified non-certified PK dispatched on a monthly basis for January to December 2013. It was confirmed that the figures were extracted from actual mill daily figures. However, the figure for January to May 2013 (all non-certified PK) were manually extracted while from June to December, the figures for RSPO certified and non-certified PK were derived from an updated weighbridge system that did not require manual extraction but automatically updated according to RSPO certification status of the FFB source.

Auditor Conclusions: Closed

SCCS Non-conformance
No. ASA2– 2014-4 of 04:
There is no training evidence for new mill head and Laboratory assistant as the person who Has responsibility to records product movement.

Verification of correction/corrective action:
There is evidence of SCC training done for the mill laboratory assistant on 10 September 2013, and training conducted for the new mill head conducted on 21 May 2014 as sighted from training attendance list records.

Auditor Conclusions: Closed

3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions
During this surveillance assessment, a total of 32 nonconformances were identified. These consisted of 17 major non-conformities and 15 minor non-conformities. For the major non-conformances, the company has taken the nec-
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 onsite verification as seen on the audit agenda above. 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 bellows:

- **RSPO P&C**

<table>
<thead>
<tr>
<th>Indicator 2.1.1 (Major) Evidence of compliance with relevant legal requirements shall be available.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance No.2015-01 of 32 (Major non-conformity)</strong></td>
</tr>
<tr>
<td><strong>Findings:</strong></td>
</tr>
<tr>
<td>1) Safety &amp; Health Committee meeting in 2014 was conducted only twice in April and Nov 2014. This is not comply to the Peraturan-Peraturan KKP Jawatankuasa Keselamatan Dan Kesihatan) 1996 which requested once in every months</td>
</tr>
<tr>
<td>2) No evidence of CHRA and medical surveillance Have been conducted on yearly basis as stipulated in Use and Standard Exposure to Hazardous Chemical (USECHH) 2000 (Lok Heng Selatan)</td>
</tr>
<tr>
<td>3) Senarai Undang-Undang Dan Lain-Lain Daftar (LORR) - Peraturan-Peraturan Keselamatan Dan Pegawai Kesihatan 1997 and Peraturan-Peraturan Kilang Dan Jentera (Pendedahan Bising) 1989 is not applicable however it is ticked/mark and consider as comply. Petroleum (Langkah Langkah Keselamatan) Akta, 1984, (Langkah Langkah Keselamatan) Petroleum, 1984 is listed but there is no evidence that diesel is being kept at the place and no permit available as well. (Papan Timur)</td>
</tr>
<tr>
<td>4) Senarai Undang-Undang Dan Lain-Lain Daftar (LORR) has been updated to include Legal Requirements. However, Peraturan-Peraturan Keselamatan Dan Pegawai Kesihatan 1997 was not applicable but it is ticked as complied. Pengelasan, Pembungkusan dan Pelabelan Bahan Kimia Berbahaya – Peraturan 1997 (CPL) is still in the list which was obsolete with new regulations Occupational Safety Health (Classification Labelling and Safety Data Sheet of Hazardous Chemicals) 2013. The LORR was not signed and no date available (Lok Heng Mill)</td>
</tr>
<tr>
<td>5) Overtime permit known as &quot;Permit Bekerja Melebihi Sekatan Kerja Lebih Masa&quot; that hold by the Mill Has last in July 31st 2013 and has not updated yet. Otherwise, according to worker overtime records, there are found that some workers Has overtime hours over the limitations (Lok Heng Mill)</td>
</tr>
<tr>
<td>6) Company Has been not compliance with pesticide act 1974 (Act 149) and environmental quality act 1974 (scheduled waste) regulation 2005 because it was found disposal of Juru container in block 03, 07, 15 and there is no Safety Warning sign available for area where pesticides applied such as at Block 3 or other place. (Lok Heng Timur)</td>
</tr>
</tbody>
</table>

**Correction:**

- Conduct meeting & meetings Minutes in every 3 month basis
- Send the selected worker to undergo Medical surveillance
- Responsible person will update the Legal register
- Responsible person will update the Legal register
- Mill will request new overtime permit
- Prepare place for storage of empty chemical containers and warning signs for areas that Have been or are in process of being sprayed with chemicals

**Corrective action:**

- Appoint new member in HSE Committee to ensure HSE Committee functional.
The HSE Committee member will ensure medical surveillance has to be done every year.
Responsible person will go for Legal Register Training.
Appointed person to update legal requirement will ensure the entire permit are updated. To conduct training on proper Handling of chemical containers and spraying activities

Verification result:
1) Safety and health committee meeting was conducted 6/01/15 and 2/3/15 as sampled from the minutes of meeting in Lok Heng Timur Estate. Lok Heng Mill carried out their last OSH meeting on 12 March 2015 with 16 Participants. Meeting minutes were not yet available at time of the verification audit. The previous OSH meetings held on 17 December 2014 with 15 participants and prior to that was on 15 October 2014 with 18 participants.

2) In Lok Heng Selatan Estate, the Safety and Health Committee was conducted on 15/04/14. Attended by 9 members including chairman, secretary and representatives.

3) CHRA still not yet conducted but evidence consultant was engaged to conduct CHRA was sighted in letter sent to Envy. Consultancy & Monitoring Services Sdn Bhd (CHRA Assessor) signed by Estate Manager. CHRA Project Work Schedule May 2015 for Felda Lok Heng Selatan sighted too. Plan to be completed on 01/06/15. Medical surveillance was not yet conducted too and will be done after the CHRA report received from the assessor.

4) The latest legal requirements register for Papan Timur was sighted and updated. Legal requirements that are not applicable to the estate such as the Peraturan-Peraturan Keselamatan Dan Pegawai Kesihatan 1997, Peraturan-Peraturan Kilang Dan Jentera (Pendedahan Bising) 1989, Petroleum (Langkah Langkah Keselamatan) Akta, 1984, (Langkah Langkah Keselamatan) Petroleum, 1984 and other legal requirements such as the EQ (Clean Air) Regulations were stated as not applicable.

5) Pengelasan, Pembungkusan dan Pelabelan Bahan Kimia Berbahaya – Peraturan 1997 (CPL) Has been removed from the list of applicable legal requirements and replaced with CLASS 2013. Date of updated LORR stated as 10 March 2015. As sampled on PSQM HQ, the LORR will be reviewed again after a training conducted to all PSQM members involve with the LORR. Appointed Officer will monitor legal changes and updates. Planned to be completed by end of 2015 as evidenced.

6) Lok Heng Mill Has applied for Overtime Permit to the dated 9 March 2015 to the Assistant Director of the Regional Labour office (Tenaga Kerja Kawasan) to request for overtime permit for workers to work over 104 hours months with their agreement in accordance with the requirements of the Labour Department. There has been no response received so far. Overtime records of all mill workers were checked for March and April 2015 and found that none of the workers had accumulated overtime hours above 104 hours per month. For month of March 2015, the highest over time was 75.50 hours accumulated by a process worker while for April 2015; the highest overtime was 91 hours accumulated by a mechanical/maintenance worker.

7) Sampled at Block 3, 7, 15 in Lok Heng Timur Estate, again and other area found no used pesticides containers or empty drums left in the estates. Chemical the warning signages were posted for area applied with pesticides as explained too by Lokman b. Sanim (Supervisor).

8) In Lok Heng Timur, found Safety Inspection checklist for inspection conducted on 02/03/15 by Ashraful Rajab. Mohd Nor (Asst. Manager).

9) Chemical Surveillance was conducted on as a letter dated 13/04/15 from Felda Lok Heng Timur to Klinik Dhillon. 25 workers involved with chemicals were sent.

10) AT PSQM HQ, the evaluation of compliance will be improved as there is a plan to upgrade knowledge and mechanism to track legal changes and updating LORR. PSQM member will involve in future evaluation of compliance to provide proper guidance

Date of Closure: 8 May 2015
Auditor conclusions: Closed

Indicator 2.1.3 & clause 4.2.4 of RSPO (Minor) A mechanism for ensuring compliance shall be implemented.

Non-conformance No.2015-02 of 32 (Minor non-conformity)

Findings:
There is evidence of failure in FGV headquarter (HQ)’s mechanism to ensure compliance to any changes in the law, i.e. action taken at HQ level to meet the year 2012 amendment to the Environmental Quality Act requirement for competent officer is not in accordance with DOE requirement. As explained by Lok Heng mill staff, they were informed that one competent person was appointed to conduct visits to all mills within Johor and Kluang region (10 mills) once a month, however DOE requires a competent person to be stationed at all time at each mill.

**Correction:**
Discussion with HQ’s about competent person in every mill as per DOE’s requirement.

**Corrective action:**
Mill will request respond from HQ’s about this matter

**Auditor conclusions:** Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit

---

**Indicator 3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.**

**Non-conformance No.2015-03 of 32 (Major non-conformity)**

**Findings:**
Business/Management plan year 2016 Has not been shared to head of block (Lok Heng Timur)

**Correction:**
Copies of the year 2016 budget are to be distributed to representatives of the settlers during management meetings.

**Corrective action:**
Discussion on the annual budget will be included in the agenda of the annual meeting with representatives of the settlers

**Verification result:**
Papan Timur: Sighted minutes of JKKR meeting for Papan Timur scheme done on 06 April 2015 with 27 participants including 18 heads of blocks. The meeting included presentation on the estimated budget for the scheme for year 2016 until year 2018. There were no comments from the head of blocks regarding the presented budgets.

At Lok Heng Timur scheme, found minutes of meeting for Village Development committee (JKKK) dated 30/03/15 at Bilik Mesyuarat JKKR Felda Lok Heng Timur. Attended by 22 Block Chiefs and Felda Staffs. The Business Management Plan for 2016 and 2017 was tabled as one of the agenda.

**Date of Closure:** 8 May 2015

**Auditor conclusions:** Closed

---

**Indicator 3.1.1 (generic 2013) A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.**

**Non-conformance No.2015-04 of 32 (Major non-conformity)**

**Findings:**
Business/Management plan Has not include information about forecast prices and financial indicators
Correction:
Copies of the year 2016 budget are to be distributed to representatives of the settlers during management meetings.

Corrective action:
Discussion on the annual budget will be included in the agenda of the annual meeting with representatives of the settlers.

Verification result:
A summary of forecast prices and income for year 2016, 2017 and 2018 was sighted for all schemes including estimated FFB yield, estimated FFB per tonne (RM550 for all) estimated income, estimated cost per tonne and estimated operational costs and profit/loss (RM). The estimated total profit for all schemes is estimated to be RM42,874,744 in year 2016, RM39,250,220 for year 2017 and RM39,250,220 in year 2018.

The mill also has a documented forecast for 3 years from 2016 - 2018 including estimated FFB processed, estimated operational costs, processing pay (RM), operational costs per tonne (RM), profit and loss per tonne and total profit/loss estimation per year. The estimated profit for the mill is estimated to be RM577,359.00 in year 2016, RM803,412.00 in year 2017, and RM803,412.00 in year 2018. The calculation is based on input of Felda’s own crop as well as outside sources of FFB.

Date of Closure: 8 May 2015
Auditor conclusions: Closed

**Indicator 4.2.4. A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting.**

Non-conformance No.2015-05 of 32 (Minor non-conformity)

Finding:
- Company do not have EFB application record (rekod kemajuan kerja dan lokasi sungkupan EFB) year 2014
- It was found at block 15 that EFB was not distributed to oil palm more 2 weeks.

Location: Lok Heng Timur

Correction:
Prepare records of corrected EFB application which shall contain the amount, hectares applied, and area applied. To properly apply the EFB which has been left at roadsides.

Corrective action:
The responsible officer will be trained on the method for recording application of EFB.

Auditor conclusions: Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Indicator 4.1.2. A mechanism to check consistent implementation of procedures shall be in place.**

Non-conformance No.2015-06 of 32 (Minor non-conformity)

Finding:
Company has internal audit procedure (No.FPI/L2/OOHSE-19.0) but it has not included a mechanism to check consistent implementation of procedure.
### Indicator 4.4.1. An implemented water management plan shall be in place.

**Non-conformance No.2015-07 of 32 (Minor non-conformity)**

**Finding:**
Company has not evidence / implementation of water management plans

**Correction:**
To prepare an update water management plan

**Corrective action:**
To appoint a responsible officer

**Auditor conclusions:** Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

### Indicator 4.5.1. Implementation of Integrated Pest Management (IPM) plans shall be monitored.

**Non-conformance No.2015-08 of 32 (Major non-conformity)**

**Finding:**
1) Lok Heng Timur do not have evidences that it has implementation and monitoring of IPM related activities
2) An annual summary of results of census done for rat attacks at Papan Timur estate was sighted, however, the raw data census records used to derive this summary were not available and it was informed by the Papan Timur staff that the raw data census records were disposed.

**Location:** Lok Heng Timur, Papan Timur

**Correction:**
Maintain records of census don’t for rat attacks and other related IPM records

**Corrective action:**
To carry out IPM training for workers to help them understand the RSPO requirements

**Verification result:**
1. At Lok Heng Timur found Monitoring Report prepared by Yusdayati Rashid on 28/01/15. Among issue covering rats and *Setohsea asigna, Setora nithens,* and *Darma trima.*
2. Papan Timur scheme has started maintaining records of rat census conducted for the two scheme divisions, e.g., census done on 7 April 2015 for Blocks 9 & 10 (census results, attack rate of 14%), done on 6 April 2015 for blocks 4 & 7 (census results, attack rate of 23%), and census results for other blocks were also sighted. The attack rate stated for all census results ranged between 14% - 23%. This is considered average attack rates and as informed by the scheme, they will carry out rat baiting concurrently with all other adjacent estates based on results of rat census from all estates and approval on the date of rat baiting program implementation from Felda’s HQ.

**Date of Closure:** 8 May 2015

**Auditor conclusions:** Closed

**Indicator 4.5.2 Implementation of Integrated Pest Management (IPM) plans shall be monitored.**

**Non-conformance No.2015-09 of 32 (Minor non-conformity)**

**Findings:**
Lok Heng Timur estate doing not monitoring extent of blocus application.

**Correction:**
To prepare records of monitoring of usage of Blocus

**Corrective action:**
Carry out IPM training to workers to understand the RSPO requirements

**Auditor conclusions:** Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Indicator 4.5.3 Recording areas where pesticides have been used**

**Non-conformance No.2015-10 of 32 (Minor non-conformity)**

**Findings:**
There are not recording areas where blocus have been used at Lok Heng Timur estate

**Correction:**
To carry out IPM training to the officers so they will understand the RSPO requirement

**Corrective action:**
To appoint an officer who is responsible to carry out training at the estate

**Auditor conclusions:** Status: Evidence for Minor NC accepted and to be verified further during next audit

**Indicator 4.5.2. (Minor) Training of those involved in IPM implementation shall be demonstrated.**
### Non-conformance No.2015- 11 of 32 (Minor non-conformity)

**Findings:**
Lok Heng Timur estate not carried out training about IPM implementation

**Correction:**
To carry out IPM training to the officers so they will understand the RSPO requirement

**Corrective action:**
To appoint an officer who is responsible to carry out training at the estate

**Auditor conclusions:**
Status: Evidence for Minor NC accepted and to be verified further during next audit

---

### Non-conformance No.2015- 12 of 32 (Major non-conformity)

**Finding:**
It was found disposal of Juru container in block 03, 07 & 15 (Lok Heng Timur estate)

**Correction:**
To prepare a place for storage of empty chemical containers

**Corrective action:**
Having training on proper management of empty chemical container

**Verification result:**
Sampled at Block 3,7,15 no used containers disposed in the estates and clean-up was done and recollection and sent to chemical store. No new disposal found as observation made in the estate.

**Date of Closure:** 8 May 2015

**Auditor conclusions:**
Closed

---

### Indicator 4.6.3 Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations

---

### Non-conformance No.2015- 13 of 32 (Major non-conformity)

**Findings:**
Annual Medical Surveillance was not conducted year 2014 at Lok Heng Timur estate for sprayers and workers handling chemical. While for the year 2015, no plan was established yet to send workers for medical surveillance

**Correction:**
Send the selected worker to undergo Medical surveillance

**Corrective action:**
The HSE Committee member will ensure medical surveillance Has to be done every year.
### Verification result:

Chemical Surveillance was conducted on as a letter dated 13/04/15 from Felda Lok Heng Tumur to Klinik Dhillon. 25 workers involve with chemicals were sent. Stated in the Corrective Action plan that reminder for medical surveillance will be sent annually to the schemes by a HSE Committee Member. This will be verified further during the next audit.

**Date of Closure:** 8 May 2015

**Auditor conclusions:** Closed with observation

### Criterion 4.6.7. Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application.

### Non-conformance No 2015-14 of 32 (Minor non-conformity)

**Finding:**

There is no evidence of reduction in usage of paraquat at Papan Timur estate. As seen from records of chemical usages for Papan Timur estate, usage of paraquat in year 2013 was 700 litres and while total usage was 710 litres in year 2014. Checks of bin card for usage of Action 13SL (a.i. paraquat dichloride) showed that several new stocks of this chemical was purchased and received in December 2014, and total current stock available equivalent to 10,550 litres. The common usage of paraquat is also not in accordance with the company policy to reduce usage of paraquat dated 1 June 2014, which states usage of paraquat is restricted for all mature areas, as all planted areas in Papan Timur are mature.

**Correction:**

Update the Paraquat usage record as per Al/Ha and not litre per estate.

**Corrective action:**

Re-check with region about new paraquat stock that exaggerates. May transfer that stock to other estate that need.

**Auditor conclusions:** Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

### Criterion 4.7.1. A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.

### Non-conformance No. 2015-15 of 32 (Major non-conformity)

At Block 3 (Peringkat 1) - Lok Heng Timur, found 4 sprayers without foremen and under care of supervisor. While carry out their work, no first aider available nearby them. Another group of Harvesters at the same block also not Having a trained first aider around them. Only two supervisors attended first aid training but no valid certificate of training as evidence.

**Correction:**

Company conducting First aid Training for all foreman and provide first aid for foreman

**Corrective action:**

To ensure all foreman Has trained first aid and first aid equipment Has submitted to foreman

**Verification result:**

2 staffs were sent to first aid training organised by PBSM as see in certificate issued on 21/7/14 and they Has taken first aid equipment.
**Date of Closure**: 8 May 2015

**Auditor conclusions**: Closed

**Criterion 4.7. (Scheme). 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 No.2015-16 of 32 (Minor non-conformity)

**Finding:**
- No evidence of CHRA and medical surveillance have been conducted for 2014 (**Lok Heng Selatan**)
- OSH meeting were conducted 2 times in 2014 (Apr and Aug) (**Papan Timur**)

**Correction:**
1. Send the selected worker to undergo Medical surveillance
2. Conduct meeting & meetings

**Corrective action:**
1. The HSE Committee member will ensure medical surveillance has to be done every year.
2. Appoint new member in HSE

**Auditor conclusions**: Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Indicator 4.8.1. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept**

### Non-conformance No.2015-17 of 32 (Major non-conformity)

**Finding:**
The nominated officer in-charge of overseeing the implementation of the SIA and HCV plans have not been trained, hence, there are gaps in the monitoring and review of these plans in all estates

**Correction:**
Create of training plan for person in charge of SIA Dan HCV and implement the planning properly

**Corrective action:**
To ensure of training programme has included all section of in RSPO requirement

**Verification result:**
There is records of training on implementation and monitoring of SIA and HCV at Felda Papan Timur organized and carried out by Sustainability Officer from Johor Region Office and PSQM on 16 April 2015 for 20 personnel from all schemes under Felda Lok Heng, regarding SIA assessment methods (explanation on SIA survey forms, sampling method to carry out the SIA, methods to obtains stakeholder feedback other than using forms, preparation of report and SIA mitigation plan, implementation and monitoring of SIA and checks of all SIA mitigation plans). The training also cover HCV aspects such as explanation on different HCV categories, how to identify HCVs/Conservation Areas, preparation of the HCV report, preparation of mitigation plan for HCV/Conservation areas and monitoring of HCV plans.

It was informed by the Felda HQ representative that a new HCV assessment would be carried out for the schemes as the previous HCV assessments included wrongly identified HCV areas. There is currently no evidence of the plan when the new HCV assessment would be carried out.
**Date of Closure:** 8 May 2015

**Auditor conclusions:** Closed with observations

**Indicator 5.1.2.** Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons

**Non-conformance No.2015-18 of 32 (Minor non-conformity)**

**Findings:**
The significance impact from the environmental aspect impact assessment Have been established but there is no proper mechanism in monitoring such as that is the person in-charge, data collected from the monitoring and the effectiveness of the mitigation plan. One of the mitigation plan to burn the EFB in the incinerator but this was not allowed by the DOE

**Location:** Lok Heng Mill

**Correction:**
Develop of mechanism for aspect and impact in Lok Heng Mill.

**Corrective action:**
Dedicate of a person responsible doing aspect and impact assessment

**Auditor conclusions:** Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Criterion 5.1. (Smallholder Scheme).** 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

**Non-conformance 2015-19 of 32 (Minor non-conformity)**

- Aspect and impact risk assessment for 2015 Have not been identified and established (Lok Heng Selatan)
- Aspect and impact risk assessment Have been established dated 23 Dec 2014. However, there is no action plan to reduce the impact from the polluting activities (Papan Timur)

**Correction:**
Carry out aspect and impact and develop of action plan to reduce the impact from pollution activities and reporting for activities it.

**Corrective action:**
Dedicate of a person responsible doing aspect and impact assessment.

**Auditor conclusions:** Status: Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Criterion 5.2. (Smallholder Scheme).** 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.2015-20 of 32 (Minor non-conformity)**
Finding.

1) There is no evidence that Scheme Managers compile information about the status of aspects of high conservation value for their organized smallholders, as well as the associated mill.

2) There is no evidence of monitoring of HCV and no analysis conducted to ascertain whether the measures employed to maintain or enhance the HCV value identified are effective or otherwise.

3) There is no evidence of appropriate measures should be employed to maintain or enhance the HCV identified.

4) There is no review of the status of the HCV as to whether it is applicable to the scheme or otherwise. Lok Heng Selatan scheme management claims that there is no HCV. This should have been reflected in a review of the HCV report.

Location: All estate

Correction:
- To carry out compile of information for update HCV status.
- To carry out monitoring HCV and analyst it
- To carry out management HCV plan
- To carry out review of HCV status.

Corrective action:
To trainee person in charge of HCV regarding management and monitoring HCV.

Auditor conclusions: Status: Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Criterion 5.6 (Scheme) - Scheme Managers should include an assessment of all polluting activities by their participants and develop abatement plan**

**Non-conformance No.2015-21 of 32 (Minor non-conformity)**

Finding:
No evidence of evaluation for all polluting activities and action plan to reduce the impact at Lok Heng Selatan, Papan Timur estate

Correction:
To carry out evaluation for all polluting activities and create of action plan to reduce the impact include of GHG sources

Corrective action:
Training or socialization of evaluation mechanism and create of action plan to reduce the impact.

Auditor conclusions: Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit.

**Indicator 5.5.3 No evidence of burning waste (including domestic waste)**

**Non-conformance No.2015-22 of 32 (Raised to Major non-conformity from previous audit)**

Finding:
Evidence of open burning is still found, as follows:
- Open burning was sighted at the workers’ hostel at Lok Heng Selatan and Lok Heng Timur. Interviews with
workers at Lok Heng Selatan (4 March 2015) and Lok Heng Timur (6 March 2015) schemes indicate that there is no awareness-raising amongst the workers on prohibition on open burning

- Found domestic waste dump by the road side and burnt along the road at Block 10 in Felda Lok Heng Timur. At Block 3 the waste of food packaging dumped and burnt in the estate
- Open burning sighted at the office of Papan Timur, nearby to the chemical store

Location: Lok Heng Selatan & Lok Heng Timur, Papan Timur

Correction:
- Management will issue of warning waste burning at hostel or housing and anything places at Lok Heng complex.
- Management will posting sign boards prohibiting open burning at areas
- Provide of domestic waste box/storage

Corrective action:
Management will monitor regularly to housing or hostel and all Adela complex for to ensure no waste burning activities.

Verification result:
Area where open burning sighted were cleaned up and covered by soil. In Lok Heng Selatan also cleared and sign board was posted to prohibit open burning.

At Block 3 and 10, no new illegal dumping of domestic waste sighted. The top area of the slop been clean up but the waste that lower part of the slop was still there. A warning sign of prohibition of waste dumping posted at this area.

Area where open burning sighted at chemical store was clean up and covered with the soil.

Papan Timur scheme issued letters dated 5 March 2015 to the cleaning contractor responsible for cleaning the office to inform him not to carry out any more open burning and also an additional letter to the heads of blocks reminding them not to carry out open burning.

Date of Closure: 8 May 2015

Auditor conclusions: Closed

Indicator 6.1.2. There shall be evidence that the assessment Has been done with the participation of affected parties

Non-conformance No.2015-23 of 32 (Major non-conformity)

Finding:
Participation of migrant workers in Social Impact Assessment is inadequate, although these are one of main stakeholders of Felda. Assessment process with their participations to develop a proper impact management and monitoring is lacking. This is further evident from a number of complaints from workers found by the audit team that were not captured in the SIA of the schemes and estate.

Correction:
Management will carry out re-assessment of social impact with participant of migrant workers adequate

Corrective action:
Dedicate of person for carry out re-assessment of social impact

Auditor Conclusions: Open (Suspend)
Result of 1st verification:
A review of the SIA was conducted in March to April with new survey done by all schemes done in March -
April 2015 for various stakeholders included foreign workers. However the surveys were carried out using the same survey format as before which is restrictive and does not adequately capture grievances pertaining to pay and work condition (for staff and workers, but more to aspects related to the local community. The questionnaire is designed mainly for FELDA settlers and has only 1 question in Part C (5) which is directly related to their employment.

For example, the form asks if the participant has experienced any change in the last 5 years to facilities and user rights, subsistence activities, cultural and religious activities, education and health, other community values, changes to transport or communication, arrival of a group of foreign workers. In addition, the forms also ask on other matters such as any knowledge of potential HCV values, rare plants or animals, any problems with Felda Management, any reports of abuse or sexual harassment, impacts of replanting or new planting areas, and environmental, social or economic disturbances. However the form does not cover many main issues pertaining to works, e.g. issues with salary payments, deductions, leave, medical benefits, accidents, housing facilities, issues with Foremen, understanding of contact and labour rights, freedom of association, etc.

A SIA review culminated in a summary SIA report dated 26 April 2015. The report contains the following:

i) A summary of the sampling for various categories of stakeholders;
ii) Table A: Evaluation of Positive Impacts
iii) Table B: Evaluation of Negative Impacts

These two tables capture the positive and negative impacts respectively, and lists the officer(s)-in-charge for mitigating each identified impact according to a time-bound plan from April-December 2015 and covers the major SIA themes such as:

1. Access and use rights.
2. Economic livelihoods
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport/communication or arrival of substantial migrant labour force.

The document lists the total survey sample taken which for all schemes, total was 80 male smallholders, 73 female smallholders, 21 male youth, 14 female youth, 33 local workers, 20 foreign workers, 9 contractors, 2 government agencies and 1 community representative. The sampling for the settlers is adequate as it is based on the heads of each block, male (20 persons) and female (13 persons). For the youth category, respondents were also stratified according to gender, i.e. 3 male youth, viz. chairman, secretary and vice-chairman II; 2 female youth leaders, viz. chairwoman and assistant secretary.

Date of closure: July 3, 2015
However, the sampling for foreign and local workers is inadequate because:

i) **Insufficient number of samples:**
   - Lok Heng Timur: The number of foreign workers sampled is only 5 of 75 (6.7%), and local workers 2 of 33 (6.1%). No staffs (executive level) were sampled.
   - Lok Heng Selatan: The number of foreign workers sampled is only 5 of 61 (8.2%), and local workers 2 of 29 (6.9%). No staffs (executive level) were sampled.

ii) **Representation of workers:**
   - These workers are not official representatives (there are no official workers’ representatives in Felda) or freely chosen spokespersons who are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.
   - There is no indication of which estate or category of respondent which voiced a certain grievance in Table B. Without such information, the time-bound plan is difficult to implement as the targeted population is unknown.
   - The SIA given to the auditor does not provide basic demographical information on the stakeholders in Felda, e.g. there is no basic information about the Lok Heng complex, the estates, the settlers or the workers. There is no profile for the settlers or workers. This information is vital in order to understand the social impacts in its proper context.
   - The SIA covered positive impacts related to facilities, additional subsistence activities, cultural and religious values, educational and health facilities, other community values, and environmental, social or economic disturbances. Negative aspects identified include agricultural land are not managed, lack of land to carry out businesses, worries about reduced cultural values due to increasing use of technology, issue created by foreign workers such as bad behaviour and inappropriate clothing and issues with replanting contractors.
   - There were no issues identified related to the workers. This conflicts with findings from interviews with workers where a number of complaints were raised to the audit team.

**Date of closure:** May 8, 2015

*Indicator 6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation*

**Non-conformance 2015- 24 of 32 (Major non-conformity)**

**Finding:**
1) There is no evidence of monitoring and review of the SIA at the Lok Heng Selatan and Lok Heng Timur.
2) There is continuous assessment of issues and impacts pertaining to all levels of stakeholders gauged in the monthly meetings with settlers, GPW, youth, JKKK/JKKR, staff as well as quarterly meetings with workers’ representatives in the OSHA meeting. However, these are not analyzed and compiled, thus, the effectiveness of the actions taken to address the issues Have not been gauged.

Location : Lok heng Selatan & Lok Heng Timur

Correction :
- Review of SIA report and carry out of monitoring social impact assessment
- To analyst and compile regarding issues in stakeholders

Corrective action:
The pointed of PIC for implementation of SIA.

Auditor Conclusions: Open (Suspend)

Result of 1st verification :
A review of the SIA was conducted in early April which culminated in a summary SIA report dated 26 April 2015. There is a brief mention of monitoring activities.
Gaps: The summary SIA does not contain any specific monitoring activities and its effectiveness of implementation cannot be gauged as there are no parameters defined for monitoring.

Date of closure : May 8, 2015

Auditor Conclusions: Closed

Result of 2nd verification :
The complex Has a developed a management plan for follow up of each of the issues identified on a tri-monthly basis, planned actions to be taken and person responsible for managing the issues identified, including improving the positive aspects and mitigating the negative ones. For example, with regards high water deductions, Felda is in process to request for reduction of the water rates from industrial rate to domestic rate from the Water Department of Johor or for permission to deduct water from the Labour Department.

Date of closure : July 3, 2015

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

Non-conformance No.2015- 25 of 32 (Major non-conformity)

Finding:
1) Interviews with workers at Lok Heng Selatan and Lok Heng Timur revealed that the complaint process was not discussed during the briefing by the Manager from the Human Resource Department of Felda Techno-plant Sdn. Bhd. (HQ) on 16 April 2014.
2) Slow resolution of workers’ grievances: A Nepali worker at Lok Heng Timur complained about the fan in his room but action was not taken until 5 March, the day of the audit, which is more than the 14 days prescribed in the correction plan.
3) There is no complaints book for workers at Lok Heng Selatan.
4) There is no mechanism for anonymous complaints for the workers at Lok Heng Selatan and Lok Heng Timur. There is no avenue to air grievances to the higher authorities in FELDA in a confidential manner.
5) Migrant workers claim that they resorted to strike (Indian workers, Lok Heng Selatan, February 2015) and (Nepali workers, Lok Heng Timur, 2014) due to slow response from the management pertaining to pay and work conditions.

Location : Lok heng Selatan & Lok Heng Timur

Correction :
To socialization to all migrant worker again regarding procedure of complaint Provide of complaint book and complaint box

Corrective action:
The pointed of PIiC for implementation of social issues.
**Auditor Conclusions: Open (Suspend)**

**Result of 1<sup>st</sup> verification:**

**Lok Heng Timur**

During the roll call, workers were briefed about the grievance process.

a. During the roll call, the workers can directly complain (verbally) to the assistant manager or any of the six supervisors at Lok Heng Timur either verbally, via letter or by filling in the complaints book (Buku Rekod Aduan TKA FTPSB Lok Heng Timur).

b. In the field, the workers can channel their grievances to their respective field supervisors who then report it to the estate manager.

*Note that there is no official worker’s representative

**Lok Heng Selatan**

1. There is no evidence of a documented briefing on the complaints process to staff, local or foreign workers.

2. Evidence of improved speed of grievance resolution:
   a. Interviews with the foreign workers at the Lok Heng Timur housing 7 May 2015 revealed that the lock to the cabin door has been replaced and fans installed.

   b. Contract checklist/payment certificate dated 31 March 2015, titled, “Rekod Penyediaan Bayaran Kontrak, Kelulusan Bayaran Di Ibu Pejabat/Di Projek Tanam Semula Lok Heng Timur” which demonstrates that repair works for the workers’ housing toilet, replacement of iron door, painting of cabins, increase of fans and repairs to the electrical wiring were carried out.

3. Lok Heng Selatan: There is evidence of a complaints book for workers at Lok Heng Selatan.

4. Lok Heng Timur: To facilitate anonymous complaints, the management has installed the complaints box at the workers’ hostel.

   Lok Heng Selatan: There is a complaints box installed at the Lok Heng Selatan office.
   
   To channel their grievance to the higher authorities, the foreign workers can contact their agents or their respective embassies.

5. The management of Lok Heng Selatan said that they are yet to conduct a briefing on the grievance mechanism to the said foreign workers.

**Date of closure:** May 8, 2015

---

**Auditor Conclusions: Closed**

**Result of 2<sup>nd</sup> verification:**

A briefing on the grievance mechanism for anonymous complaints was done for all workers at Lok Heng Selatang on 24 June 2015 at 8.00am for 91 workers. The mechanism is in accordance with FVG’s policy and procedure for provision of information dated 24 February 2015 and signed by the Group President/Head Executive officer. The procedure acknowledges the need for some employees and stakeholders to make anonymous complaints, and methods to make such complaints include through written complaints using online e-Alert form, through a letter to any one of FVG listed persons-in-charge, or by email to a general alerts email address. Complainants can also report through FVG’s hotline available for Malaysia as well as several other countries. The hotline includes a sms option which can be easily used by workers.

**Date of closure:** July 3, 2015

---

**Criterion 6.5.2** Labor 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.) shall be available in the languages understood by the workers or explained carefully to them by a management official.
Non-conformance No.2015- 26 of 32  (Major non-conformity)

Findings :
- The company does not retain a copy of contracts for existing workers (already employed prior to the revision of contracts in April 2014) (All estate)
- The employees of contractors and sub-contractors do not have employment contracts (all estate)
- Interviews with foreign workers on 4 March 2015 (at Lok Heng Selatan) and 5 March 2015 (at Lok Heng Timur) revealed that the briefing by En. Hj. Muhdor bin BorHam, Manager from the Human Resource Department of Felda Technoplant Sdn. Bhd. (HQ) pertaining to terms and conditions of employment indeed did take place on 16 April 2014. The briefing was not in appropriate languages as in some cases, translators from Bangladesh, Nepal and Pakistan do not have sufficient command of the Malay language, which was the language used by the HR representative. The workers from India were briefed in Bengali language through a single Bengali speaking translator who cannot speak proper Hindi, the language of the rest of the Indian workers (all estate).
- Extended migrant worker (after fulfil their first 3 years contracted services as written in their first contract) has no new contracts and/or working order statement from company’s management (Papan Timur)
- Briefing on terms and conditions of employment conducted on 16 April for Lok Heng Timur is inadequate as it focused only on disciplinary matters and did not touch on the pay, insurance and other aspects of the workers’ contracts. The foreign workers interviewed from both Lok Heng Selatan and Lok Heng Timur still have very poor knowledge on their pay and contract, e.g. they do not understand the Incentive AIPS mechanism nor do they understand insurance, flight ticket home, etc. (Lok Heng Timur)

Correction :
- Provide of copy contract of migrant worker which lose
- To socialization to migrant workers again regarding contract and term of reference with appropriate language
- Provide of approve letter regarding continue of working after 3 years which it will sign by migrant worker

Corrective action:
Usually communication with migrant workers regarding contract, term of reference, all procedure of social issues

<table>
<thead>
<tr>
<th>Auditor Conclusions: Open (Suspend)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result of 1st verification :</td>
</tr>
<tr>
<td>Contracts :</td>
</tr>
<tr>
<td>Contracts for existing foreign workers are available at the estates.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Auditor Conclusions: Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result of 2nd verification :</td>
</tr>
<tr>
<td>1) Felda HQ is responsible Has updated their procedure on Arrival of Foreign Workers at the estate to state that the manager is responsible to check if the details of the workers stated on the contract are correct and dated before signing the contract. The procedure includes a flowchart for entry of foreign workers to the company, where the workers will stay for 3 days at the company’s One Stop Centre. From there, representatives of the estates/scheme where the workers are assigned to are responsible to fill the details of the workers in the contracts and provide them for checking and sign-off by their manager.</td>
</tr>
<tr>
<td>2) Felda Has revised their contract template and included all employment benefits in the revised contract template, including leave, pay, facilities and transport, subsidies, PPE and equipment, foreign workers insurance scheme, medical checks, travel to home country, death arrangements, OSH, and passport matters. All existing workers are requested to sign the new contract format which will state the same date of signing or their original contract.</td>
</tr>
<tr>
<td>3) The revised contract template specifies that by signing this contract, other contracts signed within</td>
</tr>
</tbody>
</table>
managers cannot issue contracts, as is already done at the estates.

- Multiple contracts for existing workers: The existing workers were made to sign a new contract although they already have contracts. There is no clause in the new contract which states that the previous contract has been superseded.

- Contracts not in appropriate language: The contracts are in Bahasa Melayu whereas there are workers who are from South Asian countries who are unable to comprehend the national language. Many are also illiterate and cannot read contracts.

- Contracts for employees of contractors: There is no evidence of checks done to ensure employees of contractors have contracts or that their pay and benefits from the contractor comply with legal or industry minimum standards and are sufficient to provide decent living wages.

Briefing on contracts

Lok Heng Timur: There is no documented evidence that a briefing was conducted for foreign workers at Lok Heng Timur. Photographic evidence is insufficient evidence as it does not contain:

a. A detailed description of the briefing contents.

b. The date, time, venue, targeted audience and other relevant basic information.

c. Signed attendance sheet.

d. Signature of the officer reporting the event, the manager's signature and a signature from a chosen worker's representative verifying that the event did take place.

e. Confirmation that the non-Bahasa Melayu/Indonesia speaking workers have comprehended the contracts.

Lok Heng Selatan: There is documented evidence that a briefing on the contents of the contracts was conducted on 15 April 2015 to a group of 15 Indonesian workers (2014 batch). However, there is no debriefing on contracts for existing foreign workers and no evidence of briefing conducted in appropriate language.

Date of closure: May 8, 2015

Non-conformance No.2015-27 of 32 (Minor non-conformity)

Findings:

1) a. There is no concrete evidence of permission from the Jabatan Tenaga Kerja which authorizes Felda to deduct water from the employees’ salary. According to Clause 6(1)(a) of the Workers’ Minimum Standard of Housing and Amenities Act (1990).
b. FGV Has not yet produced Pekeliling (151) 010/HQ/840A/1 Ot.III and letter of authorization of deduction of water by the Jabatan Tenaga Kerja Johor

2) **Domestic waste is disposed randomly around the hostel area.** This contravenes Clause 23 (1) (a) & (c) of the Workers’ Minimum Standard of Housing and Amenities Act (1990)

3) Visual inspection and interviews with the workers at Lok Heng Selatan and Lok Heng Timur reveal that **there is no scheduled collection of domestic waste from the workers’ hostel.** This contravenes Clause 23(c) of the Workers’ Minimum Standard of Housing and Amenities Act (1990):

4) **Poor drainage as drains is clogged with rubbish.** There is a risk of dengue through stagnation of water. This contravenes Clause 23 (1) (b) of the Workers’ Minimum Standard of Housing and Amenities Act (1990):

5) **There are no records of monitoring of workers’ housing by the authorized person for each as required by Clause 23 (3) of the Workers’ Minimum Standard of Housing and Amenities Act (1990)**

**Location : all estate**

**Correction :**
1. Request of permit or approval to local government that deduction of salary for water using
2. Provide of domestic waste box/storage at hostel/housing
3. Consistent of implementation for schedule of collect domestic waste
4. Post of signboard “kept of clean” and prohibit of do not disposal domestic waste in hostel areas and trench.
5. Responsible officer will monitoring regularly every 6 month.

**Corrective action:**
1. Management will monitoring request of permit/approval regarding deduction of salary for water using process.
2. Responsible officer will monitoring condition of hostel/housing every months.
3. Head of complex will monitoring implementation of collect domestic waste

**Auditor conclusions:** Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit

**Criterion 6.12.2 Where applicable, it shall be demonstrated that no contract substitution Has occurred**

**Non-conformance No.2015- 28 of 32 (Minor non-conformity)**

**Finding :**
1) There is an element of contract substitution for new Bangladeshi workers (who came in February 2015). New Bangladeshi workers signed a contract with FELDA through the Bangladeshi government prior to their departure from Bangladesh and were made to sign another contract at Lok Heng Timur office. Their original contracts signed in Bangladesh are not made available to the auditor. The management has not provided evidence that the contents of the contract signed in Malaysia and Bangladesh are the same and that contract substitution has not occurred.

2) A Pakistani worker interviewed at Lok Heng Timur asserted that his agent who recruited him in his village **promised** him work in the factory with a salary of between RM1500-2000. He was only told his real working conditions by his agent two days before flying off, when he had already arrived in Islamabad.

**Location : Lok Heng Timur**

**Correction :**
Submit request to head quarter regarding explanation of original contract in country migrant worker and copy of contract with Felda thus management will compare between contract.

**Corrective action:**
Management will ensure all new migrant workers shall copy of contract.
Auditor conclusions: Corrective Action Plan accepted. Effectiveness of implementation to be verified during next audit

**Criterion 8.1 (Scheme smallholder guidance) Scheme Managers should develop an action plan for continual improvement in a participatory manner with their organized smallholder representatives, based on consideration of the main social and environmental impacts and opportunities for improvement.**

**Non-conformance No.2015-29 of 32 (Major non-conformity)**

**Finding:**
The continuous improvement plan sighted at some schemes, includes many social activities does not include plans for continuous improvement involving smallholder representatives with consideration of environmental impacts. Felda HQ Has also issued a Recycling Policy dated 1 June 2014; however there is no evidence of training or steps being taken to implement this policy with participation of smallholders.

**Correction:**
Felda HQ will arrange the meeting with management of Lok Heng complex regarding improvement of environmental and revision of action plan.

**Corrective action:**
Principle of PDCA will implementation at Lok Heng complex.

**Auditor Conclusions: Open (Suspend)**

**Result of 1st verification:**
There is record of email instruction from the Assistant Operational Executive of Johor Bahru region to all schemes on 10 February 2015 with instruction to change all usage of paraquat to rainguard roundup in year 2015. Attached to the email was a list of all Felda schemes which this requirement applies to, i.e. those that Had applied to HQ for permission to purchase paraquat, and received feedback to change to Round Up Rainguard. E.g. for Lok Heng Barat, they Had requested to purchase 700 liters of Paraquat, but required to change it to 300 liters of Round Up. Checked at the chemical store of Lok Heng Barat and it was confirmed there is no more stock of paraquat and last usage was on 29 April 2015 according to the usage bin card. The instruction also applied to Lok Heng Timur and Papan Timur.

Lok Heng Barat Has a documented Continuous Improvement Plan including gotong-royong, beautification, planting of beneficial plants, reduction of usage of paper and recycling. The estate Has evidence of recycled material collection by contractor named Syarikat Zawiyah. The materials collected and recycled are sold and proceeds given to Felda Lok Heng Barat’s JKKR office as part of the local community project. Signed copies of slips of payment amounting to RM 1,260 of donations from Syarikat Zawiyah to the JKKR from year January 2012 until year 2013. Continuous Improvement plans for the schemes also generally state only plans to carry out recycling (e.g. for Papan Timur, planned for May 2015) and ‘zero burning’ campaign (planned for August 2015 by Papan Timur estate) and other general community beautification activities such

**Auditor Conclusions: Closed**

**Result of 2nd verification:**
Felda HQ conducted a meeting with Lok Heng complex management level staff to re-evaluate the feasibility of the current environmental improvements activities on 22 June 2015, and identified issues such as difficulty to locate recycling contractors and lack of awareness among smallholders. The continuous improvement plan was revised to include the following activities:
1) Environmental improvement awareness campaign
2) Waste separation campaign and housing and offices
3) Appointment of recycling contractor for the region (one Has been identified)
4) Installation of signs stating no open burning.

The revised plan was discussed and agreed at Felda management level and will proceed to get the Felda’s smallholders participation the programs.

**Date of closure:** July 3, 2015
as gotong-royong and planting of flowers. However, there is still lack of evidence at the schemes of implementation of the recycling programme, i.e. engagement of recycling contractors, and lack of evidence of programs at HQ level for implementation of Felda’s Recycling Policy dated 1 June 2014 and even though Felda schemes have documented statements to carry out a recycling programme since previous audits. The HQ or schemes have not reviewed the feasibility of having such a Recycling Policy based on availability of recycling contractors at scheme locations or considered replacement with alternative continuous improvement programs if recycling is not feasible due to lack of contractors.

**Date of closure:** May 8, 2015

### RSPO SCCS

<table>
<thead>
<tr>
<th>E.1 Documented procedure (previous audit)</th>
<th>E.3 Documented procedures (now)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance 2015-30 of 32 (Major non-conformity)</strong></td>
<td><strong>Adela Mill has no training program year 2015</strong></td>
</tr>
<tr>
<td>Records of internal audit year 2015 not available so it was not compliance with FGVPM-RSPO SCCS rev 2</td>
<td><strong>Correction:</strong> Management will provide internal audit records</td>
</tr>
<tr>
<td><strong>Correction:</strong> Management will provide internal audit records</td>
<td><strong>Corrective action:</strong> To ensure of internal audit record will kept in mill</td>
</tr>
<tr>
<td><strong>Auditor Conclusions:</strong> Closed</td>
<td><strong>Auditor Conclusions:</strong> Closed</td>
</tr>
<tr>
<td><strong>Result of verification:</strong> The mill has provided internal audit records such as attendant list, NCR and explanation of correction and corrective action.</td>
<td><strong>Result of verification:</strong> The mill has a training programme for year 2015 including training on OSH, scheduled wastes, PPE, etc. The training includes plan to carry out an RSPO training course on supply chain and legal requirements</td>
</tr>
<tr>
<td><strong>Date of closure:</strong> May 8, 2015</td>
<td><strong>Date of closure:</strong> May 8, 2015</td>
</tr>
</tbody>
</table>
E.3 Documented procedures

Non-conformance 2015-32 of 32 (Major non-conformity)

- Company has not accurate information regarding FFB status on Check sheet of FFB transfer out (kertas semak AliHantar BTS) period September 2014. In Check sheet of FFB transfer out (kertas semak AliHantar BTS) has categorized as FFB certified but on FFB transfer out year 2014 as FFB non-certified.
- Company Has not accessible reports about volume of CPO production certified and non-certified
- Company Has not accurate about information in material balance (input, proces,output)

Correction:
Management will correction all information in mass balance report

Corrective action:
Management will check with serious every month

Auditor Conclusions: Closed

Result of verification:
- The sample check sheets of FFB transfer out were checked and Had been corrected by the mill to non-certified status where it was previously mistakenly stated as certified
- The mill has revised their format for reports on CPO production which it now includes volumes of certified (RSPO) and non-certified CPO produced monthly, e.g. as seen for year 2014. It was confirmed that the calculation of the volumes was derived automatically from the mill’s MPR system where volumes of outgoing CPO are input directly from the weighbridge and volumes of certified and non-certified CPO are calculated by the system based on FFB stock from certified and non-certified sources.
- The mills also has a new reporting format for material balance, including monthly amount of FFB processed from certified and non-certified sources, monthly input of RSPO certified and noncertified CPO, output of non-certified CPO sold and amount of CPO sold through book and claim. This is also auto-generated from the mill’s MPR system where volumes of outgoing CPO are input directly from the weighbridge

Date of closure: May 8, 2015

3.4 Noteworthy Positive Components

Criterion 4.1 Operating procedures are appropriately documented, consistently implemented and monitored

Findings:
FGV Has used PDA for grading report so the results of FFB receipt (net weight) faster

Criterion 6.5.2 Labor 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.) shall be available in the languages understood by the workers or explained carefully to them by a management official

Findings:
The management of Lok Heng Selatan Have shown initiative to assist the Indian workers to get a minimum wage of RM900 by giving different types of work and incentives
3.5. Issues Raised by Stakeholders and Findings Pertaining to Issues

<table>
<thead>
<tr>
<th>No.</th>
<th>Issues Raised</th>
<th>Audit Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The village head of Lok Heng Selatan requested for the concrete canal/drain project to be accelerated to curb the dengue problem.</td>
<td>Insufficient time to verify with the estate authorities.</td>
</tr>
<tr>
<td>2</td>
<td>Indian workers do not understand the new circular (dated 15 December 2014) on the AIPS rates for general workers. Also, there are unsure whether their return trip to India (upon completion of work contract) is paid for by the employer or otherwise.</td>
<td>The employer confirmed that the return ticket upon completion of tenure of employment as per work contract (3 years) will be paid for by the employer, as per the revised work contract</td>
</tr>
<tr>
<td>3</td>
<td>Indian workers request to work as sprayers to increase their income.</td>
<td>The management is open to the idea for selected and competent Indian workers to try to work as sprayers when there is a vacancy.</td>
</tr>
</tbody>
</table>
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

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

[Signature]

Name: Norazam Abdul Hameed
Position: Plantation sustainability and QM
FGVPSB
Date: 17 July 2015

Signed on behalf of PT TUV Rheinland Indonesia

[Signature]

Hendra Fachrurozy
Lead Auditor
Date: 17 July 2015
APPENDICES

Appendix 1: Revised RSPO Certificate

Certificate


Certificate Regist. No.: 824 502 14015

Certificate Holder: PT TUV Rheinland Indonesia

Lok Heng Palm Oil Mill
(subsidiary of the Federal Land Development Authority -FELDA)
P.O. Box 55, 81907,
Kota Tinggi, Johor, Malaysia;

and its company owned estates according to the annex

RSPO number: -
Scope: Palm Oil Production and Plantation Management System

An audit was performed, Report No. ASA3_14015. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Malaysia National Interpretation (NI) year 2010 (with Reference to the RSPO P&C Malaysia-NI 2014) are fulfilled.

The due date for all future surveillance audits is 16.02 (dd.mm).

Validity:
The certificate is valid from 2012-04-16 until 2017-04-15. The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland Indonesia.

RSPO registered parents company*: FELDA
(RSPO Member No.: 1-0013-04-000-00)

* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

PT TUV Rheinland Indonesia was accredited to provide RSPO Principles & Criteria (P&C) and RSPO Supply Chain Certification Systems on June 6, 2014 (RSPO-ACC-013).

Date of first certificate: April 16, 2012

Indonesia, 23-11-2015
PT TUV Rheinland Indonesia
Director

The certificate remains property of PT TUV Rheinland Indonesia and can be withdrawn in case of terminations as mentioned in the contract or in case of changes or deviations of the above-mentioned data. The licensee is obliged to inform PT TUV Rheinland Indonesia immediately of any changes in the above-mentioned data. Only an original and signed certificate is valid.

www.tuv.com

QMF: RSPO-007a-13(Rev.0)
Annex to certificate


Certificate Registr. No.: 824 502 14015

Location: Lok Heng Palm Oil Mill (subsidiary of the Federal Land Development Authority - FELDA) P.O. Box 55, 81907, Kota Tinggi, Johor, Malaysia

The palm oil mill and supply base covered in certification scope are:

<table>
<thead>
<tr>
<th>Name of mill/ estate</th>
<th>Location</th>
<th>GPS Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lok Heng Palm Oil Mill</td>
<td>P.O. Box 55, 81907 Kota Tinggi, Johor</td>
<td>1° 41'15&quot;N 104°07'19&quot;E</td>
</tr>
<tr>
<td>Lok Heng Timur</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°41’58.6&quot;N 104°06’38.7&quot;E</td>
</tr>
<tr>
<td>Lok Heng Barat</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°42’03.7&quot;N 104°06’36.2&quot;E</td>
</tr>
<tr>
<td>Lok Heng Selatan</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°43’49.5&quot;N 104°05’52.4&quot;E</td>
</tr>
<tr>
<td>Papan Timur</td>
<td>Kota Tinggi, Johor, Malaysia</td>
<td>01°36’45.6&quot;N 104°19’09.1&quot;E</td>
</tr>
</tbody>
</table>

CPO Tonnage Total Production: 39,763.39 tonnes
PK Tonnage Total Production: 10,647.45 tonnes
FFB Tonnages from Certified Sources: 119,810 tonnes
CPO Tonnage claimed for certification: 24,609 tonnes
PK Tonnage claimed for certification: 6,589 tonnes

* Projection for year 2015

Scope of SCCS & supply chain model assessed:

- FFB receipt, produce and delivery of CPO & PK with implementation of the following SCCS:
  - □ Identity Preserved
  - ★ Mass Balance

Indonesia, 23-11-2015

PT TUV Rheinland Indonesia
Director

Issued by PT TUV Rheinland Indonesia

www.tuv.com

RSPO
Roundtable on Sustainable Palm Oil

TÜV Rheinland
Precisely Right.

QMF: RSPO-007a-13(Rev.0)
## Appendix 2: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD</td>
<td>Biological Oxygen Demand</td>
</tr>
<tr>
<td>CEMS</td>
<td>Continuous Emission Monitoring System</td>
</tr>
<tr>
<td>CHRA</td>
<td>Chemical Health Risk Assessment</td>
</tr>
<tr>
<td>CLASS</td>
<td>Occupational Safety (Classification, Labelling, Safety Data Sheet of Hazardous Chemicals) Regulations</td>
</tr>
<tr>
<td>CPL</td>
<td>Classification, Packaging and Labelling</td>
</tr>
<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
</tr>
<tr>
<td>CSDDS</td>
<td>Chemical Safety Data Sheet</td>
</tr>
<tr>
<td>DOE</td>
<td>Department of Environment</td>
</tr>
<tr>
<td>DOSH/ JKKP</td>
<td>Department of Occupational Safety and Health / Jabatan Keselamatan dan Kesihatan Pekerja</td>
</tr>
<tr>
<td>EFB</td>
<td>Empty Fruit Bunches</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>ERTs</td>
<td>Endangered, Rare &amp; Threatened species</td>
</tr>
<tr>
<td>ESH</td>
<td>Environmental Safety &amp; Health</td>
</tr>
<tr>
<td>EQA</td>
<td>Environmental Quality Act</td>
</tr>
<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
</tr>
<tr>
<td>FGV</td>
<td>Felda Global Ventures</td>
</tr>
<tr>
<td>FMA 1967</td>
<td>Factories and Machinery Act 1974</td>
</tr>
<tr>
<td>FOD</td>
<td>Felda Oil Depot</td>
</tr>
<tr>
<td>FOMEMA</td>
<td>Foreign Workers Medical Screening</td>
</tr>
<tr>
<td>FOP</td>
<td>Felda Oil Product</td>
</tr>
<tr>
<td>FPISB</td>
<td>FELDA Palm Industries Sdn. Bhd.</td>
</tr>
<tr>
<td>FPSB</td>
<td>Felda Plantation Sdn. Bhd</td>
</tr>
<tr>
<td>FTSB</td>
<td>Felda Trading Sdn. Bhd</td>
</tr>
<tr>
<td>FTPSB</td>
<td>Felda Techno Plant Sdn Bhd</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas</td>
</tr>
<tr>
<td>GPW</td>
<td>Gerakan Persatuan Wanita / United Women’s Movement</td>
</tr>
<tr>
<td>HCV</td>
<td>High Conservation Value</td>
</tr>
<tr>
<td>HIPARC</td>
<td>Hazard Identification, Risk Assessment and Risk Control</td>
</tr>
<tr>
<td>HQ</td>
<td>Headquarters</td>
</tr>
<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>ISCC</td>
<td>International Sustainability &amp; Carbon Certification</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>JKKP</td>
<td>Jabatan Keselamatan dan Kesihatan Pekerja (Department of Occupational Safety and Health)</td>
</tr>
<tr>
<td>KER</td>
<td>Kernel Extraction Rate</td>
</tr>
<tr>
<td>LCC</td>
<td>Leguminous Cover Crops</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheet</td>
</tr>
<tr>
<td>MBFM</td>
<td>Majlis Belia Felda Malaysia (Felda Malaysia’ Youth Council)</td>
</tr>
<tr>
<td>MPOB</td>
<td>Malaysian Palm Oil Board</td>
</tr>
<tr>
<td>NADOPOD</td>
<td>Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004</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>OSHA</td>
<td>Occupational Safety &amp; Health Act</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>PMD</td>
<td>Pendaftaran Mesin Dandang (Steam Machine Registration)</td>
</tr>
<tr>
<td>PMT</td>
<td>Pendaftaran Mesin Tekanan (Pressure Machine Registration)</td>
</tr>
<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>RSPO</td>
<td>Roundtable for Sustainable Palm Oil</td>
</tr>
<tr>
<td>SDA</td>
<td>Social Development Assistant</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>SPPA</td>
<td>Skim Pampasan Pekerja Asing (Foreign Worker’s Compensation Scheme)</td>
</tr>
<tr>
<td>USECHH</td>
<td>Use and Standard of Exposure of Chemical Hazardous to Health</td>
</tr>
</tbody>
</table>
### Appendix 3: 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>Puan Siti Hawa</td>
<td>Village GPW CHairwoman</td>
<td>Lok Heng Selatan (female, Malaysian)</td>
</tr>
<tr>
<td>2.</td>
<td>Tuan Jahi Mohd. Bin Bakar</td>
<td>Village head (Vice CHairman of Lok Heng Selatan JKKR)</td>
<td>Lok Heng Selatan (male, Malaysian)</td>
</tr>
<tr>
<td>3.</td>
<td>Abdul Rahim Muhir</td>
<td>Harvester</td>
<td>Lok Heng Selatan (male Indonesian worker)</td>
</tr>
<tr>
<td>4.</td>
<td>Nurudin</td>
<td>Harvester</td>
<td>Lok Heng Selatan (male Indonesian worker)</td>
</tr>
<tr>
<td>5.</td>
<td>Zaenudin</td>
<td>Harvester</td>
<td>Lok Heng Selatan (male Indonesian worker)</td>
</tr>
<tr>
<td>6.</td>
<td>Suparlan</td>
<td>Sprayer</td>
<td>Lok Heng Selatan (male Indonesian worker)</td>
</tr>
<tr>
<td>7.</td>
<td>Sahinun</td>
<td>Sprayer</td>
<td>Lok Heng Selatan (male Indonesian worker)</td>
</tr>
<tr>
<td>8.</td>
<td>Bairwa Babu Lal</td>
<td>Manurer</td>
<td>Lok Heng Selatan (male Indian worker)</td>
</tr>
<tr>
<td>9.</td>
<td>Padam Singh</td>
<td>Manurer</td>
<td>Lok Heng Selatan (male Indian worker)</td>
</tr>
<tr>
<td>10.</td>
<td>Biswas Sanjoy</td>
<td>Manurer</td>
<td>Lok Heng Selatan (male Indian worker)</td>
</tr>
<tr>
<td>11.</td>
<td>Hossaien MohamMed</td>
<td>Manurer</td>
<td>Lok Heng Selatan (male Indian worker)</td>
</tr>
<tr>
<td>12.</td>
<td>Irfan</td>
<td>Manurer</td>
<td>Lok Heng Selatan (male Indian worker)</td>
</tr>
<tr>
<td>13.</td>
<td>Puan Salbia binti Kassim</td>
<td>Senior Administrative Assistant (Pembantu Tadbir Kanan)</td>
<td>Lok Heng Selatan (female, Malaysian)</td>
</tr>
<tr>
<td>14.</td>
<td>En. BukHari Md.Noh</td>
<td>RSPO Officer</td>
<td>Lok Heng Selatan (male, Malaysian)</td>
</tr>
<tr>
<td>15.</td>
<td>Puan Zalina Sulaiman</td>
<td>Senior Administrative Assistant (Pembantu Tadbir Kanan)</td>
<td>Lok Heng Timur (female, Malaysian)</td>
</tr>
<tr>
<td>16.</td>
<td>Ismail</td>
<td>Sprayer</td>
<td>Lok Heng Timur (male Indonesian worker)</td>
</tr>
<tr>
<td>17.</td>
<td>Muhammd</td>
<td>Sprayer</td>
<td>Lok Heng Timur (male Indonesian worker)</td>
</tr>
<tr>
<td>18.</td>
<td>Surya BaHadur Tamang</td>
<td>Sprayer</td>
<td>Lok Heng Timur (male Nepali worker)</td>
</tr>
<tr>
<td>20.</td>
<td>KHallil Zahid</td>
<td>Sprayer</td>
<td>Lok Heng Timur (male Pakistani worker)</td>
</tr>
<tr>
<td>21.</td>
<td>Ummi Kalthom Ismail</td>
<td>Finance Clerk (Kerani Kewangan)</td>
<td>Lok Heng Mill (female staff)</td>
</tr>
<tr>
<td>22.</td>
<td>Norafiza S Habur ZaHari</td>
<td>Administration Clerk (Kerani Pentadbir)</td>
<td>Lok Heng Mill (female staff)</td>
</tr>
<tr>
<td>23.</td>
<td>Samad Bin Othman</td>
<td>Assistant Manager (Operation)</td>
<td>Lok Heng Mill (male staff)</td>
</tr>
<tr>
<td>24.</td>
<td>Md. Safuan bin Madio</td>
<td>Fitter Mekanik</td>
<td>Lok Heng Mill (male worker)</td>
</tr>
<tr>
<td>25.</td>
<td>Md SHarif bin Asari</td>
<td>Senior Operator</td>
<td>Lok Heng Mill (male worker)</td>
</tr>
<tr>
<td>26.</td>
<td>Ismail bin Rashid</td>
<td>Foreman</td>
<td>Lok Heng Mill (male worker)</td>
</tr>
<tr>
<td>27.</td>
<td>Jaffar bin Omar</td>
<td>Boiler House CHargeman</td>
<td>Lok Heng Mill (male worker)</td>
</tr>
<tr>
<td>28.</td>
<td>Iskandar bin Kadiman</td>
<td>Pekerja Am (G7)</td>
<td>Lok Heng Mill (male worker)</td>
</tr>
<tr>
<td>29.</td>
<td>Mohd Nasir b. Munajat</td>
<td>Manager-Lok Heng Mill</td>
<td></td>
</tr>
<tr>
<td>30.</td>
<td>Samad b. Othman</td>
<td>Asst Manager (Operation)-Lok Heng Mill</td>
<td></td>
</tr>
<tr>
<td>31.</td>
<td>Ruzi b. Abdullah</td>
<td>CHargeman-Lok Heng Mill</td>
<td></td>
</tr>
<tr>
<td>32.</td>
<td>ShHabudin</td>
<td>Stock Clerk-Lok Heng Mill</td>
<td></td>
</tr>
<tr>
<td>33.</td>
<td>Ashraful Rajab</td>
<td>Asst Manager (Lok Heng Timur Estate)</td>
<td></td>
</tr>
<tr>
<td>34.</td>
<td>Ismail b. Sani</td>
<td>Asst Manager (Lok Heng Timur Estate)</td>
<td></td>
</tr>
<tr>
<td>35.</td>
<td>Bahri b. tago</td>
<td>Manager (Lok heng Timur Estate)</td>
<td></td>
</tr>
<tr>
<td>36.</td>
<td>Logman b. Sanip</td>
<td>Supervisor (Lok Heng Timur)</td>
<td></td>
</tr>
<tr>
<td>37.</td>
<td>Abu Bakar</td>
<td>Smallholder – Papan Timur scheme</td>
<td></td>
</tr>
<tr>
<td>38.</td>
<td>Sukardi</td>
<td>Sprayer – Papan Timur scheme</td>
<td></td>
</tr>
<tr>
<td>39.</td>
<td>MuHammad Zaini</td>
<td>Sprayer – Papan Timur scheme</td>
<td></td>
</tr>
<tr>
<td>40.</td>
<td>Masjudin</td>
<td>Sprayer – Papan Timur scheme</td>
<td></td>
</tr>
<tr>
<td>41.</td>
<td>Robiul Islam</td>
<td>Harvester – Papan Timur scheme</td>
<td></td>
</tr>
<tr>
<td>42.</td>
<td>Alam</td>
<td>Harvester – Papan Timur scheme</td>
<td></td>
</tr>
<tr>
<td>43.</td>
<td>Sohip</td>
<td>Scheme smallholder – Papan Timur</td>
<td></td>
</tr>
<tr>
<td>44.</td>
<td>Haji Ahmad bin Saudar</td>
<td>Scheme smallholder – Papan Timur</td>
<td></td>
</tr>
<tr>
<td>45.</td>
<td>Kormin</td>
<td>Independant smallholder – Papan Timur</td>
<td></td>
</tr>
<tr>
<td>46.</td>
<td>Waman</td>
<td>Independant smallholder – Papan Timur</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 4: 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>Information on total area, planted area, and mature area of each scheme is difficult to confirm due to frequent addition and deduction of scheme area upon inclusion or exclusion of scheme members. The original data should be fixed regardless of status of inclusion or exclusion of smallholders.</td>
<td></td>
</tr>
</tbody>
</table>
| 2.  | 1) There is lack of coordination Handover of RSPO related tasks and data in all schemes and the estate, as frequently staff are transferred to other sites with no proper Handover of knowledge on RSPO related tasks, resulting in poor follow up  
2) Document retrieval at most schemes and estates take too long with sometimes no personnel on stand-by to assist during the audit |          |
| 3.  | The mechanism of the implementation of the ethical conduct policy is unclear. There is no evidence of communication of such a policy to the workers or communication of a protection mechanism for workers to voice their grievances pertaining to lapses in ethical conduct at the management level, if any. | 1.3.1    (P&C 2013) |
| 4.  | Business/Management plan Has not been integrated between estate with mill                                                      | 3.1      |
| 5.  | Lok Heng Selatan, Papan Timur - Aspect impact risk assessment identification still lacking of knowledge especially and awareness in general. The person in charge was not clearly understand how it Has to been done and been copied from other plantations. | 4.6      |
| 6.  | Hazard originating from outside workplace that could pose risk to worker need to be identified such as biological Hazard (bitten by wild stinger) as last year there was a case of fatality as the stinger attacked someone in Lok heng Timur Estate. | 4.7.1b    |
| 7.  | Evidence of Safety and Health Committee meeting was not consistently held as evidence from minutes of meeting found only on 2/3/15, 6/1/15, 8/10/14 then follow by 1/3/13, 1/6/13. While in Lok Heng Mill the content of the minutes of meeting for 17/12/14 and 15/10/14 were similar. Other minutes of meeting found dated 23/07/14, 29/04/14, 5/2/14 | 4.7.1f    |
| 8.  | Information on total area, planted area, and mature area of each scheme is difficult to confirm due to frequent addition and deduction of scheme area upon inclusion or exclusion of scheme members. The original data should be fixed regardless of status of inclusion or exclusion of smallholders. | 5.1.2     |
| 9.  | 1) There is lack of coordination Handover of RSPO related tasks and data in all schemes and the estate, as frequently staff are transferred to other sites with no proper Handover of knowledge on RSPO related tasks, resulting in poor follow up  
2) Document retrieval at most schemes and estates take too long with sometimes no personnel on stand-by to assist during the audit | 5.3      |
<p>| 10. | Environmental management plan was established on 22/02/13 for managing and reducing waste such as Fertilizer bags, plastic, bottle, used PPE, Tyre and etc. Lacking in term of mechanism to control and monitor the progress. No clear target to achieve and responsible person to monitor. All the wastes mentioned under remarks as not to burn but actually condition burning of waste clearly seen at Block 10 and estate at Block 3. | 5.5      |
| 11. | Felda Has created a recycling policy dated 1st June 2014, which states that Felda is concerned about recycling of wastes including metal, paper, plastic for the protection of environment, and that Felda management will take efforts to improve the solid waste management. However there is lack of measurable objectives for implementation of this policy. There is also lack of evidence of commitment to implementing this policy as even though recycling bins are available at some locations, the company Has not ensured that the contractor engaged to carry out waste collection does any actual recycling of the wastes. | 5.6      |
| 12. | Field workers at schemes &amp; the estate Have not been trained on appropriate actions to take in case they observe a fire in the field. | 6.1      |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>Felda sustainability department is currently still in progress to carry out data collection on GHG production which is planned to be completed by for all Felda schemes by May or June 2015 and analysis of data to create a more detailed plan management plan for reduction of greenhouse gas emissions will be carried out. However, the person-in-charge Has misunderstood the RSPO implementation period until December 31st 2016 as the cut-off date for completion of the GHG Calculation, as the requirement is GHG assessment, monitoring and reporting must commence from the date of implementation of the RSPO P&amp;C 2013, which by end of April 2015.</td>
</tr>
<tr>
<td></td>
<td>6.1.4 (P&amp;C 2013)</td>
</tr>
<tr>
<td>14.</td>
<td>1. Improving Data Collection methods and techniques (FGD and Or Deep Interview) 2. Improvement on Data Analyses and Reports (Matrix analysis) 3. Develop social mapping and define/determine Strategic Issues and Stakeholders 4. Determine Vulnerable Stakeholder and develop program for them</td>
</tr>
<tr>
<td></td>
<td>6.3. SS Guidance</td>
</tr>
<tr>
<td>15.</td>
<td>The SIA plans for Tunggal; Adela and Sening schemes are not reviewed and updated (a minimum once every two years) to reflect the changes to current practices.</td>
</tr>
<tr>
<td>16.</td>
<td>1. The schemes do not maintain records of complaints and grievances from migrant workers 2. The mill does not maintain records of complaints from FFB transport drivers</td>
</tr>
<tr>
<td></td>
<td>6.9.</td>
</tr>
<tr>
<td>17.</td>
<td>Slow action by Adela management regarding complaints on leakage of water tank at Adela worker’s housing (Block B). Oral complaint was made by a foreign worker in April 2014 but there is slow response from the management to the workers. Issue discussed with staff at Adela who explained that there was no budget for the water tank in 2014, hence, the delay in replacing the water tank. Evidence of application of new water tank was shown to the auditor. Adela management needs to communicate this to the workers and replace the water tank as per approved budget.</td>
</tr>
<tr>
<td>18.</td>
<td>Felda Has not done any study to detect potentials of sexual Harassment among men or develop Program Preventing sexual Harassment among men</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>