

MSPO CERTIFICATION
INITIAL AUDIT
SUMMARY REPORT

FELDA GLOBAL VENTURES HOLDINGS BERHAD
FGV Bukit Kepayang Grouping: Terapai 03 Estate
Triang, Pahang Darul Makmur, Malaysia

Certificate No:	INTERTEK MSPO 007B
Start date:	15 Feb 2019
Expiry date:	14 Feb 2024
Audit Type	Audit Dates
Initial / Stage 1	20 Jul 2018
Initial / Stage 2	26-28 Nov 2018
Annual Surveillance - 01	
Annual Surveillance - 02	
Annual Surveillance - 03	
Annual Surveillance - 04	
Re-Certification	

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1.0 SCOPE OF AUDIT

1.1 Introduction

This Initial Audit / Stage 2 was conducted on the Terapai 03 Estate under the Bukit Kepayang Grouping of **Felda Global Ventures Holdings Berhad** (hereafter abbreviated as FGV), from **26-28 Nov 2018**, to assess the organization's operations of the FFB supplying plantations / estates are in compliance against the **MSPO Standard for Oil Palm Plantations (MSPO MS 2530-3: 2013)**.

The plantation management unit (PMU) or management unit is equivalent to a certification unit that consists of one mill (under Felda Palm Industries Sdn Bhd) and its supply base which is made up of estate(s) owned and/or managed by Felda Global Ventures Plantations (Malaysia) Sdn Bhd. (FGVPM) / FGV Holdings Berhad (FGV).

1.2 Location (address, GPS and map) of palm oil mill and estates

The Bukit Kepayang Grouping consists of one (1) palm oil mill, namely **Bukit Kepayang Palm Oil Mill and one (1) estate** as indicated in Table 1 below, which includes the addresses and GPS locations of the mill and estate. The location maps are provided in **Appendix C**.

The estate is a FGV owned estate. The palm oil mill is operated by Felda Palm Industries Sdn Bhd (FPISB), a subsidiary company of FGV.

Table 1: Address of Palm Oil Mill, Estates and GPS Location

Name	Address	GPS Reference	
		Latitude	Longitude
FGV Bukit Kepayang POM (Capacity: 40 MT/hr)	Kilang Sawit Bukit Kepayang, Pejabat Pos Triang, Pahang Darul Makmur, Malaysia	3° 16' 11" N	102° 35' 45" E
Terapai 03 Estate	d/a Felda Mayam, 28220 Bera, Pahang Darul Makmur, Malaysia	3° 25' 51.98" N	102°46' 53.65" E

1.3 Description of FFB supply base

The supply base, i.e. FFB sources to the POM at Penggeli Grouping, are from the abovementioned estate of this Grouping, FTPSB estates, Felda estates, Outside Crop Producers (OCP) and Smallholders. The FFB from the PMU estate are certified FFB. The FFB from the FTPSB estates, Felda estates, OCP and Smallholders are considered as non-certified FFB.

Details of the planted hectareage for the FFB supply for Bukit Kepayang Grouping are as shown in Table 2 below.

Table 2: Estate Area Summary

Estate	Area Summary (ha): Year 2018	
	Certified (Titled) Area	Planted Area
Terapai 03 Estate	2,552.42	2,034.90
Total:	2,552.42	2,034.90

Notes:

1. This Assessment covered the overall land use for oil palm plantation areas, and the identified Conservation / unplatable areas including HCV (if any) marked out at the estates.
2. Since there is only one estate in this PMU, it was selected for this Assessment. (For this case, there is non-applicability of the requirement for sampling of estates based on their potential risks on social, environmental and biodiversity issues such as their proximity to forest reserves, hill sides, riparian zones and any high conservation value areas).



1.4 Summary of plantings and cycle

The age profile of the Terapai 03 Estate is as shown in Table 3.

Table 3: Age Profile of Planted Oil Palm as at Dec 2017

Estate Phase / Block	Year of Planting	Cycle of Planting	Mature OP (ha) – Above 3 years	Immature OP (ha) – 3 years & below	Total (ha) Planted
PM98B / 5-16	1990	1 st	901.08		901.08
PM98C / 17-26	1990	1 st	730.84		730.84
PR16D / 1-4	2016	2 nd		402.98	402.98
		Total	1,631.92	402.98	2,034.90

1.5 Summary of Land Use, Conservation and HCV Areas

The summary of Land Use, Conservation and HCV Areas as identified in Bukit Kepayang Grouping during this assessment is shown in Table 4 below:

Table 4: Conservation and HCV Areas

#	Statement of Land Use (Ha)	As at Dec 2017 Hectarage (Ha)
1	Planted Area (ha) – Oil Palm	2,034.90
	- Mature	1,631.92
	- Immature	402.98
2	Conservation Area (ha)	
	- comprising buffer zones along small streams, hilly areas, swampy and unplanted areas	14.95
3	HCV Area (ha)	
	- comprising buffer zones near forest reserves, water catchments, burial & religious sites	0

1.6 Other certifications held and Use of MSPO Trademarks

Currently, Bukit Kepayang Grouping holds valid ISO 9001, ISO 14001 and OHSAS 18001 certifications for the Palm Oil Mill. The MSPO trademarks and logo are not used by the POM / Estates audited. Instructions for use were provided and acknowledged by the POM / Estates through a signed Memorandum of commitment agreeing to adhere to the latest “MSPO Rules on Use of Logos and Trademarks; provided prior to the Audit.

1.7 Organizational information / Contact Person

Name: Norazam Abdul Hameed
Designation: Head, Plantations Sustainability Department (PSD)
Full Address:
FGV Holdings Berhad (800165-P)
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1.8 Tonnages Verified for Certification

1.8.1 The breakdown of all the suppliers and their tonnages of FFB supplied to the POM at Bukit Kepayang Grouping based on the on the **actual for the past 12 months (Jan – Dec 2017)** are as shown in Table 5 below:

Table 5: Tonnages Verified for Certification (Jan to Dec 2017)

#	Estate /Supplier	FFB Received (MT)	Main Receiving Palm Oil Mill	MSPO Certification
A	PMU Estates: Certified:			
1.	Terapai 03 Estate	22,819.61	Bukit Kepayang POM	Intertek
	Sub-total: Certified			
B	FTPSB estates, Felda estates, Outside Crop Producers (OCP): Non-certified:			
2.	FTP BUKIT KEPAYANG	7,156.87		
3.	PTS MAYAM	7,717.81		
4.	FTP PURUN	10,255.79		
5.	FTP KUMAI	256.68		
6.	FELDA BUKIT KEPAYANG	25,499.57		
7.	FELDA MAYAM	25,499.57		
8.	FELDA PURUN	30,687.22		
9.	LADANG TERAPAI 1	24.39		
10.	LADANG BERA SELATAN 01	22.75		
11.	LADANG BERA SELATAN 04	15.88		
12.	KILANG SAWIT FELCRA BHD. MARAN	278.27		
13.	TAI ICHI ENTERPRISE SDN BHD	22,012.40		
14.	RISDA PLANTATIONS SDN BHD	298.07		
15.	KIM MA OIL PALM (TRANSPORT) SDN BHD	2,994.40		
16.	BKF SDN. BHD	3,796.99		
17.	BAKTI MAS BINA SDN BHD	33,886.67		
18.	KOOP. PENANAM SAWIT MAMPAN DAERAH BERA BERHAD	1,238.98		
19.	NONE TEGUH ENTERPRISE	5,580.14		
	Sub-total from FTPSB Estates, Felda Estates, OCP: Non-certified	177,222.45		
C	Smallholders: Non-certified			
1	MOHD TAHIR BIN MALAKA	237.17		
2	MOHAMAD BIN NEHIT	169.46		
3	MOHD SANUSI BIN SENIK	3,001.91		
4	WAN ABD SAMAT BIN WAN SULAIMAN	530.60		
5	SAARI BIN PUTAL	52.98		
6	JALIAH BINTI DOLLAH	948.38		



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7	MANOLAN BIN MOHAMAD	102.33		
	Sub-total from Smallholders: Non-certified	5,042.83		
	Sub-total: Non-certified	182,265.28		
	GRAND TOTAL	205,084.89		

1.8.2 Total annual volumes / tonnages of FFB supplied from the supply base to Bukit Kepayang Grouping POM during the previous, current and projected period are as shown in Table 6 below:

Table 6: Annual Tonnages of FFB

Estate / Supplier	FFB Processed in Jan – Dec 2017 - Actual		FFB Processed in Jan – Dec 2018 - Actual + Projected		FFB Processed for Jan – Dec 2019 - Projected	
	MT	%	MT	%	MT	%
Certified FFB from Terapai 03 Estate	22,819.61	11.13	18,748.86	9.98	18,000.00	9.40
Non-certified FFB from FTPSB estates, Felda estates, OCP	177,222.45	86.41	161,260.00	85.81	167,400.00	87.46
Non-certified FFB from smallholders	5,042.83	2.46	7,920.00	4.21	6,000.00	3.13
Total	205,084.89	100.00	187,928.86	100.00	191,400.00	100.00

1.8.3 The annual tonnages of CPO and PK production by the POM (produced from FFB supplied from Terapai 03 Estate) verified during this **current audit and projected for next 12 months** are detailed as follows:

Table 7: Annual Tonnages of CPO and PK (produced from FFB from Terapai 03 Estate)

POM	Jan – Dec 2017 - Actual		Jan – Dec 2018 - Actual + Projected		Jan – Dec 2019 - Projected	
Total own FFB Processed (MT)	22,819.61		18,748.86		18,000.00	
Total CPO Production (MT)	4,415.59	% OER: 19.35	3,654.15	% OER: 19.49	3,618.00	% OER: 20.10
Total PK Production (MT)	1,193.47	% KER: 5.23	1,006.81	% KER: 5.37	945.00	% KER: 5.25



1.9 Abbreviations Used

BOMBA	Fire Services Department	IPM	Integrated Pest Management
CB	Certification Body	ISCC	International Sustainability & Carbon Certification
CHRA	Chemical Health & Risk Assessment	IUCN	International Union for Conservation of Nature
CPO	Crude Palm Oil	JAS	Jabatan Alam Sekitar
CSDS	Chemical Safety Data Sheets	JKKP	Jabatan Kesihatan dan Keselamatan Pekerja
CSPO	Certified Sustainable Palm Oil	KER	Kernel Extraction Rate
CSPK	Certified Sustainable Palm Kernel	LTA	Lost Time Accidents
DOE	Department of Environment	MPOB	Malaysia Palm Oil Board
DOSH	Department of Occupational Safety and Health	MSDS	Material Safety Data Sheets
EFB	Empty Fruit Bunch	MTCS	Malaysia Timber Certification Scheme
EHS	Environmental Health & Safety	NCR	Non-Conformance Report
EIA	Environmental Impact Assessment	NGO	Non-Government Organization
ETP	Effluent Treatment Plant	OER	Oil Extraction Rate
FASSB	Felda Agricultural Services Sdn Bhd	OHS	Occupational Health & Safety
FELDA	Federal Land Development Authority	PEFC	Programme for the Endorsement of Forest Certification
FFB	Fresh Fruit Bunch	PK	Palm Kernel
FGVHB	Felda Global Ventures Holdings Berhad	PMU	Plantation Management Unit
FGVPM	Felda Global Ventures Plantations (Malaysia) Sdn Bhd	POM	Palm Oil Mill
FTPSB	Felda Tekno Plant Sdn Bhd	POME	Palm Oil Mill Effluent
GAP	Good Agriculture Practice	PPE	Personal Protective Equipment
HCV	High Conservation Values	SCCS	Supply Chain Certification Standard
Intertek	Intertek Certification International Sdn Bhd	SOP	Standard Operating Procedures



2.0 AUDITING PROCESS

2.1 Auditing Methodology, Plan and Site Visits

Since 19 Oct 2018, Intertek has initiated public communications and notifications and invited the relevant stakeholders before the assessment to provide feedback and comments on their concern (if any) on Bukit Kepayang Grouping regarding the environmental, biodiversity, community development and other relevant issues.

Stage 1 Assessment of the Terapai 03 Estate was conducted on 10 Aug 2018 by the Audit Team (Appendix A-1) in accordance with the Stage 1 Audit Plan (Appendix B-1). The Stage 1 Summary of Findings is as shown in Appendix D.

From 26-28 Nov 2018, the Assessment team of Intertek conducted the Stage 2 Assessment in which the Bukit Kepayang POM and the single estate, Terapai 03 estate, of Bukit Kepayang Grouping were assessed for compliance against the MSPO requirements. Since there is only one estate in the Bukit Kepayang Grouping, there is no sampling of estates and this estate shall be assessed at every assessment.

During the on-site audit, relevant documents and records, including Standard Operating Procedures (SOP), management plans, hectare development, FFB, CPO and PK production, oil palm age profile, operational controls and measures, operational data and records, training records, etc. were reviewed and verified for compliance. The Audit team covered the palm oil mill and estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational health and safety, social accountability, environment and other requirements. Stakeholders' interviews were conducted during the audit and feedback obtained as part of information and evidence gathering. (See section 2.5 Process of stakeholder consultation).

The details of the Audit Plans (actual on-site) for Stage 1 and Stage 2 audits are provided in **Appendix B-1 and B-2** respectively.

Intertek has also performed the evaluation of conformity against the MSPO Certification System requirements for CBs. The audit report, findings and associated documents were evaluated through an independent review by the Intertek Internal Technical Review and the External Peer Reviews prior to the approval of this report and decision on certification by Intertek.

2.2 Date of next scheduled visit

The next scheduled visit will be the annual Surveillance Audit which will be carried out within a 12-month period of the certificate anniversary date.

2.3 Qualifications of the Lead Auditor and Audit Team

Competency details of the Lead Auditor and Audit Team for Stage 1 and Stage 2 audits are provided in **Appendix A-1 and A-2** respectively.

2.4 Certification Body

Intertek Certification International Sdn Bhd is part of the Intertek Group, which is a worldwide technical services organisation dedicated to reducing clients' risks by providing technical inspection services, management system certification in quality, environmental, occupational safety & health and product certification, RSPO P&C, RSPO SCC, ISCC, Marine Sustainability Chain-of-Custody, MTCS and PEFC Chain-of-Custody certification in applicable industry sectors including the agricultural and forestry sectors. Intertek operates globally providing clients with a wide-ranging technical inspection expertise and access to thousands of skilled specialists worldwide. Intertek Group's certification business is ranked in the top 10 worldwide, and is available globally offering certification across a wide range of industries.

2.5 Process of stakeholder consultation

Stakeholder consultations began with notification of the upcoming audit via e-mails sent to the relevant stakeholders including government agencies, NGOs and local communities. E-mails and telephone enquiries were made prior to the actual audit and stakeholder's response and feedback received were followed up accordingly. During the audit, stakeholders (who were available) were interviewed and their feedbacks were recorded and followed up during audit. Among the stakeholders consulted were workers, trade union leaders, women representatives; local community leaders, representatives of government departments / agencies and NGOs, suppliers and contractors.

Among the list of key stakeholders consulted was the following:

Government Agencies (by emails)

1. Department of Lands And Mines
2. Department of Environment
3. Department of Forestry Peninsular Malaysia
4. Department of Immigration
5. Department of Irrigation & Drainage



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6. Department of Labour
7. Department of Occupational Safety & Health
8. Department of Orang Asli Affairs
9. Department of Wildlife & National Parks

Government Agencies - State (by emails)

10. Department of Environment – Pahang
11. Department of Forestry – Pahang
12. Department of Immigration – Pahang
13. Department of Irrigation & Drainage - Pahang
14. Department of Labour – Pahang
15. Department of Occupational Safety & Health – Pahang
16. Department of Wildlife & National Parks – Pahang
17. Land and Mines Office – Pahang
18. Pertubuhan Keselamatan Sosial (SOCSO) – Pahang

Statutory Bodies (by emails)

19. Malaysian Palm Oil Board (MPOB)
20. Malaysian Palm Oil Board (MPOB) - Southern Region
21. Malaysia Palm Oil Association (MPOA)
22. Malaysia Palm Oil Association Kuala Lumpur (MPOA)

NGOs (by emails)

23. All Women's Action Society (AWAM)
24. BCSDM - Business Council for Sustainable Development in Malaysia
25. Borneo Child Aid Society (Humana)
26. Borneo Resources Institute Malaysia (BRIMAS)
27. Borneo Rhino Alliance (BORA)
28. Center for Orang Asli Concerns COAC
29. Centre for Environment; Technology and Development; Malaysia - CETDEM
30. Consumers Association Of Penang - CAP
31. EcoKnights
32. ENO Asia Environment
33. Environmental Management and Research Association of Malaysia (ENSEARCH)
34. Environmental Protection Society Malaysia (EPSM)
35. Friends of the Earth; Malaysia
36. Future in Our Hands Society; Malaysia
37. Global Environment Centre
38. Institute of Foresters; Malaysia (IRIM)
39. JUST - International Movement for a Just World
40. Malaysian CropLife & Public Health Association (MCPA)
41. Malaysian Environmental NGOs - MENGO
42. Malaysian National Animal Welfare Foundation - MNAWF
43. Malaysian Nature Society Pahang
44. Malaysian Plant Protection Society (MAPPS)
45. National Council of Welfare & Social Development Malaysia - NCWSDM
46. National Union of Plantation Workers (NUPW)
47. Partners of Community Organisations (PACOS)
48. Pesticide Action Network Asia and the Pacific (PAN AP)
49. Proforest - South East Asia Regional Office
50. Sabah Wetlands Conservation Society (SWCS)
51. SUARAM - Suara Rakyat Malaysia
52. SUHAKAM - National Human Rights Society - Persatuan Kebangsaan Hak Asasi Manusia
53. Sustainable Development Network Malaysia (SUSDEN)
54. Tenaganita Sdn Bhd
55. The Malaysian Forum of Environmental Journalist (MFEJ)
56. TRAFFIC - the wildlife trade monitoring network
57. TRAFFIC Southeast Asia - Wildlife trade & trafficking monitoring programme
58. Transparency International - Malaysian Chapter
59. Treat Every Environment Special Sdn Bhd. (TrEES)
60. UNION – AMESU
61. United Nations Development Programme - UNDP Malaysia
62. Wetlands International (Malaysia)
63. Wild Asia Sdn Bhd
64. World Wide Fund for Nature (WWF) Malaysia

Local community (On-site interviews)

65. Gender representatives
66. Workers representatives
67. Suppliers / Contractors
68. Village Heads



3.0 AUDIT FINDINGS

3.1 Summary of findings

Certification Unit: FGV Bukit Kepayang Grouping - Terapai 03 Estate	
Auditor/s: Dr. Ooi Cheng Lee (OCL), Sazali Bin Hasni (SH), Jumat Bin Majid (JMD)	Audit Dates: 26-28 Nov 2018

P1: Management Commitment & Responsibility

Clause	Requirements	Evidence	Conformity
4.1.1	C1: MSPO Policy		
4.1.1.1	Indicator 1: A policy for the implementation of MSPO shall be established.	Felda Global Ventures (FGV) has documented the Group Sustainable Policy for sustainability matters – FGV/SED/POL/001 Rev 1 dated 24 Aug 2017. In Section 6.4 of the Policy, FGV has documented its commitment to comply with MSPO certification for all its operations for the production of sustainable palm oil. The various policies on sustainability include: 1. Policy on the Production of Sustainable Palm Oil in FGV Group (“Polisi Pengeluaran Minyak Sawit Lestari dalam Kumpulan FGV”) 2. Policy on Equal Opportunity (“Polisi Kesetara Peluang”) 3. Policy on Communication (“Polisi Komunikasi”) 4. Policy on Steep Slope Protection and River Buffer Zone (“Polisi Perlindungan Tanah Curam dan Rezab Sungai”) 5. Policy on Child Labour (“Polisi Pekerjaan Kanak-Kanak”) 6. Policy on Replanting (“Polisi Tanam Semula”) 7. POLISI PENGGUNAAN RACUN PARAQUAT 8. POLISI PENGAMBILAN PEKERJA ASING 9. POLISI PERLINDUNGAN DAN PENJAGAAN ALAM SEKITAR 10. POLISI GANGGUAN SEKSUAL, KEGANASAN SERTA HAK KEBEBASAN REPRODUKSI 11. POLISI HAK KEBEBASAN BERSUARA & MENGANGGOTAI KESATUAN 12. POLISI HAK ASASI MANUSIA 13. POLISI KOD ETIKA KERJA DAN INTERGRITI 14. POLISI LARANGAN PEMBAKARAN TERBUKA 15. POLISI LARANGAN MENGGUNAKAN SENJATA DAN KETENTERAAN 16. POLISI KITAR SEMULA	Complied
4.1.1.2	Indicator 2: The policy shall also emphasize commitment to continual improvement.	The policy had also clearly stated the commitment of FGV management to the continual improvement in the estate activities.	Complied
4.1.2	C2: Internal audit		
4.1.2.1	Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	There is a documented procedure for conducting Internal audit - FGV/ML-1A/L2-Pr11 Issue 1, Rev 0 dated 01/06/2016. The Internal Audit Procedure stated that audit shall be planned and carried out at least once a year. It also stated that additional internal audits shall be conducted based upon the number of non-conformances raised, new process or changes in system and any issues raised by interested parties.	Complied
4.1.2.2	Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	A procedure for internal audit was established and documented, i.e. FGV/ML-1A/L2-Pr11 Issue 1, Rev 0 dated 01/06/2016. Internal audit on Terapai 03 Estate was conducted on 09&10/07/2018. There were 38 non-conformances (9 Major and 29 Minor) raised for the internal audits on the estate. Audit results evaluated and corrective actions taken on the non-conformances, which have all been closed.	Complied
4.1.2.3	Indicator 3: Report shall be made available to the management for their review.	The audit report was documented and made available for Management Review.	Complied
4.1.3	C3: Management review		
4.1.3.1	Indicator 1: The management shall periodically review the	Management review for Terapai 03 Estate was conducted on 17/07/2018 and minutes of meeting maintained.	Complied



	continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	The management review include the following: (1) Analysis of the audit findings to demonstrate that the audit was effective and can be relied upon. (2) Review of environmental issues. (3) Review of social issues. (4) Review of safety issues (5) Continual improvement and changes to the system, if any.	
4.1.4	C4: Continual improvement		
4.1.4.1	Indicator 1: The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.	Action plans for continual improvement on social and environment impact and opportunities for improvement in operational performance have been specified and documented for the estate. Examples of improvements: 1. Recycle EFB according to Agronomist requirements. 2. Reuse fertilizer bags for loose fruits collection. 3. Continuous road maintenance to keep estate roads in good condition. 4. Blood donation program. The action plans include measurable objectives/targets in order to determine the effectiveness of the outcomes. Since the estate has forest reserves (Hutan Simpan Cini and Hutan Simpan Papai) at its borders, there should be a continual improvement plan for enhancement of the buffer zone and increased documentation of the monitoring of RTE activities at the forest reserve borders.	Obs # OCL-01
4.1.4.2	Indicator 2: The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption.	Meetings and consultations were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company. e.g. The estate has implemented basal pruning (of dried fronds and fronds touching the ground) of young palms (26-28 months age) to enable easier identification of ripe fruits and area clear of debris).	Complied
4.1.4.3	Indicator 3: An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.	Training to workers in various aspects of plantation management were conducted throughout the year. Training was provided on 12/11/2018 concerning the above implementation.	Complied

P2: Transparency

Clause	Requirements	Evidence	Conformity
4.2.1	C1: Transparency of information and documents relevant to MSPO requirements		
4.2.1.1	Indicator 1: The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.	The management has adopted an open and transparent method of communication and consultation when dealing with relevant parties e.g. its workers, government agencies, contractors, neighbouring plantations and smallholders by personal invitation to attend the internal and external stakeholders' consultation meetings. Languages used in written communications are in Bahasa Malaysia and English, coupled with verbal native dialects.	Complied
4.2.1.2	Indicator 2: Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Management documents such as Policies, Stakeholder consultation processes, Financial Annual Reports are available upon request and at the FGV website: http://www.feldaglobal.com/sustainability Any commercially confidential information will need special request before being provided.	Complied



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4.2.2	C2: Transparent method of communication and consultation		
4.2.2.1	Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.	The management had established procedures and mechanisms to conduct stakeholders consultations, handle complaints and grievances through stakeholders meetings, Gender Committee (GC), FGV Workers' Union, Safety and Health Committee ("Ahli Jawatankuasa OSH") and Community Development and Cooperation Committee ("Jawatankuasa Pembangunan dan Kerjasama Komuniti").	Complied
4.2.2.2	Indicator 2: A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	The Estate Manager is responsible for any issues raised by local communities and other affected or interested parties regarding estate operations. Non-executive officers are also nominated to coordinate activities of the stakeholders, GC, FGV Employees Union and Safety and Health Committee. Appointments letters as issued to the respective persons.	Complied
4.2.2.3	Indicator 3: List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	The lists of stakeholders at the estate were adequately maintained and kept current. The lists of stakeholders were used for inviting external stakeholders during external stakeholders' consultation. Records of consultation and communication included attendance lists, minutes of the meetings, photographs of the meetings and meeting notes. Minutes of meetings had noted deliberation of the issues raised and recommendations of actions to be taken and the follow-up.	Complied
4.2.3	C3: Traceability		
4.2.3.1	Indicator 1: The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).	The FGV Group has established, implemented and maintained a procedure for traceability of FFB from the estate to the CPO and PK produced by the POM. Documented SOP on Traceability: Supply Chain Procedure Doc No. FGVP-MSPO SCCS Issue 3.0 Rev 3.0 (Effective 11/06/2018) SOP for RSPO Supply Chain Certification System. In addition, the estate has the following SOP: "Manual Ladang Sawit Lestari No. Dokumen MLSL (Ed. 3) Sec 4 (8.0) dated 01/07/2017" Procedure for transportation of FFB to Mill". FFB Delivery Note ("Nota Hantaran BTS") issued by estate and "Acknowledgement Slip of Receipt ("Slip Akuan Penerimaan") issued by receiving mill are available at estate office for the FFB sent from estate to the mill	Complied
4.2.3.2	Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	Compliance with the traceability system determined via regular inspections, checking of records and internal audits.	Complied
4.2.3.3	Indicator 3: The management should identify and assign suitable employees to implement and maintain the traceability system.	The Palm Oil Mill and Estate Organization Charts and job responsibilities of employees (Mill Manager, Estate Manager, Assistant Managers, Engineers, Assistant Engineers, Technicians, Security Officer, Weighbridge Operator, Laboratory Chemist and clerks) have been suitably defined for the implementation and maintenance of the traceability procedure. Interviews of the relevant staff confirmed their knowledge of the traceability requirements for their respective areas of operations.	Complied
4.2.3.4	Indicator 4: Records of sales, delivery or transportation of FFB shall be maintained.	All records of FFB harvested, transported and delivered to the Bukit Kepayang POM were maintained and verified to be traceable via the Delivery Note and Weighbridge Ticket which were maintained at the estate office.	Complied

P3: Compliance to legal requirements

Clause	Requirements	Evidence	Conformity
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4.3.1	C1: Regulatory requirements		
4.3.1.1	Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.	<p>A Register of Legal and Other Requirements covering the applicable local and international laws and regulations has been compiled for the mill and estate. A Compliance Checklist is used by the mill and estate for verification of compliance with legal requirements. The relevant laws and legislations identified and listed cover safety and health, environment, pollution management, chemical handling, usage & storage, schedule waste management, labour laws, Unions, EPF, SOCSO, Housing and Amenities.</p> <p>There were no cases of any violation or actions imposed by relevant authorities. Statutory returns to relevant authorities found to be in compliance.</p> <p>Based on the site observations, interviews and records checking at the estate, there were evidences of compliance with the relevant laws, regulations, local and international laws.</p> <p>Licenses and permits (License for Foreign Workers Employment, Workers' Wages Deduction Permit, License for Controlled Items – Diesel and Fertilizer, MPOB license, DOE license, etc.) were monitored for their expiry dates and found to be renewed and valid.</p> <p>Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005: Scheduled wastes such as chemical containers collected at six monthly intervals by DOE licensed contractor.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Levy and other deductions have been taken with the consent of the workers in accordance with the Employment Act 1955, FOMEMA (The Foreign Workers Medical Screening Expert) fees, for the health screening of foreign workers which was borne by the company and carried out as per the Ministry of Health guidelines. Compliance with these regulations, especially Employment Act 1955, by contractors engaged with the estate was verified as satisfactory. In addition to the interview session conducted with the contractors, pay slips, working permits and passports of the contractor workers, were examined and verified to be all in order.</p> <p>Weight and Measures Act 1972, regulations 16, 28A, 45): Weighbridges were duly calibrated.</p> <p>Occupational Health and Safety Act 1994 – safety and health meetings to be conducted at quarterly intervals.</p> <p>Medical history records of the workers were available and noted to be maintained.</p> <p>Legal documents (work permits, passports) of foreign workers in the estate are renewed and valid. Insurance coverage is available for foreign workers in the estate.</p>	Complied
4.3.1.2	Indicator 2: The management shall list all laws applicable to their operations in a legal requirements register.	The organization has listed all local and international laws applicable to their operations in a Legal Register.	Complied
4.3.1.3	Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	<p>The organization has established and implemented a documented procedure ML-1A/L2-Pr6 Issue 1 Rev 0 dated 01/06/2016 for identifying, determining, reviewing and updating applicable legal and other requirements.</p> <p>It included the listing of laws and regulations that were being monitored for changes.</p>	Complied



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		The Legal Requirements Register was verified to be reviewed for the estate on 07/07/2018 for any relevant updates. All relevant updates noted to be communicated by the FGV HQ to all estates within the FGV group.	
4.3.1.4	Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Tracking of changes in the relevant laws are communicated and received from HQ. Monitoring of changes to the applicable laws and regulations carried out through periodical review in accordance with the documented procedure ML-1A/L2-Pr6 Issue 1 Rev 0 dated 01/06/2016 and documented monitoring flowchart "Sistem Semakan Perubahan Undang-undang".	Complied
4.3.2	C2: Land use rights		
4.3.2.1	Indicator 1: The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.	Communities surrounding the estate are able to move freely without any issues or problems. Verified during site inspection that no such limitations had occurred.	Complied
4.3.2.2	Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	Terapai 03 estate consisted of 15 land titles for a total area of 2552.4218 ha issued by the Bera District Land Office, State of Pahang. The lands are with a lease of 99 years for the cultivation of oil palms with expiry on 06/12/2100 or 16/02/2103 for the various land titles. There were no recorded or known disputes over the ownership of the land. No changes to the land ownership or new land acquisition.	Complied
4.3.2.3	Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	Locations of several boundary stones and pole markers were visited and verified to be within the boundary perimeter of the estate. On-site verification confirmed that there has been no planting beyond the legal demarcated boundary areas of the estate.	Complied
4.3.2.4	Indicator 4: Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	Terapai 03 Estate is surrounded by oil palm estates and also neighbouring two forest reserves. There is the Hutan Simpan Cini and Hutan Simpan Papai at the south west border and northern border respectively. There has been no land disputes. As such, the process of fair compensation and FPIC is currently not required to be applied.	Complied
4.3.3	C3: Customary rights		
4.3.3.1	Indicator 1: Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	Not applicable as the lands are titled/leased lands which are not encumbered by customary rights.	Not applicable
4.3.3.2	Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	Appropriate landscape map with latitudes and longitudes showing the legal boundary and neighbouring / surrounding areas of the estate were available and maintained. The lands at Terapai 03 Estate are legally leased by FGV Group and it is verified that there were no other users or affected parties in the land areas.	Complied
4.3.3.3	Indicator 3: Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	Not applicable as the titled/leased lands are not encumbered by customary rights.	Not applicable

P4: Social responsibility, health, safety and employment condition



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Clause	Requirements	Evidence	Conformity
4.4.1	C1: Social impact Audit (SIA)		
4.4.1.1	Indicator 1: Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	<p>Social Impact Assessment (SIA) report and Management Plans at Terapai 03 Estate were documented by the Plantation Sustainability Department [PSD]. The plans included monitoring of negative impacts and enhancement of positive ones.</p> <p>External stakeholder consultation for the estate was conducted on 28/6/2018 together with other FGV, Felda and FTP groupings and the venue was at Felda Bukit Mendi. The external consultations were attended by external stakeholders including suppliers, contractors, neighbouring estates, transporters, government agencies, etc. Apart from external stakeholder consultation which will be conducted once in two years, annually the PSD will also consulted selected stakeholder through a series of interviews. At the estate, the interviews were conducted on 11/7/2018 involving 23 interviewees.</p> <p>The activities related to social impact assessment are detailed out in "Prosedur Penilaian Impak Sosial" [ML-1A/L2-Pr21(0)].</p> <p>Monitoring records were retained and made available as evidence that actions had been taken.</p>	Complied
4.4.2	C2: Complaints and grievances		
4.4.2.1	Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	<p>In dealing with complaints and grievances, the management had established a "Polisi Pemberi Maklumat" in Feb 2015 and "Polisi Komunikasi" in June 2014. It is mentioned that grievances from the stakeholders will be resolved fairly.</p> <p>In addition, the PMU also established a few procedures related to complaints and grievances as listed below.</p> <ol style="list-style-type: none"> 1. Prosedur Komunikasi, Penglibatan dan Rundingan [ML-1AL2-Pr12(0)] 2. Prosedur Menangani Aduan dan Rungutan [ML-1AL2-Pr13(0)] <p>A Complaints / Grievance Register is maintained. Verified that issues registered are mainly on housing repairs, road conditions, water and electricity disruptions, etc. The complaints are reviewed with appropriate actions taken and recorded.</p>	Complied
4.4.2.2	Indicator 2: The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	<p>The procedure and flowchart outlined the mechanism whereby all complaints or grievances will be received and be acted upon by the Social Liaison Officers who will investigate the matter and resolve with the affected parties.</p> <p>Complaints and grievances are investigated, addressed and resolved based on their severity. Minor complaints will normally be resolved within 2-3 working days, whilst major complaints and grievances will be resolved based on priority and budget availability. No complaints related to sexual harassment received so far, but the procedures stated such issues will be handled with the utmost privacy and confidentiality by the GCC.</p> <p>Verified that there were no instances of any serious disputes.</p>	Complied
4.4.2.3	Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	<p>All complaints and grievances received are documented either in the form of meeting minutes for the GCC, Safety meetings and annual stakeholder consultations or complaint forms. Decisions and actions/responses to the complaints and grievances received also very well documented with sufficient supporting documents. Other than reports made to the gender representatives, all other complaints and grievances are accessible to public. It was</p>	Complied



		noted that numbers of grievances recorded from workers in the grievance books are declining. This decline is mainly due to many different avenues for the workers to raise their concerns to the management, especially through frequent meetings between workers and the management.	
4.4.2.4	Indicator 4: Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.	The Management informed the invited employees and surrounding communities at the internal and external stakeholders' consultations regarding their complaint/grievance procedures and feedback mechanism. External consultation session for the estate was conducted on 28/6/2018. Participation of external stakeholders were verified from contractors, suppliers, government agencies, police, neighbouring estate, etc. During the audit, it was found at Terapai 03 Estate that notification letters were sent out to the surrounding communities to make them aware that complaints or suggestions can be made any time. The letters were available for verification, however, evidence that the representatives of the surrounding communities have received the letters cannot be determined.	Obs# JMD-01
4.4.2.5	Indicator 5: Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	The complaint forms that recorded the nature of complaints and the resolutions had been maintained and available for the past 3 years.	Complied
4.4.3	C3: Commitment to contribute to local sustainable development		
4.4.3.1	Indicator 1: Growers should contribute to local development in consultation with the local communities.	Main contribution of the estate to the local development was demonstrated in the provision of facilities and monetary contributions, where feasible. The estate management is actively involved in the school activities where the children of its workers are attending, e.g. providing transportation for the school sports team, teacher parent meeting participation. At the estate level, the management is also providing a free tuition class for children who will be taking a major examination. Apart from that, the estate is also at the same time providing a considerably big number of job opportunities to the surrounding communities.	Complied
4.4.4	C4: Employees safety and health		
4.4.4.1	Indicator 1: An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	Occupational Safety and Health Policy and Plan have been established and documented. The Occupational Safety and Health (OSH) Programme 2018 include the following: <ul style="list-style-type: none"> • Safety & Health Committee meetings were held quarterly, • Annual medical surveillance, • Accident Reporting & Investigation, • Workplace inspection, • CHRA assessment, • Air compressors annual inspection, • Warning signs, • Chemical Register, • SOP for safe work, • PPE usage, • MSDS/CSDS, • JKPP 8 reporting of accidents annually, • Emergency Response Plan (ERP), • Emergency drills, • Inspections (line site, fire extinguisher, first aid box, chemical store, ELCB, PPE checklist, Vehicle daily inspection, gen set maintenance, ramp inspection, bridge and tanks inspection), • Monthly KPI Report on HSE performance, • Monthly Safety inspection & audit by Safety Officer. 	Complied



		CHRA report issued in 14/12/2017 is still valid and recommendations were verified to have been adhered. Next CHRA assessment scheduled for year 2025.	
4.4.4.2	<p>Indicator 2: The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <p>i) all employees involved shall be adequately trained on safe working practices; and</p> <p>ii) all precautions attached to products shall be properly observed and applied.</p> <p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk Audit and control such as Hazard Identification, Risk Audit and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any</p>	<p>The Safety and health policy, approved by the Ketua Pegawai Eksekutif dated 20 Nov 2017, had been verified to be maintained. This policy had been explained to all employees by Field Supervisors during muster with the help of a translator. During site interviews with field workers, they were able to demonstrate the basic understanding of the Safety and Health policy.</p> <p>Risk assessment (HIRARC) carried out on operations on 03/01/2018. There were risks identified as significant and control measures determined to mitigate the risks. Significant hazards determined and documented include noise exposure, pesticides/chemicals exposure, accident, fire. Procedures and actions implemented to mitigate the hazards.</p> <p>The estate uses its own workers for pesticides spraying and there are no contractor's workers for pesticides spraying.</p> <p>Medical surveillance was carried on 30/12/2017 out for 17 workers, including 4 sprayers (all males). The medical surveillance reports were checked and no abnormalities reported by the Medical Doctor. The medical reports showed that there was no case of low blood cholinesterase levels. The medical reports stated the sprayers are fit for work with pesticides.</p> <p>Pesticides operators were interviewed during field visits and feedback received that they do not have any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pain, breathing difficulties or nail problems.</p> <p>Records of training provided for pesticides workers, as well as other workers, and analysis on understanding of training were available and verified.</p> <p>During field visits, estate workers were observed to be using the appropriate PPEs such as safety helmets, safety goggles/glasses, face masks, aprons, safety boots, rubber boots, gloves etc.</p> <p>Incidences and accidents that occurred were notified and discussed in the OSH committee meetings. Noted that all workers were regularly reminded to adhere to safe working practices to avoid recurrence of accidents.</p> <p>The management had established safe work procedures for each of the activities and implemented. Precautions as attached to the products via the MSDS had been observed to be complied with by the workers.</p> <p>Quarterly review on accident cases had been carried out during quarterly meeting of Safety, & Health committee.</p> <p>Medical care had been provided to all the workers.</p> <p>Local workers are covered by SOCSO, whereas foreign workers are covered by Foreign Workers Compensation Scheme with Etiqa Takaful insurance noted to be valid.</p> <p>Records on Lost Time Accident (LTA) metrics and occupational injuries were available and verified to be satisfactorily maintained.</p>	Complied



	remedial actions taken are recorded. h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees. i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite. j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.		
4.4.5	C5: Employment conditions		
4.4.5.1	Indicator 1: The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.	<p>The management had established the “Polisi Hak Asasi Manusia” in June 2014 which covered the necessary aspects of human rights related issues.</p> <p>The employees are informed through briefing during muster, Mesyuarat Kebajikan Pekerja Asing and at the GCC meeting. The policy is also displayed at notice boards in the office.</p> <p>In addition, the PMU also established a few procedures related to human rights monitoring as listed below.</p> <ol style="list-style-type: none"> 1. Prosedur Mengelak Penggajian Buruh Kanak-Kanak[ML-1A/L2-Pr18(0)] 2. Prosedur Kemasukan Pekerja Asing Ke Ladang [ML-1A/L5-AP10(0)] <p>In relation with GCC, it was found the understanding on the policy and procedures related to sexual harassment is very minimal. This was confirmed through an interview with the GCC committee member, when it was determined that her knowledge on the policies and procedures related to sexual harassment whether to the workers or their dependents was insufficient.</p>	Major NC# JMD-01
4.4.5.2	Indicator 2: The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	<p>The management had established the “Polisi Kesetaraan Peluang” in June 2014 which covered the necessary aspects of equal opportunities related issues.</p> <p>The employees are informed through briefing during muster, Mesyuarat Kebajikan Pekerja Asing and at the GCC meeting. The policy is also displayed at notice boards in the office.</p> <p>In addition, the estate also established a few procedures related to equal opportunities monitoring as listed below. For example, the estate is using Prosedur Kemampuan, Kesederan dan Latihan [ML-1A/L2-Pr5(0)], to ensure all workers are equally trained based on their job description. Interviews of workers and inspections of employment records, pay slips and allowable deductions of wages confirmed that this criteria were implemented and maintained.</p>	Complied
4.4.5.3	Indicator 3: Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some	Documentation and conditions of pay for workers are available for verification. Employment agreements stated all statutory fringe benefits and eligible incentives, e.g. working hours, overtime, leave and medical benefits, maternity leave for women, insurance coverage, deductions, resignation notice period, company rules. Pay slips are available for verification showed the workers were able to earn living wage that meet the Minimum Wage Order 2016.	Complied



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	discretionary income based on minimum wage.		
4.4.5.4	Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.	The management ensured that employees of contractors are paid based on Minimum Wage Order 2016 by monitoring salary payment. At the estate, workers who received less than stipulated minimum wages are mainly due to absent from work without permission. This was verified as accurate during the audit. It is clear that workers who worked without absent for the whole month are able to achieve minimum wages. In a memo dated 4/11/2018, from FGV CEO, all FGV estates are instructed to raise the incentives for tall tree harvesting work in order to ensure the qualified workers are able to achieve the minimum wages. This initiative is adopted due to the decline of FFB harvested from tall trees area since Sep 2018. In the same memo, workers who worked beyond the compulsory eight hours are entitled for a meal coupon.	Complied
4.4.5.5	Indicator 5: The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	The management maintained lists of employees that recorded the full names, gender, date of birth, date of entry, wage and period of employment. A brief description of the work that the all workers will be performing is written into the employment contract. Detail terms of employment is listed in a collective agreement handbook titled "Collective Agreement between FGVP(M) S/B and Workers Union of FGVP(M) S/B (Peninsular), 1/1/2016 – 31/12/2018". Full job descriptions are documented for senior positions, such as Managers, Social Liaison Officer, and Safety & Health Officer, etc.	Complied
4.4.5.6	Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.	All employees are provided with employment contracts in accordance with the regulations. The terms of employment are clearly specified in the contracts and in the collective agreement, which included position offered, period of employment, salary, overtime rate, rest days every Sundays, rate of pay when working on rest days, days and hours of work, approved deductions, termination of employment, holiday pay, rate of pay when working on holidays, leave pay, sick leave, maternity leave, etc. The employment contract is signed by the Estate Manager or his Assistant and the employee.	Complied
4.4.5.7	Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	At Terapai 03 Estate, no biometric recording system was installed but instead attendance cards for general workers and Portable Palm Data Device harvest recording systems for harvesters were used.	Complied
4.4.5.8	Indicator 8: The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	The working hours of the employees and overtime rates are specified in the employment contract i.e. 8 hours per day. The working hours, breaks and overtime rates are in accordance with the regulations.	Complied
4.4.5.9	Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Pay slips clearly showed the basic pay or piece rate, number of days worked or total output, any allowable deductions and net amount.	Complied



		Any overtime, holiday pay, working on rest days or Sundays or Holidays, when applicable, are also shown on the pay slips.	
4.4.5.10	Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.	The employees are offered out-turn incentives, training, access to medical care and other benefits such as free housing and subsidised water and electricity supplies. Also offered are free medical services to the workers and their dependents.	Complied
4.4.5.11	Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	The estate complied with the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) by providing adequate housing, water supplies, medical, educational and public amenities to their local workers. Workers are provided with free living quarters constructed of permanent materials that have living rooms, bedrooms, kitchen and toilets. All the houses are supplied with adequate subsidised treated water and electricity. The workers are provided with medical and public amenities. Linesite inspection is conducted once a week as required by the act mentioned above. Rubbish collection at the linesite is conducted twice a week and disposed off at a landfill area within the estate.	Complied
4.4.5.12	Indicator 12: The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.	The management had established the "Polisi Ganggan Seksual, Keganasan Serta Hak Bebas Reproduksi" in June 2014 which covered the necessary aspects of sexual harassment, domestic violence and reproductive rights related issues. The employees are informed through briefing during muster, Mesyuarat Kebajikan Pekerja Asing and at the GCC meeting. The policy is also displayed at notice boards in the office. In addition, the estate also established a few procedures related to equal opportunities monitoring as listed below. For example, the estate is using "Prosedur Menangani Aduan Melalui Jawatankuasa Wanita" [ML-1A/L2-Pr14(0)], to ensure these issues are handle accordingly and all workers are aware of it.	Complied
4.4.5.13	Indicator 13: The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	The management had established the "Polisi Hak Kebebasan Bersuara dan Menganggotai Kesatuan" in June 2014 which covered the necessary aspects of freedom of speech and workers union related issues. The employees are informed through briefing during muster, Mesyuarat Kebajikan Pekerja Asing and at the GCC meeting. The policy is also displayed at notice boards in the office. FGV local staff and workers currently are represented by FGVPM (Peninsular) Workers Union and collective agreement has been established as mentioned in 4.4.5.5, whilst the executives are represented by a union specifically just for executives staff. FGVPM (Peninsular) Workers Union meeting at the national level is organised annually with the attendance of all committee members from each estate in Peninsular Malaysia. The meeting minutes are accessible to all members in the committee and other workers as well. In each meeting, the meeting started with approval of previous meeting minutes and evaluate the status of issues raised. Collective bargaining for foreign workers are represented through Mesyuarat Kebajikan Pekerja Asing. In this	Complied



		meeting, elected candidates with endorsement from the foreign workers will represent the interest of the foreign workers both based on job types and the country of origin. Minutes for these meetings are available for verification during the audit. It was confirmed all relevant issues raised during the meeting were appropriately and promptly attended by the estate management.	
4.4.5.14	Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.	The management had established the "Polisi Pekerjaan Kanak-Kanak" in June 2014 which specifically mentioned that no workers below the age of 18 years old to be employed by the estate. In addition, the estate also established a few procedures related to child labour monitoring, for example, the estate is using "Prosedur Mengelak Penggajian Buruh Kanak-Kanak" [ML-1A/L2-Pr18(0)]. There was no evidence of any child labor being used at the estate. Inspection of the employment records including site visit to the estate confirmed that this requirement has been complied with.	Complied
4.4.6	C6: Training and competency		
4.4.6.1	Indicator 1: All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular Audit of training needs and documentation, including records of training shall be kept.	Training programme planned for year 2018 includes training for all categories of workers. Appropriate trainings on safe working practices are planned for workers exposed to machinery and high risk work, such as harvesting. The training programme included the various types of training such as firefighting and fire drill, understanding MSDS/CSDS and first aid training. The trainings were conducted for year 2018 and evaluation carried out on each of the trainings to determine its effectiveness. Appropriate PPE (such as safety helmets, shoes, goggles, aprons, hand gloves, etc.) had been provided to estate workers, FFB leaders at the place of work to cover all potentially hazardous operations. Records of training for each employee, including new employees were maintained.	Complied
4.4.6.2	Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	A formal training programme on all aspects of MSPO requirements have been established and implemented. Training for various categories of operators, including all operation and office staff, with regards to their duties and training needs had been reviewed and found acceptable. The training needs analysis discuss in Safety and Health meetings under the agenda of Safety & Health Training.	Complied
4.4.6.3	Indicator 3: A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	Training programme planned for year 2018 includes training for all categories of workers. Trainings were conducted based on categories of work stations. Sampled trainings and records include safe use of paraquat, prohibition of open burning and grievances and recommendations channels conducted between 16-18/7/2018.	Complied

P5: Environment, natural resources, biodiversity and ecosystem services

Clause	Requirements	Evidence	Conformity
4.5.1	C1: Environmental management plan		
4.5.1.1	Indicator 1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be	A policy on environment was developed in accordance with the relevant country and state laws. It is documented and communicated to all levels of the workforce through briefings and placement of the policy on notice boards.	Complied



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	developed, effectively communicated and implemented.	Briefing on the said policy and management plans was conducted on July 2018 to all staff and workers.	
4.5.1.2	Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations.	The Environmental Management Plan was prepared on 23 August 2018. The environmental policy and objectives was in a separate sheet. The Environmental Aspects and Impacts Assessment (EIA) was conducted and documented. The scope of assessment had included the management of mill effluents, management of pests and disease palms (IPM), maintenance of roads, drainage system fertilizing, spraying, transportation of FFB, schedule waste and garbage disposal, accordingly to the local requirements. The EMP report had also included the action plans and recommendations to mitigate the negative effects and to promote the positive ones. The assessment had also included the relevant stakeholders to identify impacts and develop the mitigation measures such as relevant conservation activities.	Complied
4.5.1.3	Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	The EIA document had also included the development of the Environmental Improvement Plan for the mitigation of negative impacts and promotion of positive impacts. Buffer zones along streams, Sungai Mentenang and Sungai Terapai, were demarcated. Maintenance and clearing of overgrown natural vegetation and debris along the streams in estate was also carried out. Buffer zones along the forest border, at both Hutan Simpan Cini and Hutan Simpan Papai was also created for a clear demarcation of the areas and also to deter encroachment into the forest areas. The POME and EFB are delivered and recycled to the plantation for fertiliser and moisture retention purposes. Stacking of fronts was also done effectively. Waste materials (mostly fertilizer bags and plastics) were recycled and recorded in a register book. The implementation and monitoring of the documented environmental improvement plan were found to be satisfactorily implemented.	Complied
4.5.1.4	Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	A Continual Improvement Plan has been developed and implemented for the promotion of positive impacts such as the maintenance of the vegetation and construction of terraces along steep slopes, placing of signages such as no hunting at areas bordering the forest, riparian signage at strategic locations around the estate and also the recycling of empty fertilizer bags and empty chemical containers.	Complied
4.5.1.5	Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	There were a number of training programmes established and being implemented on the awareness and understanding of the policy and objectives on environmental management, namely; training on HCV/RTE, buffer zone, spraying, etc. Training records was made available during the audit.	Complied
4.5.1.6	Indicator 6: Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.	Awareness and training program has been established for the year 2018. Meeting were regularly conducted for discussion on environmental issues, latest being done on 12 July 2018. Record was made available during the audit.	Complied
4.5.2	C2: Efficiency of energy use and use of renewable energy		
4.5.2.1	Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing	Usage of non-renewable energy is monitored monthly. Record on the usage of diesel and electricity is available for review. Monthly records on the consumption were	Complied



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	baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	maintained for comparison to optimize the use of the non-renewable energy at the estate.	
4.5.2.2	Indicator 2: The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	Records on the usage of non-renewable energy for machineries involved in the plantation operations were maintained and available. Monthly records on energy consumption, i.e. diesel both for own machinery, transport & field operations including the diesel usage provided to contractors for estate road maintenance, FFB & EFB transportation were monitored and maintained at the estate offices. Data is being compiled for comparison and monitored to optimize efficiency on the use of non-renewable energy. Records maintained had showed proper control of the fuel usage. Electricity is supplied by the national grid, Tenaga Nasional Berhad and consumption was based on the meter reading generated.	Complied
4.5.2.3	Indicator 3: The use of renewable energy should be applied where possible.	At the estate, use of renewable energy is mainly in the use and application of decanter cake being recycled for manure purpose.	Complied
4.5.3	C3: Waste management and disposal		
4.5.3.1	Indicator 1: All waste products and sources of pollution shall be identified and documented.	All waste products and sources of pollution were identified and documented on 2 nd January 2018. The documentation and identification of all the waste products such as scheduled waste, domestic waste and recyclable waste such as metal, plastic were maintained and monitored. Scheduled Waste identified included spent hydraulic oil (SW 305), spent lubricant oil (SW 306), used chemical containers/drums (SW 409), used filters (SW 410) and used batteries (SW 102).	Complied
4.5.3.2	Indicator 2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	A waste management and disposal plan has been documented on 2 January 2018 and is being implemented. Segregation of wastes, i.e. general wastes and scheduled wastes was verified to be satisfactory carried out in the estate. Proper storage areas were identified for the storage of the recyclable wastes. Schedule waste disposal was done by an appointed contractor that is licensed by the Department of Environment. The solid waste management and disposal plan for household waste was done by using landfill. It was done by the estate themselves. Sources of wastes from human settlement, were being collected and handled by the estate for disposal to the designated landfill. Efforts were also being carried out to ensure sewage and organic waste does not flow into the water system or pollute the stream. However, it was observed that plantation wastes such as empty fertilizer bags, plastic food containers and plastic water bottles were seen strewn all over the plantation areas.	Major NC# SH-01
4.5.3.3	Indicator 3: The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under	Standard operating procedure for the handling of used chemicals classified as Scheduled Waste has been developed and adhered to accordingly. Record on the usage and disposal were well recorded and documented at	Complied



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	Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	estate. The procedure developed was referred as FGV PM/L3/PK-04 and PK-05.	
4.5.3.4	Indicator 4: Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.	Unwanted empty pesticide containers were punctured, triple rinsed and disposed of by selling it to a licensed contractor handling such schedule waste. Empty pesticide containers is only recycled for the purpose permitted. The estate have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor.	Complied
4.5.3.5	Indicator 5: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	The disposal of household waste was handled by the estate. Collection at line site was made between 2 to 3 times per week and disposed to a landfill area. The landfill is located away from the housing and water source area.	Complied
4.5.4	C4: Reduction of pollution and emission		
4.5.4.1	Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	All polluting activities were assessed through the aspect and impact method, and are documented on 16 December 2017. The activities are inclusive of green gas emissions, chemicals, fertilizer, scheduled waste, solid waste and household waste. Data relating to such activities were collected and analysed. GHG emission was also assessed for year 2017.	Complied
4.5.4.2	Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	The action plan has been established and implementation is ongoing. Improvement such as on consumption of diesel and fertilizers are noted during the audit.	Complied
4.5.5	C5: Natural water resources		
4.5.5.1	Indicator 1: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring	A water management plan was documented on 17 August 2018 and will be reviewed when required. The plan had indicated the sources of water supply to the estate, i.e. Sungai Mentenang and Sungai Terapai. There are only small streams that later lead to the main river outside the estate boundary, i.e Sungai Pahang. The Water Quality Index of these natural streams was monitored twice a year. Record on the water quality was made available during the audit. No rain water harvesting being conducted at the housing site for other alternative uses. Drinking water for the line site was purchased at the neighbouring Felda settlement, i.e. Felda Mayam, supplied by Jabatan Air Pahang. For Sungai Mentenang, the water is analysed at both the inlet and outlet. The parameters measured are the pH, turbidity, residual chlorine and aluminium. Water from this river was also treated at their in house treatment plant and used for domestic cleaning purpose, but not for drinking. The latest analysis was conducted on 12 July 2018. For the treated water, the result of the parameters measured are the pH (6.5@22.4degree Celcius), turbidity (2 FAU), residual chlorine (1.99mg/l) and aluminium (not detected). No requirement for BOD test.	Complied



	<p>appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p>	<p>Similar parameters were also used in the water analysis of Sungai Terapai. Latest analysis was conducted on 19 November 2018. Analysis at both the inlet showed a pH of 6.1, turbidity of less than 1 FAU, Aluminium at 0.27 ppm. At the outlet, showed pH of 5.9, turbidity of 18 FAU, residual chlorine of 0.12 mg/l and aluminium of 1.13 ppm. All the water analysis was conducted by Universiti Malaysia Pahang.</p> <p>However, It was observed at Sungai Terapai that the maintenance and restoration of appropriate riparian buffer zones along the natural waterways was not adequately provided.</p>	<p>Obs SH-01</p>
4.5.5.2	<p>Indicator 2: No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p>	<p>Visits to sites confirm that there was no construction of any structure across waterways that could obstruct or affect the water flows.</p>	<p>Complied</p>
4.5.5.3	<p>Indicator 3: Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p>	<p>Currently, no rain water harvesting being practiced. Water source for domestic use in the estate is the treated water supply from their own treatment plant. Water was sourced from Sungai Mentenang.</p>	<p>Complied</p>
4.5.6	<p>C6: Status of rare, threatened, or endangered species and high biodiversity value area</p>		
4.5.6.1	<p>Indicator 1: Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p>	<p>HCV assessment was reviewed and documented on 6 September 2018. The exercise has taken into consideration all aspects of environmentally sensitive areas such as ponds, streams, steep slopes, wildlife boundaries and was documented.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Visits to site confirmed that the estate are all surrounded by plantations and also bordering some forest reserve, Hutan Simpan Cini and Hutan Simpan Papai.</p> <p>Boundaries bordering the estate were well demarcated. Trenches were also constructed along the borders to clearly demarcate their boundary. At some places, estate roads also served as perimeter boundary.</p> <p>Conservation areas/environmentally sensitive areas, i.e. buffer zones along the stretches of rivers/streams which pass through the estate had also been identified and demarcated and being monitored.</p>	<p>Complied</p>
4.5.6.2	<p>Indicator 2: If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible</p>	<p>Overall, the recommendations and feedback provided by the various parties during their internal HCV consultation has been considered in the 'HCV & Conservation Areas' management plans at the estate. The occurrence of known populations of species found in the HCV areas has been stated and recorded in their HCV/RTE report. Training was also provided to workers to educate them on the RTE species.</p> <p>Signages barring communities not to hunt or kill these RTE species were erected at strategic locations around the sensitive areas. Communities were also informed that they can be prosecuted if found to have gone against the notification on the protection of the RTE species.</p> <p>HCV and other environmentally sensitive areas were documented and inspected on site. Conservation</p>	<p>Complied</p>



	measures to resolve human-wildlife conflicts.	<p>areas/environmentally sensitive areas i.e. buffer zones along the forest border for wildlife corridor was also provided at the estate. It was clearly demarcated and being monitored.</p> <p>Regular patrols was conducted to monitor the HCV buffer zones on a quarterly basis, carried out by the estate executives and sightings of rare, threatened and endangered species was recorded in their monitoring record book. Species sighted were mostly snakes and monkeys. No instances of RTE species sighting.</p> <p>The estate has taken appropriate measures to control any illegal or inappropriate hunting, fishing or collecting activities within the estate. Signages barring communities not to hunt or kill these RTE species were erected at strategic locations around the sensitive areas. Communities were also informed that they can be prosecuted if found to have gone against the notification on the protection of the RTE species.</p> <p>Information on RTE species have been disseminated to the workers through training conducted 21 October 2017.</p>	
4.5.6.3	Indicator 3: A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	A management plan was developed, established and effectively implemented. Document relating to the above was available.	Complied
4.5.7	C7: Zero burning practices		
4.5.7.1	Indicator 1: Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.	Fire is not being used for waste disposal or in replanting activities. Zero burning policy is practiced. Field inspections made at estate assessed showed no evidence of open burning.	Complied
4.5.7.2	Indicator 2: A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.	Confirmed that there were no instances of such issue at present.	Not applicable
4.5.7.3	Indicator 3: Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.	The company practiced a 'No Open Burning' policy. Visit at sites confirmed no such activity took place.	Complied
4.5.7.4	Indicator 4: Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.	For replanting activities, crops felled will be chipped and shredded as this was the best practice.	Complied

P6: Best practices

Clause	Requirements	Evidence	Conformity
4.6.1	C1: Site management		
4.6.1.1	Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	The estate have the following SOPs: 1. Sustainable Oil Palm Estate Operation Manual - The manual describes operational procedure of nursery practices and management, land preparation, planting practices, ground cover maintenance, roads, immature stage, Integrated Pest Management (beneficial plants), harvesting, collection of bunches, manuring, pesticide application, pests & diseases control. The SOP for	Complied



		<p>pesticides specifies safe working practices and application of pesticides. It includes annual medical surveillance for pesticides operators.</p> <p>2. SOP for riparian zone management with specified buffer zones.</p> <p>3. SOP for traceability of FFB at estate and to the mill - "Manual Ladang Sawit Lestari No. Dokumen MLSL (Ed. 3) Sec 4 (8.0) dated 12/04/2017" Procedure for transportation of FFB to Mill".</p> <p>Relevant Key Performance Indicators (KPIs) specified for quality, environment, safety and cost control.</p>															
4.6.1.2	<p>Indicator 2: Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p>	<p>Planting terraces constructed on land with slope more than 6°. Records and maps on terraces constructed had been verified on the estate.</p> <p>Best Management Practices followed to control and minimize soil erosion and degradation during replanting or any activities involving earth disturbance. Steps taken for erosion control are soil stabilization, run-off control and sediment trapping to mitigate the disturbed earth entering waterways.</p> <p>There was no soil erosion noted during the visit. Leguminous cover crop, <i>macuna bracteata</i> was well established.</p>	Complied														
4.6.1.3	<p>Indicator 3: A visual identification or reference system shall be established for each field.</p>	<p>Field Block Maps is available with Block numbers and planting year has been established at each field.</p>	Complied														
4.6.2	C2: Economic and financial viability plan																
4.6.2.1	<p>Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p>	<p>The estate have documented a 3 years (2018, 2019 and 2020) Management Plan.</p>	Complied														
4.6.2.2	<p>Indicator 2: Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.</p>	<p>The replanting areas (ha) projected for 5 years are as follows:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Terapai 03</td> <td>-</td> <td>-</td> <td>-</td> <td>419.24 ha</td> <td>481.84 ha</td> <td>730.84 ha</td> </tr> </tbody> </table>	Estate	2018	2019	2020	2021	2022	2023	Terapai 03	-	-	-	419.24 ha	481.84 ha	730.84 ha	Complied
Estate	2018	2019	2020	2021	2022	2023											
Terapai 03	-	-	-	419.24 ha	481.84 ha	730.84 ha											
4.6.2.3	<p>Indicator 3: The business or management plan may contain:</p> <p>a) Attention to quality of planting materials and FFB.</p> <p>b) Crop projection: site yield potential, age profile, FFB yield trends.</p> <p>c) Cost of production: cost per tonne of FFB.</p> <p>d) Price forecast.</p> <p>e) Financial indicators: cost benefit, discounted cash flow, return on investment.</p>	<p>The 3-years Business Plan include the following:</p> <p>(1) Replanting program (planting materials are DxP seedling and cloned seedling;</p> <p>(2) Crop projection = FFB yield/ha trends;</p> <p>(3) Cost of Production = Cost/MT FFB trends;</p> <p>(4) Forecast prices;</p> <p>(5) Financial indicators = Cost of labour, cost of facilities, cost of materials, etc.).</p> <p>The budgets also include provisions for sustainability efforts and improvement programmes (environmental aspects on road maintenance, domestic waste collection, maintenance of buffer zones).</p>	Complied														
4.6.2.4	<p>Indicator 4: The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly</p>	<p>The Estate Manager has monitored the operational performance against Key Performance Indications and targets (costs, FFB yields, quality, productivity, pesticides usage, fertilizers usage, etc.).</p>	Complied														



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	monitored, periodically reviewed and documented.	Performances are discussed in the monthly meetings held at the estate and issues and actions needed are recorded for follow up in the next monthly meeting. The records of these meetings were available and verified during the audit. Monthly, quarterly, half-yearly and yearly reports are submitted to the GM of Zone/Wilayah.	
4.6.3	C3: Transparent and fair price dealing		
4.6.3.1	Indicator 1: Pricing mechanisms for the products and other services shall be documented and effectively implemented.	Verified that the FFB pricing followed the PORLA formula and MPOB prices. There was also no evidence to suggest of any unfair business practices with the suppliers.	Complied
4.6.3.2	Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.	The estate engaged an external contractor for the transportation of FFB and loose fruits from the estate to the mill. Based on contract agreement signed between the contractor and the estate, it is evident that all parties understand the contractual agreement they enter into, and that contract is fair, legal and transparent. Interview with parties concerned confirmed that business practices with local businesses were conducted in a fair and transparent manner. It is further verified that payments to contractors and other service providers are paid within the period specified in the contract agreement. Sighted the payment made to contractors in timely manner.	Complied
4.6.4	C4: Contractor		
4.6.4.1	Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.	During external stakeholders' consultations and during training, the contractors are made to understand MSPO requirements. The contractor workers were interviewed and do basically understand the MSPO requirements. Information such as policies and procedures are provided. There was a briefing to the contractor and his workers conducted on 27/07/2018 concerning MSPO requirements.	Complied
4.6.4.2	Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Contract agreement is signed between the FGV and the contractor. The terms and conditions of the contract have been explained to the contractor. A copy of the contract no. 530002834 for Block PM 98B and 98C for the period 01/04/2017 to 31/03/2019 has been given to the contractor and a copy maintained in the estate office.	Complied
4.6.4.3	Indicator 3: The management shall accept MSPO approved auditors to verify Audits through a physical inspection if required.	Acceptance is obtained from the FGV Management. The acceptance was provided via signing by FGV Management on the Contract of Agreement for the MSPO Audit and confirmation of the Audit Plan & Auditors, before the actual audit.	Complied
4.6.4.4	Indicator 4: The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the Audit of the contractor for each task and season contracted.	There is only one contractor used for the transportation of FFB and loose fruits from the estate to the mill. The work carried out by the contractor had been monitored and audited by the estate management.	Complied

P7: Development of new plantings

Clause	Requirements	Evidence	Conformity
4.7.1	C1: High biodiversity value		
4.7.1.1	Indicator 1: Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with	Verified that there was no development of any new plantings at the estate.	Complied.



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	the National and/or State Biodiversity Legislation.		
4.7.1.2	Indicator 2: No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.	Verified that there was no development of any new plantings at the estate.	Not applicable.
4.7.2	C2: Peat land		
4.7.2.1	Indicator 1: New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.	Verified that there is no peat land in the estate and no new or replanting on peat land.	Not applicable.
4.7.3	C3: Social and Environmental Impact Audit (SEIA)		
4.7.3.1	Indicator 1: A comprehensive and participatory social and environmental impact Audit shall be conducted prior to establishing new plantings or operations.	Verified that there was no development of any new plantings at the estate.	Not applicable.
4.7.3.2	Indicator 2: SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.	Verified that there was no development of any new plantings at the estate.	Not applicable.
4.7.3.3	Indicator 3: The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.	Verified that there was no development of any new plantings at the estate.	Not applicable.
4.7.3.4	Indicator 4: Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.	Verified that there was no development of any new plantings at the estate.	Not applicable.
4.7.4	C4: Soil and topographic information		
4.7.4.1	Indicator 1: Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.	Verified that there was no development of any new plantings at the estate.	Not Applicable



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4.7.4.2	Indicator 2: Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.5	C5: Planting on steep terrain, marginal and fragile soils		
4.7.5.1	Indicator 1: Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.5.2	Indicator 2: Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.5.3	Indicator 3: Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6	C6: Customary land		
4.7.6.1	Indicator 1: No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6.2	Indicator 2: Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6.3	Indicator 3: Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6.4	Indicator 4: The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6.5	Indicator 5: Identification and Audit of legal and recognised customary rights shall be documented.	Verified that there was no development of any new plantings at the estate.	Not Applicable



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4.7.6.6	Indicator 6: A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6.7	Indicator 7: The process and outcome of any compensation claims shall be documented and made publicly available.	Verified that there was no development of any new plantings at the estate.	Not Applicable
4.7.6.8	Indicator 8: Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.	Verified that there was no development of any new plantings at the estate.	Not Applicable

3.2 Status of Identified Noncompliance and Corrective Actions, Observations and Positive Elements.

The status of the Noncompliances (NCR) and Observations (OBS) identified against the MSPO Compliance Indicators is as per the details below:

Audit Type	Year	Noncompliance (NCR)	Observations (OBS)	Follow up status
Initial Audit / Stage 2	2018	2 (2 Major & 0 Minor)	3	Next Surveillance Assessment

3.2.1 Year 2018: Initial Audit / Stage 2: 2 Major NCs

NCR	MSPO Indicator	Details of NCR
Major JMD-01	4.4.5.1 MS 2530-3 Estates	Date issued: 28/11/2018
		Requirement:
		The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.
		Statement of Nonconformance:
		Gender Committee understanding on the policy and procedures related to sexual harassment is very minimal.
		Evidence of Nonconformance:
		Location: Terapai 03 Estate Through an interview with the Chairperson of the Gender Consultative Committee and Kelab Daya Budi (KKD), it was determined that her knowledge on the policies and procedures related to sexual harassment whether to the workers or their dependents was insufficient.
Root Cause and Corrective Action(s): by Auditee Representative		



		<p>Root cause: Awareness of policies and procedures in sexual harassment was carried out to the whole committee of Gender Consultative Committee and Kelab Daya Budi (KKD). However, the management cannot assess the level of understanding due to no evaluation after the explanation is implemented to the committee.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> Awareness session of policies & procedures related to sexual harassment has been completed by PSD representative to the KKD and Gender Consultative Committee. (Date of session : 17 December 2018) <u>Assessment after awareness session</u> has been implemented to observe the level of understanding on policies & procedures related to sexual harassment. 		
		<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p> <p>MAJOR NC: On-site / Off-site Verification on date: 10/01/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Following documented evidences submitted verified to be satisfactory: 1. Minutes of Gender Committee Meeting held on 17 Dec 2018. 2. List of Attendance Program (Policies and Procedures Sexual Harassment) 3. Records of test of each participant after the training. 4. Annual Training Programme 2019 for Terapai 03 Estate. All KKD and GCC members were trained and their understanding on the policy and procedures on gender related were assessed. The training and assessment have been included in the annual training programme. Conclusion: [x] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. [] No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily address the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>		
		<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- [] Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
		<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">NC status verified by auditor: Closed by JMD</td> <td style="width: 30%;">Date closed: 10/01/2019</td> </tr> </table>	NC status verified by auditor: Closed by JMD	Date closed: 10/01/2019
NC status verified by auditor: Closed by JMD	Date closed: 10/01/2019			
		Verification of effectiveness: Next Assessment		

NCR	MSPO Indicator	Details of NCR
Major SH-01	4.5.3.2 MS 2530-3 Estates	Date issued: 28/11/2018
		Requirement:
		A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: <ol style="list-style-type: none"> Identifying and monitoring sources of wastes and pollution Improving the efficiency of resource utilization and recycling potential waste as nutrients or converting them into value added by-products.
		Statement of Nonconformance:



	<p>The waste management plan to avoid or reduce pollution was not managed and implemented accordingly.</p>		
	<p>Evidence of Nonconformance:</p>		
	<p>Location: Terapai 03 Estate It was observed that plantation wastes such as empty fertilizer bags, plastic food containers and plastic water bottles were seen strewn all over the plantation areas.</p>		
	<p>Root Cause and Corrective Action(s): by Auditee Representative</p>		
	<p>Root cause: The lack of awareness on the importance of hygiene issue amongst the operation staff.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"> Briefing on hygiene awareness campaign & environment policy has been implemented to the operation worker. Facilities including signage has been provided for effective monitoring. 		
	<p>Verification on Corrective Action(s): by Lead Auditor / Auditor</p>		
	<p>MAJOR NC: On-site / Off-site Verification on date: 10/01/2019 Corrective actions taken: As stated by Auditee in their RC & CA Supportive evidences: Following documented evidences submitted verified to be satisfactory:</p> <ol style="list-style-type: none"> Awareness of Environment Campaign program to the workers. Attendance of Program (Environment Awareness Campaign). Awareness of Environment Policy to the workers. Attendance of Program (Environment Policy). Photo of Program (Awareness Environment Campaign). Photo of Awareness program (Environment Policy). <p>Photos taken showed that action for the short term measures, collecting the rubbish and waste in the field has been conducted. Action for the long term measures for non-recurrence had also been conducted.</p> <p>Conclusion: <input checked="" type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure. <input type="checkbox"/> No - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and DID NOT satisfactorily addressed the issue and thus not acceptable for closure. Subject to further follow-up verification on (dates): Next Assessment</p>		
	<p>Minor NC: N.A On-site / Off-site Verification on date:- Corrective Actions taken: - Supportive evidences:- Conclusion:- <input type="checkbox"/> Yes - Evidences submitted as above for the corrective actions done with attached evidences at the audited sites were verified and considered to have satisfactorily addressed the issue and acceptable for closure.</p>		
	<table border="1"> <tr> <td>NC status verified by auditor: Closed by SH</td> <td>Date closed: 10/01/2019</td> </tr> </table>	NC status verified by auditor: Closed by SH	Date closed: 10/01/2019
NC status verified by auditor: Closed by SH	Date closed: 10/01/2019		
	<p>Verification of effectiveness: Next Assessment</p>		
	<p>Verification of effectiveness: Next Assessment</p>		

3.2.2 Year 2018: Initial Audit / Stage 2: 0 Minor NC

3.2.3 Year 2018: Initial Audit / Stage 2: 3 Observations



Ref No:	MSPO Indicator	Details of Observation	Status		
			Opened date	Closed date	Remark, if any
OBS# OCL-01	4.1.4.1	Location: Terapai 03 Estate Since the estate has forest reserves (Hutan Simpan Cini and Hutan Simpan Papai) at its borders, there should be a continual improvement plan for enhancement of the buffer zone and increased documentation of the monitoring of RTE activities at the forest reserve borders.	28/09/2018	Next Audit	-
OBS# JMD-01	4.4.2.4	Location: Terapai 03 Estate Notification letters were sent out to the surrounding communities to make them aware that complaints or suggestions can be made any time. The letters were available for verification. However, evidence that the representatives of the surrounding communities have received the letters cannot be determined.	28/11/2018	Next Audit	
OBS# SH-01	4.5.5.1	Location: Terapai 03 Estate It was observed at Sungai Terapai that the maintenance and restoration of appropriate riparian buffer zones along the natural waterways was not adequately provided.	28/09/2018	Next Audit	

3.2.4 Identified Positive Elements

- 1) The company has provided proper infrastructure such as roads, housing and sport facilities.
- 2) The company has contributed towards the local economy in providing business and employment opportunities. It has made significant financial contributions to the local communities.

3.3 Feedback Raised by Stakeholders and Findings

Prior to and during the Assessment, written and verbal feedback communicated from the stakeholders on the environmental and social performance of the Estates operations were sourced. All pertinent feedback issues were reviewed and followed up for verification and these had been accordingly incorporated into the report findings. See table below:

3.3.1 Feedback Raised by Stakeholders (Initial Audit / Stage 2 – Year 2018)

Communication done via email on 19 Oct 2018 to various categories of stakeholders (see list under para 2.5):

Stakeholders' Feedback	PMU Response	CB verification / comments	Follow up comments (if any)
Government Agencies: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site assessment that no response needed.	Nil
Non-Governmental Organizations: No feedback received.	Ongoing consultations will be maintained. No response needed.	Verified during on-site audit that no response needed.	Nil
Local Communities - Stakeholders' Consultation: Selected stakeholders representing the complete range of various stakeholder categories were invited for the			



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<p>Stakeholders' Consultation on 28/11/2018. A total of 16 stakeholders (including transporters, government officials, contractors, neighbouring estates, local communities) were present at the consultation.</p> <p>They were interviewed by the auditors without the presence of any of the POM/estate staff.</p> <p>Concerns and suggestions received during interviews and stakeholder consultations:</p> <ol style="list-style-type: none"> 1. Some part of the river nearby to the orang asli community already cleaned up by the estate management. Request is to maintain the cleaning programme to ensure source of food from the river not polluted by the activities in the plantation. 2. Payment for FFB delivered from Felda to the POM should be immediate rather than once or twice a month transferred through Felda HQ. 	<p>The POM/Estate Management responded that these matters will be reviewed by the management.</p>	<p>To be followed up during the next Audit.</p>	
<p>Local Communities - Interviews:</p> <p>Interviews of sampled staff and workers were also conducted by the auditors during field visits from 26-28 Nov 2018 at the PMU:</p> <p>Staff/Workers sampling: POM = 22 males, 7 females Estate = 28 males, 6 females</p> <p>No negative issues raised by the sampled staff and workers.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>
<p>Other interested parties:</p> <p>No feedback received.</p>	<p>No response needed.</p>	<p>No response needed.</p>	<p>Nil</p>



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4.0 AUDIT CONCLUSION AND RECOMMENDATION

Based on the findings above, Terapai 03 Estate had been able to demonstrate its compliance with the MSPO MS 2530-3:2013 Standard for the Oil Palm Plantations.

Therefore, it is recommended that the certification of Terapai 03 Estate be approved.

Signed for and on behalf of
Intertek Certification International Sdn Bhd

A handwritten signature in black ink, appearing to read 'Ooi Cheng Lee'.

Dr. Ooi Cheng Lee
Lead Assessor

Date: 14 Feb 2019

4.1 Acknowledgement of Internal Responsibility and Confirmation of Audit Findings

This is to acknowledge and confirm the Audit visits described in this report and the acceptance of the contents and findings in this Audit report.

Signed for and on behalf of
FGV Holdings Berhad (800165-P)

Mr. Norazam Abdul Hameed
Head, Plantations Sustainability Department (PSD)

Date: 15 Feb 2019



4.2 INTERTEK – MSPO Certificate details for the Terapai 03 Estate

Certificate No:	MSPO 007B
Start date:	15 Feb 2019
Expiry date:	14 Feb 2024
Organisation	FGV Holdings Berhad (800165-P) (Formerly known as Felda Global Ventures Holdings Berhad)
Address of Head Office:	Plantations Sustainability Department (PSD) Level 20, West Wisma FGV, Jalan Raja Laut 50350 Kuala Lumpur, Malaysia
Name of Estates	Terapai 03 Estate
Address of Estates	As per Table A (below)
MPOB License No:	562537102000
Standards	MSPO MS 2530-3:2013 for the Oil Palm Plantations.
Certification scope:	Oil Palm Plantations Supplying FFB

Table A: Details of the Estate covered by this certificate and the tonnage approved are:

Name	Address	GPS Reference		Mature Planted Area - ha	Certified (Titled) Area (ha)
		Latitude	Longitude		
Terapai 03 Estate	d/a Felda Mayam, 28220 Bera, Pahang Darul Makmur, Malaysia	3° 25' 51.98" N	102°46' 53.65" E	1,631.92	2,552.42

The annual tonnage produced at the Estate is detailed as follows:

Terapai 03 Estate	Annual Tonnages (MT)
FFB	18,000.00



APPENDIX A-1:

Qualifications of Lead Auditor and Audit Team (Stage 1 Assessment)

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

Mr. Sazali Hasni (SH) has over 25 years work experience in the forestry sector. He is an IRCA Auditor for ISO 9001 and auditor for the PEFC Chain-of-Custody Certification. He has successfully completed training in the Intertek In House RSPO P&C, MYNI. He was a member in the stakeholder consultation and development of the Malaysian Criteria & Indicators (MC&I) for Forest management Certification. He has been involved in the auditing of Forest Management Certification for the Perak State Forestry Department and Pahang State Forestry Department. He has also been involved with a German based company in testing their criteria for carbon tracing in an oil palm plantation in 2011. He had also acted as the regional consultant to International Tropical Timber Organization (ITTO) for the Asia Pacific region in the Evaluation and Monitoring of Projects funded by the organization from 1994 to 1998. Projects funded are mainly forestry related such as reforestation, conservation, community forestry apart from other research based projects.

Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare

– BSc (Social Science)

Mr Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010.



APPENDIX A-2:

Qualifications of Lead Auditor and Audit Team (Stage 2 Assessment)

Dr. Ooi Cheng Lee (OCL) Lead Assessor / Team Leader / Technical Expert

(Palm Oil Mill, Environment, OHSAS, Social, HCV, Land Use and Supply Chain)

- PhD in Welding, Cranfield University, UK
- M.Sc. (Engineering) in Metallurgy, University of Birmingham, UK
- B.App.Sc (Hons), Science University of Malaysia
- Diploma in Translation for Science and Technology, Malaysia Translation Society

Dr. Ooi Cheng Lee is an IRCA Lead Auditor and Lead Tutor for ISO 9001. He is also involved in auditing in other integrated management systems. He has successfully completed the RSPO Lead Assessor Course for Principles and Criteria (RSPO P&C) and the RSPO Supply Chain Certifications (RSPO SCC). He is currently involved in the management of all types of system and process/product certification in Intertek. He has more than 32 years work experience in product and process specifications, research & development, inspection and testing, quality assurance, engineering development, training, product certification, auditing and quality management system certification. He has conducted assessments of organizations in Malaysia, Singapore, Indonesia, Vietnam, Philippines, China, Myanmar, Cambodia and other regional countries. Assessments include those of rubber and oil palm plantations in Malaysia and Indonesia. His previous position as the General Manager of Lloyd's Register Quality Assurance (LRQA) Malaysia include the management of all types of systems certification, including that of environmental (ISO 14001), safety & health (OHSAS 18001) and Clean Development Mechanisms (CDM). He is currently the General Manager in Intertek Certification International Sdn. Bhd. He is a member of the Internal Review Panel for RSPO Assessment reports since May 2011. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2012.

Mr. Sazali Hasni – Assessor / Technical Expert

(Environment, Conservation and HCV area)

- Bachelor of Science (Forestry)

Mr. Sazali Hasni (SH) has over 25 years work experience in the forestry sector. He is an IRCA Auditor for ISO 9001 and auditor for the PEFC Chain-of-Custody Certification. He has successfully completed training in the Intertek In House RSPO P&C, MYNI. He was a member in the stakeholder consultation and development of the Malaysian Criteria & Indicators (MC&I) for Forest management Certification. He has been involved in the auditing of Forest Management Certification for the Perak State Forestry Department and Pahang State Forestry Department. He has also been involved with a German based company in testing their criteria for carbon tracing in an oil palm plantation in 2011. He had also acted as the regional consultant to International Tropical Timber Organization (ITTO) for the Asia Pacific region in the Evaluation and Monitoring of Projects funded by the organization from 1994 to 1998. Projects funded are mainly forestry related such as reforestation, conservation, community forestry apart from other research based projects.

Mr. Jumat Majid – Assessor – Social Responsibility and Workers Welfare

– BSc (Social Science)

Mr Jumat Majid (JM) has over 13 years work experience in the agriculture sector. He has successfully completed the IRCA accredited Lead Auditor course in ISO 9001:2008 and RSPO P&C MY-NI Lead Assessor course. He has also successfully completed training programs in Organic Agriculture Development and had performed organic agriculture inspections and assessments for more than 6 years. He has been involved in NGO work in the areas of social impact assessments within the South East Asia region. He is part of the RSPO CB Assessment team which audited RSPO certified Plantation Management Units since 2010.



Appendix B-1:

Stage 1 Audit Plan (Actual) – POM and Estate Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity (MS 2530-4)		
		Assessment Team		
9 August 2018 Thursday (Day 1)	9.00 am - 9.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	9.30 am - 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 6.00 pm	OCL	SH	JMD
		Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition

Date	Time	Assessors and Assessment Activity (MS 2530-3)		
		OCL	SH	JMD
10 August 2018 Friday (Day 2)	9.00 am – 1.00 pm	Site assessment at Terapai 03 Estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices • P7 New Planting 	Site assessment at Terapai 03 Estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site assessment at Terapai 03 Estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 4.00 pm	Continue site assessment at Terapai 03 Estate		
	4.00 pm – 5.00 pm	Preparation for Closing Meeting		
	5.00 pm - 5.30 pm	Team Meeting and Discussions with POM Management Representative		
	5.30 pm – 6.00 pm	Closing Meeting & Briefing at Palm Oil Mill Office		



Appendix B-2:

Stage 2 Audit Plan (Actual) – POM and Estate Grouping audited simultaneously

Date	Time	Assessors and Assessment Activity		
		Assessment Team		
26 November 2018 Monday (Day 1)	7.00 am – 10.00 am	Travel to Bukit Kepayang Oil Mill		
	10.00 am – 10.30 am	Opening Meeting and Briefing at POM Office (to be attended by representatives from the Estates as well)		
	10.30 am – 1.00 pm	Document Review and Audit by Auditors on respective MSPO Principles :1 to 6 for POM		
	1.00 pm – 2.00 pm	Lunch Break		
	2.00 pm – 5.00 pm	OCL	SH	JMD
		Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices at mill 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site Audit at Mill <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
		<ul style="list-style-type: none"> • Verification of effectiveness of corrective actions for non-conformances (previous audit – if applicable) 		
5.00 pm – 6.00 pm	Travel to Hotel & Break			
6.00 pm – 7.00 pm	Team Meeting and Discussion			

Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
27 November 2018 Tuesday (Day 2)	8.30 am – 12.30pm	Site assessment at Terapai 03 estate <ul style="list-style-type: none"> • P1 Management Commitment • P2 Transparency • P3 Compliance to Legal requirements • P6 Best Practices at estate • P7 New Planting 	Site assessment at Terapai 03 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P5 Environment, natural resources, biodiversity and ecosystem services 	Site assessment at Terapai 03 estate <ul style="list-style-type: none"> • P1 Management Commitment • P3 Compliance to Legal requirements • P4 Social responsibility, health, safety and employment condition
		Lunch Break		
	1.30 pm - 5.30 pm	Continue site assessment at Terapai 03 estate		
	5.30 pm – 6.30 pm	Travel to Hotel & Break		
	6.30 pm – 7.30 pm	Team Meeting and Discussion		



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Date	Time	Assessors and Assessment Activity		
		OCL	SH	JMD
28 November 2018 Wednesday (Day 3)	8.30 am – 12.30 am	Site assessment at Palm Oil Mill <ul style="list-style-type: none"> • P1 Management commitment and responsibility • P2 Transparency • P3 Compliance to legal requirements 	Stakeholders' Consultation on the following categories (see Notes 1 and 2 below – subject to availability): <ul style="list-style-type: none"> • Contractors • Suppliers • Transporters • NGOs • Government Department / Agencies • Local Community • Settlers, in the case of independent and organized smallholders. 	
	12.30 pm – 1.30 pm	Lunch Break		
	1.30 pm – 3.00 pm	Preparation for Closing Meeting		
	3.00 pm – 4.30 pm	Team Meeting and Discussions with POM Management Representative		
	4.30 pm – 5.30 pm	Closing Meeting & Briefing at Palm Oil Mill Office		
	5.30 pm onwards	Travel back to Kuala Lumpur		



APPENDIX C-1:

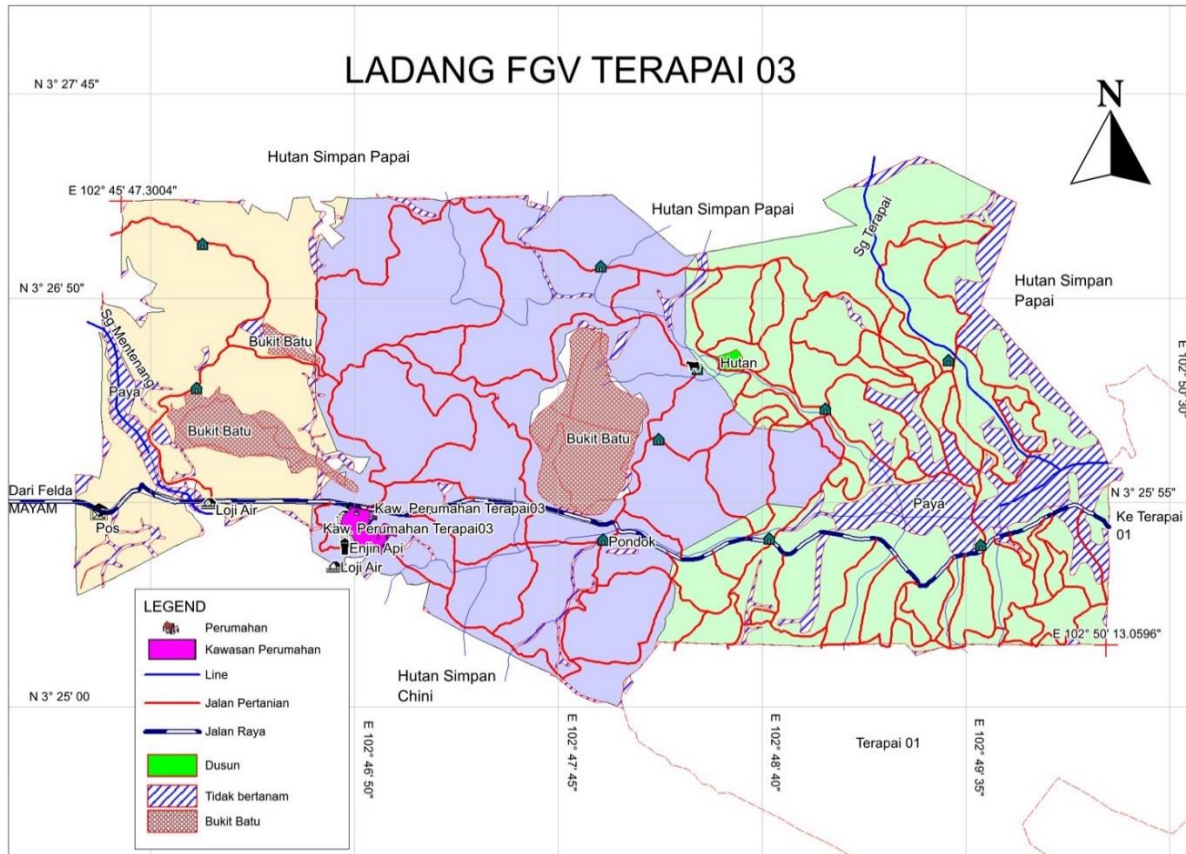
Location Map of Terapai 03 Estate, Triang, Pahang Darul Makmur, Malaysia





APPENDIX C-2:

Map of FGV Terapai 03 Estate





APPENDIX D:

Stage 1 Assessment Summary of Findings

Certification Unit	FGV Bukit Kepayang Grouping – Terapai 03 Estate
Assessment Type	Stage 1 Assessment
Standards	MSPO MS 2530-3:2013 for the Oil Palm Plantations
Lead Auditor	Dr. Ooi Cheng Lee (OCL)
Auditors	Sazali Bin Hasni (SH), Jumat Bin Majid (JMD)
Audit Dates	09 Aug 2018
Total No. of Findings	Five (5) findings as listed below
NOTE: The organization must take action to ensure that the requirement concerned is fully addressed prior to the Stage 2 assessment, otherwise a non-conformance shall be raised during Stage 2.	

Finding No.	MSPO Indicator	Details of Finding
OCL-01	4.1.4.1 Indicator 1	Date issued: 09/08/2018
		Requirement: The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.
		Description of Finding: Action plans for continual improvement have been specified and documented for the Terapai 03 Estate. However, some of the action plans did not have measurable objectives/targets in order to determine the effectiveness of the outcomes.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
SH-01	4.5.5.1 Indicator 1	Date issued: 09/08/2018
		Requirement: The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources of supply. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate. e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.
		Description of Finding: The Water Management Plan for Terapai 03 Estate was found to be too general and not adequately documented to give the necessary details and action plans. The plan did not include the following: (a) Source of water supply and treatment for domestic water to meet the drinking water quality standard,



		<p>(b) Impact of estate operational activities on the two rivers (Sungai Mentenang and Sungai Terapai) passing through the estate,</p> <p>(c) Protection and sustainability of the water source and water conservation measures such as potential rain water harvesting,</p> <p>(d) Identification of the riparian zone for the river, Sungai Terapai passing through the estate.</p> <p>(e) Identification of physical locations for water sampling and analysis of Sungai Terapai and indication of the locations in the estate map.</p>
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
SH-02	4.5.6.3 Indicator 3	Date issued: 09/08/2018
		Requirement: A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.
		Description of Finding: Management and Monitoring Action Plan was not available for the estate areas bordering the forest reserve, Hutan Simpan Cini. The Plan should identify and demarcate a clear buffer zone between the estate boundary and the forest reserve and erect appropriate signboard on the prohibition on hunting, fishing or collecting activities.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-01	4.3.1.1 Indicator 1	Date issued: 09/08/2018
		Requirement: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.
		Description of Finding: FGV/JTK/POL/001, 1.0 Pekerja Lari Meninggalkan Ladang Secara Tidak Sah did not include a process step to report absconded workers to the Immigration Dept.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-02	4.4.2.4 Indicator 4	Date issued: 09/08/2018
		Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.
		Description of Finding: Only one stakeholder from surrounding community attended the combined Stakeholder Consultation with other estates conducted on 17 Oct 2017 at Felda Bkt Mendi. Thus, thus surrounding communities are still not aware of the complaints procedures in Terapai 03 estate.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-03		Date issued: 09/08/2018



	4.4.4.2 Indicator 1	Requirement: The occupational safety and health plan shall cover the following: d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk Audit and control such as Hazard Identification, Risk Audit and Risk Control (HIRARC).
		Description of Finding: (1) Para (d) in Indicator: The three procedures below are available in the list of SOPs developed by the FGV Head Office but not included in the list of identified hazard [HIRARC] at the estate level (FGVPM/L4/PP-1.2 Pind. 0). a) "Prosedur Kerja Selamat Kawasan Perumahan" (FGVPM/L3/PK-06) b) "Prosedur Pengurusan Keselamatan Penempatan Petugas dan TKA" (FGVPM/L3/PK-27) c) "Prosedur Kerja Selamat Pengangkutan Anak Ke Sekolah" (FGVPM/L3/PK-45)
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-04	4.4.5.9 Indicator 9	Date issued: 09/08/2018
		Requirement: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements
		Description of Finding: In year 2017, annual leave pay for eleven workers were not paid for reasons which are not complying with Employment Act 1955, Section 60E.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-05	4.4.5.11 Indicator 11	Date issued: 09/08/2018
		Requirement: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.
		Description of Finding: 1. Weekly line-site inspection conducted by the management only covers foreign workers housing quarters. This is not complying with the Workers' Minimum Standards of Housing and Amenities Act 1990, Section 23(2). 2. Rubbish collection planned to be conducted twice a week, but actual implementation was only conducted once a week. It was also noted rubbish collection was not conducted for three weeks between 16 May and 5 Jun 2018. Unsatisfactorily hygiene level was reported in OSH meeting dated 18 May 2018 and 9 Feb 2018.
		Remark: Action required to address the finding satisfactorily.

Finding No.	MSPO Indicator	Details of Finding
JMD-06	4.4.5.3 Indicator 3	Date issued: 09/08/2018
		Requirement: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.



		<p>Description of Finding:</p> <p>Employment contract with foreign workers stated that pillow, mattresses and kitchen utensils will be provided to new workers upon arrival at the estate. However, no distribution record available for verification. Distribution of these items was confirmed only through interview with the workers.</p>
		<p>Remark: Action required to address the finding satisfactorily.</p>