

Malaysian Sustainable Palm Oil Certification

MSPO – PART 4 (GENERAL PRINCIPLE FOR PALM OIL MILL)

☐ Stage-1 ☒ Stage-2 ☐ Surveillance ☐ Re-Certification

Plantation Management/Owner : Felda Global Ventures Plantation (Malaysia)
 Sdn Bhd subsidiary of Felda Global Ventures Holdings Bhd.

Mill Name : Chalok Palm Oil Mill

Location : Kilang Sawit Chalok 21450 Setiu, Terengganu. Malaysia.

Certificate Code : **MUTU-MSPO/017**

Date of certificate issue : 22/10/2018

Date of expiry of certificate : 21/10/2018

Assessment	Assessment Date	Mutuagung Lestari Malaysia Auditor	Review by	Approve by
Main/ST-2	17 th July 2018	Mahaswaran Maliyapan (Lead Auditor), Ebnu Holdoon Shawal [Auditor], Muhammad Rinaldi [Auditor]	Ganapathy Ramasamy / Peter	Hari Naveen Christopher

Assessment	Approved by MUTUAGUNG LESTARI MALAYSIA SDN BHD on:
Main/ST-2	22/10/18

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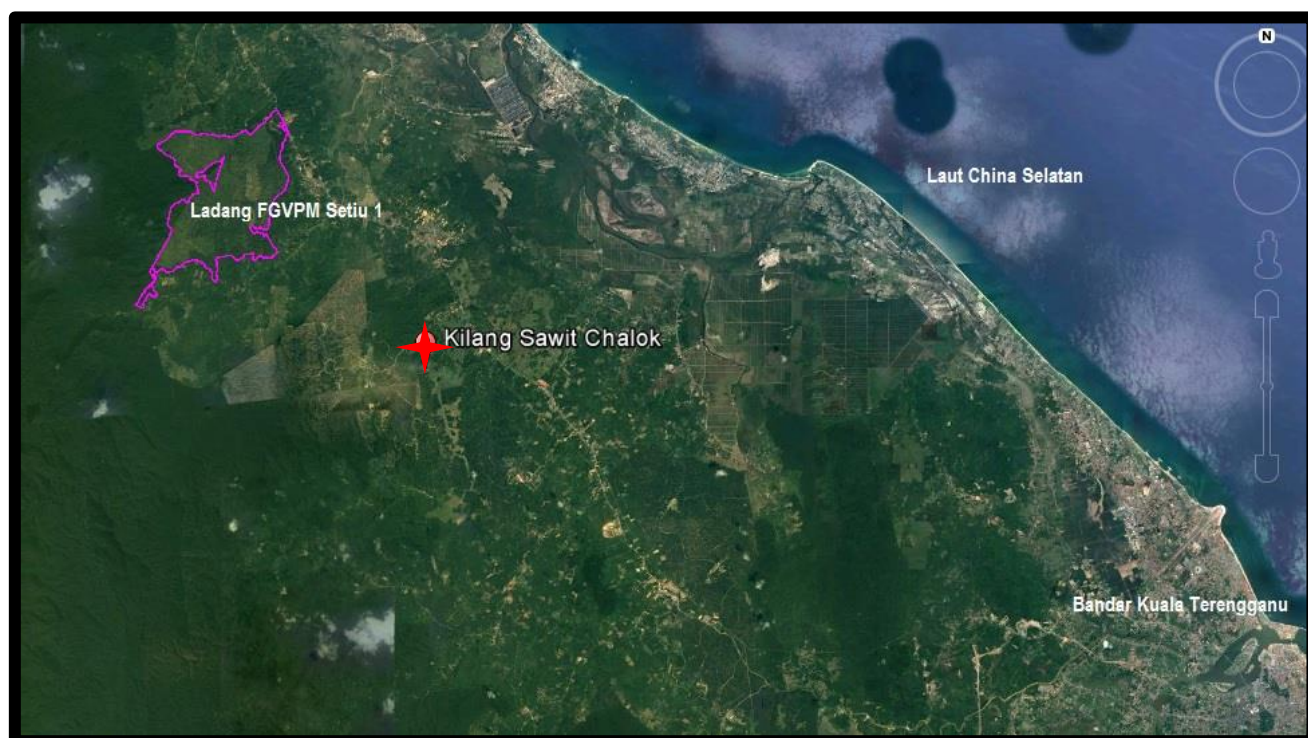
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FIGURE
Figure 1. Location Map of Chalok Palm Oil Mill

MSPO PART 4 Report (1.0)

Prepared by Mutuagung Lestari for Chalok Palm Oil Mill – Felda Palm Industries Sdn Bhd.



1.0 SCOPE OF THE CERTIFICATION ASSESSMENT				
1.1	Assessment Standard Used		Malaysian Sustainable Palm Oil (MSPO)- MS 2530-4:2013: Part 4: General principles for Palm Oil Mills	
1.2	Organization Information			
1.2.1	Company name		Felda Palm Industries Sdn Bhd - subsidiary of Felda Global Ventures Holdings Bhd	
1.2.2	Contact person		Mr. Norazam Abdul Hameed	
1.2.3	Company address and site address		RSPO Registered Company: Felda Global Ventures (HQ) Level 45, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia.	
1.2.4	Telephone		(+ 603) – 26005349	
1.2.5	Fax		(+ 603) – 26987816	
1.2.6	E-mail		norazam.ah@feldaglobal.com	
1.2.7	Web page address		http://www.feldaglobal.com	
1.3	Mill Information			
1.3.1	Location of Mill			
	Name of Mill	Location	Coordinate	
			Latitude	Longitude
	Kilang Sawit Chalok	Kilang Sawit Chalok 21450 Setiu, Terengganu	5° 27' 18" N	102° 47' 2" E
1.3.2	Forecasted and actual volume of FFB, CPO and PK			
	Projected Volume - past year	Actual volumes		Projected volume

	Sept 2016 to Oct 2017			July 2017 to June 2018			July 2018 to June 2019		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
	-	-	-	155,500	30,767	7704	32,343	6792	1617
*Source 12 month Forecasted CPO/PK Production Data by the Company. Use either 12 months forecast from audit or company's next year's forecast.									
1.4	Other Certifications								
	ISO 9001:2008 / 2015					-			
	ISO 14001: 2004 / 2015					-			
	OHSAS 18001:2007					-			
	ISCC					-			
	Others								

2.0	ASSESSMENT PROCESS
2.1	Certification Body
	Mutuagung Lestari Malaysia Sdn Bhd. B-0926 Empire Soho, Empire Shopping Gallery, Jalan SS 16/1 Subang Jaya, 47500 Petaling Jaya, Selangor, Malaysia Website: www.mutucertification.com Email: hari@mutucertification.com
2.2	Assessment Team
Main / ST-2	<p>Mahaswaran Maliyapan (Lead Auditor) Malaysian. Executive Master in Entrepreneurship Enhancement [Supply Chain Management], Professional Diploma in International Management Practices, Graduate Diploma in Business Administration and Diploma in Mechanical Engineering. Has vast exposure and experience in engineering, quality, 2nd & 3rd party auditing in various industries and owns proven track records of auditing various multinational companies both locally and internationally. Certified Lead Auditor for ISO 9001, 14001, OHSAS 18001, RSPO P&C, RSPO SCCS, RSPO Next and MSPO. Since 2012 trained in agriculture certification programs such as RSPO, MSPO and SCCS and holds role as lead auditor or auditor with several local and overseas certification bodies. He too in Quality Environmental Management System as well the Occupational, Health and Safety auditing.</p> <p>Muhammad Rinaldi (Auditor). Indonesian citizen, Diploma of Oil Palm Plantation. He has experience 4 years working as Assistant Agronomy since 2007. He has attended training RSPO Lead Auditor, training of Auditor ISPO, training of Lead Auditor ISO 9001-2008, training of ISO 14000, training of HCV identification, training of OHS management system, training of potential and conflict resolution. Experienced in auditing in relevant scheme (ISPO) since 2014 with the aspects of land legality, environmental, social, occupational health and safety, Best Management Practices, Conservation and worker welfare.</p> <p>Ebnu Holdoon Shawal (Auditor) Malaysian. Graduated with Bachelor of Civil Engineering from University Tenaga Nasional in Malaysia. He has been completed the ISO 9001: 2008 QMS Lead assessor course for RABQSA – QM 785 (Exemplar Global) certified. He has an experience regarding the safety, health and environmental standard for construction works as an engineer for 1 year. He has gone for various RSPO audit including Felda POM and United Plantation as trainee auditor and have total 42-man days following the auditing activities. During this audit he has been assigned to verify the Transparencies and Environmental aspect.</p>

2.3	Assessment Methodology, Assessment Process, and Locations of Assessment
2.3.1	Figure of person days to implement assessment
Main / ST-2	<p>Number of auditors: 3 auditors</p> <p>Number of days for Main/Stage-2 at site: 1 day</p> <p>Number of working days for Main/Stage-2 at site: 3 Working days</p>
2.3.2	Detail process of assessment
Main / ST-2	<p>Mutuagung Lestari Malaysia Sdn. Bhd. [<i>thereafter known as MUTU</i>] has conducted on-site Certification Assessment for Chalok Palm Oil Mill on 17th July 2018 by 3 auditors as to assess the compliance of the certification unit against the MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills. The Stage 1 audit which to confirm Chalok POM's readiness for the Stage 2 audit was done on 03/05/17 by Trismadi Nurbayuto (Lead Auditor) and Andi Prathama Pasaribu (Auditor) resulted with 5 findings. The client has responded with appropriate corrective actions prior to stage 2 audit.</p> <p>This stage 2 assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase. All information obtained was recorded in Check List of MUTU. It was witnessed, the Palm Oil Mill was having full production as they were receiving enough crop to start the process during the scheduled time of for the POM visit. This allows the audit team start from the input receiving and then walk through the production process which eliminates the risk of missing certain key aspects.</p> <p>The assessment program please find Appendix 2</p>
2.3.3	Locations of Assessment
MAIN / ST-2	Kilang Sawit Chalok. 21450 Setiu, Terengganu. Malaysia.
2.4	Stakeholder Consultation
2.4.1	Summary of stakeholder consultation process.
MAIN / ST-2	<p>Consultation of stakeholders for Kilang Chalok, FPISB held by:</p> <ol style="list-style-type: none"> 1. Public announcement at web www.mutucertification.com and www.rspo.org 2. Consultation meeting and interview with Internal and external; Stakeholder (labour union, Orang Asli and gender committee) on 18th July 2018. 3. Consultation with NGO (<i>Majlis Kebajikan dan Pembangunan Masyarakat Kebangsaan Malaysia</i>, Pesticide Action Network Asia & Pacific, Environmental Protection Society) via email on 13 July 2018. <p>Numbers of input from stakeholders were clarified by Kilang Kelapa Sawit Chalok FPISB.</p>
2.5	Determining Next Assessment
	The next visit of ASA 1 will be determined one year after this Main / ST-2.

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the MSPO Certification

MUTU has conducted the main / ST-2 assessment of Chalok Palm Oil Mill - Felda Palm Industries Sdn Bhd operation consisting of one (1) mill. During this assessment, **one (1) major** and **(2) minor** non-conformities and **(4) opportunities** for improvement were identified against MS 2530-4:2013. Further explanation of the non-conformities raised are provided in section 3.5. MUTU found that Chalok Palm Oil Mill – Felda Palm Industries Sdn Bhd complied with the requirements of MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills. Since the audit objectives as mentioned in the audit plan have been achieved and assessment that was resulted with **one major** non-conformity closed with objective evidence, therefore the lead auditor **recommends** Chalok Palm Oil Mill for compliance with the MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mills.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
4.1 PRINCIPLE 1 MANAGEMENT COMMITMENT AND RESPONSIBILITY		
4.1.1 Malaysian sustainable palm oil (MSPO) policy		
4.1.1.1 Indicator 1: A policy for the implementation of MSPO shall be established.		
Sighted the “Polisi Kelestarian Kumpulan” dated on 01/09/16 as for purpose to establish objectives and guidelines to understand and enforce various sustainability policies. Seen in page 8 of 14, bullet 6.4 quoting the management’s commitment towards the implementation of MSPO scheme. There is specific policy on MSPO, however the elements of MSPO seen linked to various Group Sustainability Policies such as commitment towards No Child Labour, No Deforestation, No Forced Labour & Contract Substitution, Meeting the Minimum Wages Standard, etc.		
The mill workers and staff are being regularly briefed on Group Sustainability Policies during daily morning muster call and weekly meeting, sampled for 20/05/18. Interview with mill manager Mr. Zulkefli who mentioned the sustainability policies were briefed during weekly toolbox meeting and it was cross verified with training records found satisfactory. Contractors and external stakeholders were briefed and communicated on MSPO requirements as part of implementation process, this were evidenced with attachments of what are the policies been briefed.		
	Status:	Ok
4.1.1.2 Indicator 2: The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.		
Group Sustainability Policies sampled for legal compliance requirements that cross verified with objective, target plan and CIP such as to achieve OER, KER, zero accident, reduction of diesel usage and etc. This can also relates to 4.1.4.1.		
	Status:	Ok
4.1.2 Criterion 2: 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 annual “Sustainability” Internal Audit by the PSD [Plantation Sustainability Department] and latest audit was done on 16/05/18. The assessment was conducted by Muhd Shafiq and Muhd Yusuf which resulted with 27 non-conformities. Seen the assessment covers requirements needed by the sustainability scheme and mill best practices. Among the lapses found were schedule waste management, stakeholder list, training records and OHS plan.		
	Status:	Ok
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.		
Internal audit procedure [FGV/ML-1A/L2-Pr11] dated on 01/06/16 is currently being revised by the PSD team for the clarity of requirements of various sustainability programs. The process flow of the annual exercise is from establishing audit schedule → audit team selection → prepare audit plan → conduct audit – reporting of findings. Seen the mill’s management team has developed “Pelan Tindakan Untuk NCR Internal Audit” which identifies the non-conformities addressed with action taken within 2 weeks to 1 month.		
	Status:	Ok

4.1.2.3 Indicator 3: Report shall be made available to the management for their review.		
The findings from internal audit was responded by the mill management from time to time to the PSD. Sighted there are outstanding issues [legal related] that needed longer time [more than 15 days from closing meeting of internal audit] or issues needed commitment from HQ level. Since the management review for 2018 is planning to be in 3 rd quarter, therefore evidence on whether the findings from internal audit were discuss was not available. It will be review by auditor in next assessment. The internal audit findings seen effectively addressed of the root causes with corrective actions plan in the NCR finding matrix.		
	Status:	Ok
4.1.3 Criterion 3: Management review		
4.1.3.1 Indicator 1: The management shall periodically review the continuous suitability, adequacy, and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.		
Management review meeting was done on 19/02/18 attended by operation & office staff and the mill manager chaired the meeting. However, sighted the management review only covers internal audit findings and environmental aspect & impacts and does not covers the decision on any changes, modification, continuous improvement plan and timeline for the MSPO implementation. Aside, there is no minutes available to demonstrate the evidence of issues discussed were collectively agreed and understand by all participants.		
	Status:	Minor
4.1.4 Criterion 4: 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.		
The CIP been associated with respective section's quality, environmental and OSH objectives. Seen there are 2 objectives respectively for the 3 aspects. Sampled for environment that to ensure BOD at final discharge below 50ppm by monthly monitoring. As for OSH seen the objective is to always maintain the occupational hazard including fire outbreak at zero level. The CIP to be review and be given consideration on social impacts that resulted from SIA and improvement focusing on the non-conformance resulted from internal audit.		
	Status:	Obs
4.1.4.2 Indicator 2: The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.		
During mill visit seen the mill has no introduction of new technology. However, the mill continuously improving existing operation system for productivity improvement.		
	Status:	Ok
4.2 PRINCIPAL 2: TRANSPARENCY		
4.2.1 Criterion 1: Transparency of information and documents relevant to MSPO requirements		
4.2.1.1 Indicator 1: The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.		
The centralize stakeholder meeting for Chalok Complex was done on 09/07/18, sighted the attendance record [total 30 attended] attached with the minutes of meeting. Various issues were discussed and communicated, the needs to protect the reserve forest [by member from Forestry department] who mentioned the Terengganu state has 42% of reserve forest and he briefed on basic awareness on what should be done by public, the purpose of sustainability policies, payment to contractors and PPE awareness. A log book established for tracking of internal and/or external complaint. Workers seen complaints on house maintenance and requesting to seek medical attention on day to day plantation activities.		
	Status:	Ok
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.		
The information on the publicly available documents such as land title, OHS plan, sustainable policies and CIP seen specifically addressed in page 8 of FGV Sustainability Certification Handbook. This information also been communicated to external stakeholder during annual meeting.		
	Status:	Ok

4.2.2 Criterion 2: Transparent method of communication and consultation		
4.2.2.1 Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.		
There is a procedure [FGV/ML-1A/L2-Pr12] dated 01/06/16 available for communicating and reporting of EMS, OHS and social issues with relevant stakeholders. Besides, the mill also provides a log book to enable internal / external stakeholders to register their complaints and grievances. As at 01/07/18, there was no comment registered by external party but several request from internal stakeholder [workers] on staff quarters maintenance.		
	Status:	Ok
4.2.2.2 Indicator 2: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).		
Mr. Wan Mohd Syahrin appointed [letter dated on 14/05/18 - approved by mill manager] as the responsible for communication and consultation with the local communities and other interested parties. The appointment letter also clearly indicates the roles and responsibility of the person.		
	Status:	Ok
4.2.2.3 Indicator 3: A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.		
There are 2 types of stakeholder lists, 1 st on the complex level that covers broader scale and 2 nd for immediate stakeholder for respective sites. The latest reviewed of immediate stakeholder list consists of government agencies, JKKK and other interested parties. The meeting minutes with stakeholder are effectively documented. The complaint and feedbacks during centralize stakeholder meeting was responded by estate management.		
	Status:	Ok
4.2.3 Criterion 3: Traceability		
4.2.3.1 Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.		
The mill has implemented SOP for Traceability FGVP-MSPO SCC-3.0, dated 01/12/17 and to provide guideline to establish sustainable supply chain and traceability for FFB, CPO and PK. Sampled weighbridge tickets internal and external FFB suppliers that were cross verified against the computed figures and approved vendor list, no discrepancies found. Traceability from estate to mill is the "Nota Hantaran BTS" that consist of running number, date, weight, and transport details. In the weighbridge station, the MPR system [Mill Performance Report] installed to captured incoming of FFB and outgoing of CPO and PK.		
	Status:	Ok
4.2.3.2 Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.		
Internal audit by the sustainability team found includes the traceability processes that covering the 4 indicators in the criterion 3. The assessment is conducted on annual basis. During mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input and how does the supply bases register in the "Approved Sustainable Supplier List".		
	Status:	Ok
4.2.3.3 Indicator 3: The management shall identify and assign suitable employees to implement and maintain the traceability system.		
The person in-charge is the assistant manager, verified "Job Scope" that stated his role on implement and maintain traceability system. The records for traceability [ISCC & SCC training] to the respective supporting personnel seen maintained.		
	Status:	Ok
4.2.3.4 Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.		
Sampled weighbridge tickets [Jan-June'18] were cross-checked for the delivery of non-certified CPO against the shipping instruction from logistic department. The daily production record [throughput] were reviewed to cross-check against the daily ullage measurement taken every morning. The amount of FFB processed was cross-checked against the amount received. Example, weighbridge tickets include contract number. CPO delivery order weighbridge tickets include contract number.		
	Status:	Ok

4.3 PRINCIPLE 3: COMPLIANCE TO LEGAL REQUIREMENTS
4.3.1 Criterion 1: Regulatory requirements
<p>4.3.1.1 Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>Below permits and licenses were verified for compliance:</p> <ul style="list-style-type: none"> Sighted Hak Milik No. 941 with area 27 June 2012 with area 104,200 m² valid until 18 February 2061 with Cukai Tahunan RM 12,504.00. Sighted the “Cukai Tanah Hulu Setiu (04)” for FPISB Chalok with area 104,200 m² year of 2018. Sighted the License for Menjual dan Mengalih – FFB, PK, CPO, SPO; Membeli dan Mengalih FFB, PK, CPO; Menyimpan PK, CPO, SPO; and Mengilang FFB for 1 year from 01 April 2018 until 31 March 2019, (license number 500179204000). Sighted license Jadual Pematuhan Kilang Sawit Chalok No. 004049 for the period of 1st July 2018 until 30th June 2019 with Capacity Maximum: 40 MT/Hours. (AS(B)T:31/152/000/011). During mill visit, sighted the EFB were filled outside of the fencing area that near to water course. This is against the requirement stipulated in Jadual Pematuhan [# 004049] that EFB should be at least 100 meters away from any water course. [minor] Based on the time bound plan for the FPISB, the Chalok POM listed to obtain fire certificate by 2021. The mill management has initiated the Fire Certificate application in Aug. 2014 [Fire Services Act 1988 and Fire Services (Fire Certificate) Regulations 2001. The mill management is currently corresponding with their HQ team for mill fire evacuation layout and nomination of contractors. [obs] Permit for water extraction from Sungai Tarom is not applicable as it only uses for mill processing and not for domestic consumption. Wan Mohd. Syahrin [910102-11-5099] has attended the Certified Environmental Professional in Waste Management (CePSWaM) in Nov 2017 and has a timeline until Nov 2018 to submit his FTR [Field Training Report]. The progress will be verifying in next assessment since this is a requirement by Environmental Quality Act 1974 (Act 127), Article 49A. (1) An owner or occupier of a premise shall employ a person who has been certified by the Director General as a competent person to conduct all or any of the following activities (b) the management of schedule wastes. [obs] Certified Environmental Professional in the Operation of Palm Oil Mill Effluent Treatment System – Pond Processes (CePPOMETS) – Wan Muazam Bin Latif 720827-10-5333 – 26-31/10/15. CEMS monitoring was seen stable at boiler room [graph appears well on the screen while the mill in operation]. Aside, the CCTV for stack emission monitoring was seen well managed. Quarterly Return Form as per First Schedule of the EQ (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977 – report to DOE sighted for 1st Q 2018 [ref. AS(B)T 31/152/000/011 – license 004049]. Total CPO produced 1654.93 MT / total FFB processed 25,100 MT and total water consumed 31,877 cubic meter(m³). The Factory and Machinery Act, 1967 (PMA5449 -15/08//17 valid till 06/11/18) Overhead Travelling Crane. The Factory and Machinery Act, 1967 (TG PMT 2783 -15/08/17 valid till 06/11/18) Air Receiver The Factory and Machinery Act, 1967 (TG PMT 3199 -15/08/17 valid till 6/11/18) Air Compressor Steam Engine - Grade 2 no. T/111/08 on behalf Wan Mat Zailani bin Mohd Nor dated 19 November 2008 Electrical Charge Man No. PJ 10000395 dated 25 July 2010 on behalf Zabidi bin Yussof Authorized Entrance and Standby Person (AESP) No. NW-NCC-AE-R-1762-B -6/12/16 on behalf Zulkifli bin Omar. Permit Diesel No. T 007141 Number Rujukan = B.PGK. TR.007/6/4-329 (283); Capacity Permit Diesel 20,000 liters dated 3 January 2018 – 2 January 2019. Permit Reduction of Workers Salary from Jabatan Tenaga Kerja Semenanjung Malaysia No. PP 3/34/1385 dated 28 January 2009.

<ul style="list-style-type: none"> As required by Standard C, Reg. 25 of EQA (Clean Air) Reg. 1978 which is the limit must below 0.4 g/Nm³, the air emission monitoring [boiler 1 & 2] for 1st half 2018 was done by Triple A EHS Solution [STK / CHALOK / 18/001] in April 2018. The final reading reported was 0.193 for boiler 1 and 0.171 for boiler 2. As to comply with Reg. 10 of the FMM (Noise Exposure) Reg. 1989, seen the Positive Noise Exposure Monitoring dated on Aug 2017 done by MZ Enviro Testing & Consulting. The work units involved are boiler house [85.3 – 92.5 dB], kernel plant [89.1 – 99.1 dB], press station [84.3 – 86.9dB], sterilizer [73.4 – 94.0 dB] and workshop 75.7 – 83.9 dB]. Annual & Baseline Audiometric Testing done by Specialist Mobile Safety Supplies Sdn. Bhd. as per required by the Noise Regulation for Workplace 1989, found hearing impairment-profound and STS. The re-test is currently pending for approval from HQ and sighted the investigation report for those identified for STS and hearing impairment. 		
Status:		Minor / Obs
4.3.1.2 Indicator 2: The management shall list all relevant laws related to their operations in a legal requirement register.		
There is a "Legal & Requirements Register" established by the PSD [Plantation Sustainable Department] which verified for compliance by the Mill's Asst. Manager & Manager. Seen a compliance checklist established for monitoring of environment, safety, and health, etc. Sighted the list of compliance updated and circulated to mill by the sustainability team from HQ.		
Status:		Ok
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.		
There is annual RSPO Internal Consultative Assessment by the PSD. Seen the assessment covers requirements such as Fire Services (Fire Certificate) Regulations 2001, Occupational Safety and health Act 1994, Environmental Quality Act 1974, Factories, and Machinery (Safety, Health, and Welfare), Factories and Machinery (Noise Exposure) Regulations 1989, etc.		
Status:		Ok
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.		
The identification of changes is the responsibility of PSD in HQ whom shall notify in written to the estate representatives of the changes which normally directs to Chief Clerk. It then the PIC to delegate the information within the related estate staff. As for the issues concerning to environment and OHS, it is the responsibility of EHS unit [under the arm of PSD] to update and implement the changes. For the issues related to foreign workers, the Worker Management Unit will liase with respective sites. The HR team co-ordinates on wages concern issues with all operating units.		
Status:		Ok
4.3.2 Criterion 2: Land use rights		
4.3.2.1 Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.		
The mill is located in Setiu, Terengganu district which an approximately 75km from Kuala Terengganu. The mill started operation in 1991 with land area of 10 Ha. The mill's processing capacity is 40 MT/Hr.		
Status:		Ok
4.3.2.2 Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.		
Sighted Hak Milik No. 941 dated on 27 June 2012 for area 104,200 m ² valid until 18 February 2061 with Cukai Tahunan RM 12,504.00. Sighted the "Cukai Tanah Hulu Setiu (04)" for FPSB Chalok with area 104,200 m ² year of 2018.		
Status:		Ok
4.3.2.3 Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.		
The mill perimeter found fenced from illegal entrance by outsiders. The mill has no plan of extension of operational area.		
Status:		Ok

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).		
There are no communities nor individual has any implications for the legal status of their land.		
	Status:	Ok
4.3.3 Criterion 3: Customary land 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.		
There are no communities nor individual has any implications for the legal status of their land.		
	Status:	NA
4.3.3.2 Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.		
There was no traces of communities nor individual implications for the legal status of their land or have been disputes.		
	Status:	NA
4.3.3.3 Indicator 3: Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.		
No negotiation process involved.		
	Status:	NA
4.4 PRINCIPLE 4 : SOCIAL RESPONSIBILITY, HEALTH, SAFETY AND EMPLOYMENT CONDITION		
4.4.1 Criterion 1: Social impact assessment (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>Procedure FGV/ML-1A/L2-Pr21 - In- House Social Impact Assessment (SIA) dated 01/06/16. Latest SIA done on 17/05/18. The purpose of this study is to measure and to understand both positive and negative social impacts resulting from the mill operation or activities. Management had developed management plan to promote positive impacts and mitigate negative impacts resulting from the feedbacks received. The SIA is plan to be review annually as per required in the SOP. The negative impact categorized as emergency [to be respond within 6 months], short term [to be respond within 1 year], midterm [to be respond within 6 months – 1 year] and long term [to be respond within 2 years].</p> <p>Sighted the recent internal SIA was conducted by the Muhd Yusuf Salbani and Muhd Shafiq Ariffin from PSD through formal interview with sampled 16 mill's staff and workers. Based on the report, awareness on MSPO lacking, proper ventilation needed at canteen, cow intrusion into mill's compound, water supply interruption during mill maintenance and etc. Appropriate measures are in place by mill management in responding to the negative comments.</p>		
	Status:	Ok
4.4.2 Criterion 2: Complaints and grievances		
4.4.2.1 Indicator 1: A system for dealing with complaints and grievances shall be established and documented.		
<p>The mill is maintaining a SOP No. FGV/ML-1A/L2-Pr12 for Communication/Engagement/Negotiation as the consultation and communication procedures to relevant stakeholders. The SOP has outlined the context of request & response, consultation & communication, and complaint & grievance. There are evidences available that the SOP been communicated through training programs. Seen the Stakeholders Log Book for mill and at during verification time, no negative complaints made by internal/external stakeholders. Its more to request and response from workers, such as request to repair the roofing - leaking.</p>		
	Status:	Ok

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.		
The procedure also indicates the time line for responding in FGV/ML-1A/L2-Pr12 [point 6.2.3] where the process of receiving and executing actions for complaint & grievances received consist in preliminary, stage 1 and stage 2.		
	Status:	Ok
4.4.2.3 Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints		
Seen there is a complaint box affixed at entrance to the office. There are empty forms attached to the box. The admin staff will collect any filled forms on daily basis. As at audit date, there was no written form found as an evidence of stakeholder feedbacks, request or complaints. Verified the visiting logbook of DOSH which their last visit dated on 10/07/18 with no major findings. DOE routine visit dated on 19/03/18 commented on the smoke emission and CEMS.		
	Status:	Ok
4.4.2.4 Indicator 4: Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.		
It was confirmed during the interview with workers and stakeholders (contractor and school teacher) that they have been aware and understand to the complaint and grievance mechanism, including the personal in charge to handle the complaint and timeframe for responding. During the external stakeholder meeting on 09/07/18, sufficient briefing on complaint flow made. This was verified during stakeholder consultation, whereby all the attended stakeholders [JAS, JPS, JKS, Village Head and Contractors] agrees the company provides information either through WhatsApp portal or during annual stakeholder meeting. Those attended acknowledged circulation of memo also received as part of communication in regards of MSPO.		
	Status:	Ok
4.4.2.5 Indicator 5: Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.		
Seen the internal and external stakeholders log book for estate. At this moments, no negative complaints made by either party in the last 24 months. Its more to request and response from them for household maintenance which the estate management responded timely. Interview with mill workers revealed, the management has always responded timely on their request.		
	Status:	Ok
4.4.3 Criterion 3: Commitment to contribute to local sustainable development		
4.4.3.1 Indicator 1: Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.		
There was no significant contribution either monetary nor infrastructure by the mill for the local's sustainable development. This is possibly due to the location of the mill which surrounded by FGV and/or FELDA managing plantations. Generally, the local communities request for assistants through means of meeting, such as Friday prayers which normally not recorded by certificate holders. However, sighted the mill management has contributed financial assistance to their workers during festive seasons and sports events, such as volleyball tournament on 18/04/18.		
	Status:	Ok
4.4.4 Criterion 4: Employees safety and health		
4.4.4.1 Indicator 1: An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.		
Mill has occupational safety and health policy that contained on "Dasar Kualiti, Keselamatan Kesihatan Pekerjaan dan Alam Sekitar" date of revision 1 February 2017, signed by Ketua Pegawai Executive, FELDA Palm Industries Sdn Bhd. The policy is written in Bahasa, which stated that FGV(P) committed to delivering value to our stakeholders by operating in a sustainable and environmentally manner. Mill has shown evidence that the policy has been socialized to the workers with the attendance list on May 27, 2018 to all workers. Based on interviews with workers, it is known that there is safety briefing that explain about the OSH policy.		

The mill shows the OHS Program of 2018, which describes the plan as work safety and health training, checking station every month, safety checklist every 3 months, conduct a medical checkup once a year, firefighting training and OSH meetings every 3 months. The mill can show the realization of the OSH program, among others are health checks conducted in December 2017 to 10 workers that exposure by chemical and audiometry test in January 2018 to 36 workers, First Aid Training and Fire Drill and OSH meetings conducted every 3 months.

Status:
Ok

4.4.4.2 Indicator 2: The occupational safety and health plan shall cover the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:
 - i) all employees involved are adequately trained on safe working practices; and
 - ii) all precautions attached to products should be properly observed and applied.
- 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 assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- 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
- f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.
- g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals

Mill has had occupational safety and health policy that contained on "Dasar Kualiti, Keselamatan Kesihatan Pekerjaan dan Alam Sekitar" date of revision 1 February 2017, signed by Ketua Pegawai Executive of Felda Palm Industries Sdn Bhd. Mill has shown evidence that the policy has been socialized to the workers with the attendance list on May 27, 2018 to all workers. Mill showed HIRADC describing risk assessment for each type of operational activity reviewed on 16 February 2018.

Based on the field visit it was found that workers have been given PPE according to risk assessment for example in boiler it was known that workers had been given PPE in the form of ear muff, helmet, boots, glove. The recording of PPE is stated in the document "Rekod Penyerahan dan Pemulangan Peralatan PPE" for each worker such as Zulkifli has been given long gloves on March 24, 2018 and ear muff on March 10, 2018.

Mill can show the Training Programme for Workers and Contractors describing the training schedule for example, Station Operation Training to workers every 6 months, training of hazardous waste management to workshop workers once a year, chemical management training every 6 months and training for contractors related to the Safety General Regulations every 6 months.

The mill shows evidence of training for safety, for example on safety training to contractors on 03 July 2018 to 2 worker contractors, safety training to 3 electricians on June 26, 2018, safety control cages training to 15 workers on March 20, 2018 and chemical management training to 12 workers on 22 August 2017.

Based on the results of field visits to chemical warehouse, it is known that there are label and sign according to the regulation. In addition, the mill also showed a Health Check conducted in December 2017 for 10 workers that exposure by chemicals and audiometry tests in January 2018 to 36 workers.

There are 10 workers with audiometric results under the standard, the mill showed a letter on July 17, 2018 related to the re-arrangement of audiometric test. The mill already has an OSH Organizational Structural. The making of the organization has included the Manager, Secretary, 9 Representative of Workers and 9 Representative of Management. There is a Letter from the Manager of Chalok Mill letter no. (04) General QOHSE and (05) General QOHSE dated 01 January 2018 which describes the inauguration of the organization Occupational Safety and Health.

OSH meeting activities have been conducted regularly every 3 months. The last meeting took place on May 03, 2018 and there was a Minutes of OSH Meeting attended by 17 participants (Managers, Secretary, employer and employee representatives) discussing reporting, HIRADC, workplace inspections, emergency response checks, complaints related to OSH.

Mill shows evidence that it has provided an overview of accident and emergency training, such as the Fire Fighting training on February 4, 2018 to 52 workers and first aid training on December 2 to 3, 2017 to 14 Mill workers including the operational section. Based on interviews with boiler operators it is known that workers have been able to explain how to handle first aid. In the boiler is also known to have available a first aid kit. The Mill shows the List of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Diseases (JKKP 8) of the 2017 period reported on 03 January 2018 explaining that in 2017 there were no accidents.

OBS

Mill management is encourage to make sure that follow up towards audiometric test result has carried out as scheduled.

Status: Comply

Obs

4.4.5 Criterion 5: 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.

Mill has policy of human right, issued dated 01 June 2014 and Signed by the President & CEO of FGV Mohammed Emir Mavani Abdullah. The policy highlights the company's commitment to support human rights. In order to the realization of the policy, FGV is committed to take into consideration the human rights requirements in structuring its manual, procedures, and other company's policies. In addition, FGV shall always continue to participate in various efforts to support and also participate in various activities to promote corporate responsibilities in order to honors human rights. The policy is communicated to the worker by placing it on the Police Sustainability notice board.

Status:

Ok

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.

Mill has a "Polisi Kesenjangan Peluang" issued on 01 June 2014 that signed by President & CEO of FGV Mohammed Emir Mavani Abdullah. FGV group will ensure that all workers and those applying for work shall, receive equal treatment and shall not participate or support any type of discrimination based on race, nationality, religion, disability, sex, age, sexual attraction, union members and political beliefs. Based on the interview with the workers, no issues found regarding to the discriminatory and social issues at the mill operation.

Status:

Ok

4.4.5.3 Indicator 3: Management shall ensure that employees' pay, and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage

Rate of wages for local and contract/foreign workers under FGVP(M) Sdn Bhd shall use the latest payment scheme under "Buku Panduan Kadar Upah Kerja Ladang Bil 5/2017" Minimum wage of RM 1,000 per month for Peninsular Malaysia. The determination is not less RM 1000 per month for Peninsular Malaysia which approved by head of the palm oil cluster and Felda Global Ventures Plantation (M) Sdn Bhd Chief Executive Officer. Verified the payslip of mill workers for Feb'18 and Apr'18 with no workers received pay less than RM 1000, except those absent from scheduled work. Those workers on approved leave sighted with minimum wage of RM1000/- per month.

Status:

Ok

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 FGV Chalok Complex (including Chalok Mill) has conducted stakeholders meeting including the contractors on 18 June 2018 which explaining about all policy in the Mill including MSPO Policy and MSPO requirement including the payment to the worker. Based on interview with contractor (Koperasi Felda Chalok Rahmat), is explained that the contractor workers has been paid with legal minimum standard (RM 1,000).		
	Status:	Ok
4.4.5.5 Indicator 5: The management shall establish records that provide an accurate overview 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.		
Mill shows a list of worker's period June 2018 with total workers are 84. All workers are local workers. In the document stated the name of the worker, position, ID, gender, date of birth, date of work entry and the period of employment.		
	Status:	Ok
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 shall be made available for each and every employee indicated in the employment records.		
The employment contract is listed in the Job Offer Letter document, e.g. Letter No. (5184) 010/HQ/840A/10pt.Vi/W/01/141 dated February 26, 2018 to Hilmi bin Mohamad. In the letter there is an explanation of position, date of entry, salary, explanation of probation and statement of acceptance approval from the employee against the job offer. Based on interviews with workers, it is explained that when entering work there is a work offer letter that must be approved by the worker.		
	Status:	Ok
4.4.5.7 Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.		
Time recording is done by using a "Punch Card" which records the hours of entry and return of workers. For overtime recording has been done on "Borang Arahan/Kebenaran Lebih Masa, Kerja pada Cuti Rehat dan Kerja Pada Hari Cuti Umum" which describes overtime hours and details of work. The document is made for each worker and signed by worker every day which works overtime.		
	Status:	Ok
4.4.5.8 Indicator 8: The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.		
The working hours and breaks for the workers in the mill arranged in the document of "Perjanjian Bersama Antara Felda Palm Industries Sdn. Bhd & Kesatuan Pekerja-Pekerja PFISB Semenanjung (01/01/ – 30/12/18)" which explains that working hours are 8 hours in 6 days/week. For overtime recording has been done on "Borang Arahan/Kebenaran Lebih Masa, Kerja pada Cuti Rehat dan Kerja Pada Hari Cuti Umum" which describes overtime hours and details of work. The document is made for each worker and signed by worker every day which works overtime. It is known that all overtime work is known and approved by the worker.		
For overtime calculations, the mill shows the document "Borang Tuntutan Bayaran Kerja Lebih Masa pada Hari Biasa, Cuti Rehat dan Cuti Umum". The calculations performed have been in accordance with the regulation, such as Overtime on behalf of Zabidi Bin Yusoff period June 2018 there is 13 hours' overtime with an hour wages are RM 20.60 with a multiplier of 1.5. The total wage of overtime is RM 401.70. this has been in accordance with the pay slip of an Zabidi Bin Yusoff for the period of June 2018. Based on interviews with grading workers, it is known that workers already know the calculations and overtime work time.		
	Status:	Ok
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.		
Mill shows Pay slip which describes the income component consisting of basic salary, SOCSO payment from the company, Project Incentive Pay, Overtime Pay, Professional Certificate Payment, section chief allowance and deductions component consisting of SOCSO, Family Insurance, Unions Dues, loans of Worker Cooperatives, electricity and water.		

Based on document review of payroll slip on June 2018, it is known that the pay is above the wage (RM 1,000), e.g. Zamri bin Daud with basic salary RM 1,815; allowance SOCSO RM 53.35; allowance RM 26.30; Pension Allowance RM 318; Project incentive RM 120; overtime payment RM 675.25; deductions RM 818.90. Based on interviews with workers and worker representatives, it is known that there is no problem in wages and has been accordance with the regulations.		
Status:		Ok
4.4.5.10 Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings		
Sighted from the pay slip, bonus pay for working during holidays and weekend, water supply to the housing area, medical for the workers [include medical examination at qualified hospital or medical assistant made by the mill, free accommodation for the workers, festival token for the workers (Hari Raya, Deepavali), foreign workers compensation scheme (FWCS-as at audit date there is no foreign workers employed), bearing the cost of return to own country in the event death, bearing the cost of return back to the country once the fixed term expired, 13 days annual leave and transportation and PPE Provided by the management.		
Status:		Ok
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.		
The company showed a housing layout showing 55 house for workers. Based on interview with mill workers, the mill has provided public facilities such as workers housing - 3 rooms including a kitchen and a bathroom, Mosque, a government clinic, sundry shops owned by local communities and etc. The power source comes from government (TNB); the water source is from Syarikat Air Terengganu [SATU]. Based on the site visit, mill workers are placed in a centralized compound with estate workers. Sighted from the visit adequate basic amenities such as electricity and clean water supply. The maintenance of the house had been done as a request basis and domestic waste had been collected twice a week. There is also nearby shop for the workers and staff to shop on groceries.		
Status:		Ok
4.4.5.12 Indicator 12: The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.		
Sighted a published policy in Bahasa Melayu on sexual harassment and violence as well as the policy for reproductive rights, those documents were signed by the President & CEO FGV on 01/06/14. Mill has been formed the gender committee on 14 May 2018 to handle any complaint and grievance in associate with gender issues including but not limited to sexual harassment and reproductive.		
Status:		Ok
4.4.5.13 Indicator 13: The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or 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 Mill showed a policy of freedom of speech and membership policy approved by the FGV President & CEO dated 01/06/14. FGV gives the right to freedom of speech (in accordance with the law) and does not prevent individuals from joining unions or other registered unions and obtaining the existing FGV approval within the FGV group. Mill shows a list of members of the "Kesatuan Pekerja-Pekerja FPSIB Chalok Mill" with a total of 70 workers. In addition, there is a Minutes of Meeting from the "Kesatuan Pekerja-Pekerja FPSIB Chalok Mill" last done on 05 May 2018		
Status:		Ok
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.		
The Mill shows a policy on child labor approved by President Director & CEO of FGV dated 01/06/14. The FGV group does not allow individuals below 18 years to work under current law. Based on mill worker's list for period July 18, there are no workers under 18 years. Based on field observation, there are no indication using the worker under 18 years.		
Status:		Ok

4.4.6 Criterion 6: Training and competency		
4.4.6.1 Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.		
<p>Mill can show the Training Programme for Workers and Contractors on 2018 describing the training schedule for example:</p> <ul style="list-style-type: none"> • Station Operation Training to workers every 6 months • Training of hazardous waste management to workshop workers once a year • Chemical management training every 6 months • Training for contractors related to the Safety General Regulations every 6 months <p>The mill shows evidence of training for safety, for example:</p> <ul style="list-style-type: none"> • Safety training to contractors on 03 July 2018 to 2 worker contractors • Safety training to 3 electricians on June 26, 2018 • Safety control cages training to 15 workers on March 20, 2018 • Chemical management training to 12 workers on 22 August 2017 		
	Status:	Ok
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.		
Based on interviews with boiler workers, it is known that workers have received training related to boiler procedure and can explain how safe work on the boiler station. Sighted the Training Matrix Analysis, whereby training requirements within 2 years for 18 identified individuals.		
	Status:	Ok
4.4.6.3 Indicator 3: A continuous training programme shall 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		
Mill can show that the training program is done continuously. It is shown that the company has training programs in 2017 and 2018. In addition, there are training activities conducted in 2017 and 2018, for example Safety control cages training on March 20, 2018 and chemical management training on August 22, 2017.		
	Status:	Ok
4.5 PRINCIPLE 5: ENVIRONMENT, NATURAL RESOURCES, BIODIVERSITY AND ECOSYSTEM SERVICES		
4.5.1 Criterion 1: Environmental management plan		
4.5.1.1 Indicator 1: An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.		
KKS Chalok had updated an Environmental Aspect and Impact Register for year 2018. Relevant processes covered in the aspect and impact assessment. Sighted the form in form of Aspect and Impact environment and impact assessment for, FPI/L4/QOHSE – 1.7 amendment no. 2 that comprise all the workstation such as shredder and bunch press, weighbridge, grading FFB, loading ramp, sterilizer, crane threshing and press and etc. The mill had developed a SOPs for emergency (emergency preparedness and responses)-no document FPI / L2 QOHSE potential emergency classified into emergency potential , inspection manual, frequency and peoples in charge of the emergency situation.		
	Status:	Ok
4.5.1.2 Indicator 2: The environmental management plan shall cover the following:		
<ul style="list-style-type: none"> a) An environmental policy and objectives b) The aspects and impacts analysis of all operations. 		
Monitoring and measuring performed for management program on regular basis. Monitoring report for final discharge point BOD reading observed for year 2017 and updated. All BOD & SS results showed within permissible limit. Action plan for mill reviewed and the progress was in line with planning. Sighted at the mill environmental management plan in place and been reviewed yearly referring to report of aspect impact through waste disposal. Sighted a file titled as "RSPO 2017 criteria 5.1/5.3/5.6" dated 13/11/17 with a management plan to reduce the impact on environment through the mill activities. Example: soil pollution – empty chemical container – action to collect the empty container and record in the collection storage – triple rinse and recorded.		

Sighted on "Lampiran 4" the criteria aspect/impact that will monitor the frequency of incident, severity and risk assessment by the management unit. This has been categorized as frequency [daily, weekly, monthly], severity [early, intermediated, heavy], risk assessed [level 1 & level 2], severe [preparation of objective & management program] and non-severe [lessen on the pollution and determination of control].		
	Status:	Ok
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 company had made a procedure by FGV document number FGV/ML-1A/L2 – Pr. 1 issued number effective date on 1 st June 2016 that include scope, definition, procedure of identification aspect and impact of environment, identification and assessment of aspect and impact environment, and registration of aspect impact environment. Sighted the procedure of identification environment aspect impact, monitoring of aspect impact and environment. Sighted the aspect impact identification had been made into the form that comprise on activity, product/ service → type of operation → input including water , energy resources, → volume discharge → output to land , water, and air → impact including past and potential incidence → evaluation criteria : legal, scale, severity, probability , change, damage, interested parties, public , total score , significance effect. Sighted the identification of Environmental Aspect and evaluation of Significance form no FPI/L4/QOHSE 1.7 amendment 1.		
	Status:	Ok
4.5.1.4 Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.		
Sighted the continual improvement plan on Borang "Objektif Kualiti Keselamatan Kesihatan Pekerjaan dan Alam Sekitar", number FPI L4/QOHSE – 3.1 Pind 0 the include in objective statement, such as to achieve BOD below 100 mg/l dan suspended solids below 250 mg/l, water usage below 1.20 Mt / tan FFB and to increase awareness amongst the workers. The mill has procedures on emergency preparedness and responses)-no dokumen FPI / L2. Sampled of effluent discharge into water course ,bund pond leakage, and water pipe effluent leaked – daily inspection and monitoring of effluent pond → laboratory. Another sampled was if overflow in diesel storage, storage of used lubricating oils, lubricant stores - checks and notes in logs - once a month - foreman, chief clerk. Sighted the monitoring of water result analysis for the river and water course, monsoon drain (monthly) and POME final discharge as per part of continual improvement of KKS Chalok.		
	Status:	Ok
4.5.1.5 Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.		
Training programs for officers / contractors for period 2018 such as technical and OHS training for loading ramp workers, sterilizer workers, press workers, kernel workers, mechanical, and others; supply chain training for mill workers, MSPO awareness training, environmental training, and others. Training records for the period 2017-2018 such as; training and socialization of MSPO policy, Introduction for Foreign workers, chemical training, training the poison ban in buffer zone area, OHS training and others.		
	Status:	Ok
4.5.1.6 Indicator 6: Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.		
Sighted the environmental meeting has been done on 05/03/18, minutes meeting with head department of environmental. Sighted the meeting had been done together with safety meeting, maintenance of mill operation, safety on the mill operation. On the other hands the mill workers had been advised to clean the area, waste collection as per schedule, black smoke emission under Ringleman chart 2, condition on BOD under control in the mill and effluent pond bund well-constructed. Sighted the action had been taken with person in charge.		
	Status:	Ok

4.5.2 Criterion 2: 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 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.		
Several strategy which already implemented by mill are monitoring of fuel consumption, utilizing by-products (kernel and fiber) as source of energy (fossil fuel substitute) for the boiler operation. Based on the document verification, the nonrenewable energy especially diesel usage for the machineries inside the mill had been recorded including usage form month of January 2018 – June 2018 [January: 23,078.00 Liters, February: 10,875.00 Liters, March: 8,655.00 Liters, April: 9,166 liters, May: 9972.00 Liters and June: 9,336.00 Liters].		
	Status:	Ok
4.5.2.2 Indicator 2: Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.		
The mill had a report on usage of diesel according to station for KKS Chalok. Sighted the record on month June 2018 that include usage of each machinery:		
<ul style="list-style-type: none"> i) Shovel No. 1 (W120) ii) shovel No. 2 (W180) iii) shovel No. 3 iv) Prime Mover 1 (CASE 3) v) Prime Mover 2 (BOBCAT 220) vi) Prime Mover 3 (BOBCAT 630) vii) Mill genset 		
Sighted the shell and fibre form month of June 2018 that comprise into dates, some weeks		
<ul style="list-style-type: none"> i) Week 1 June 2018 = 2308 Litres ii) Week 2 June 2018 = 51943 litres iii) Week 3 June 2018 = 1679 Litres iv) Week 4 June 2018 = 2980 Litres 		
Sighted the total of litres for month June 2018 = 9336 litres.		
	Status:	Ok
4.5.2.3 Indicator 3: The use of renewable energy should be applied where possible.		
Biogas had been installed in Chalok Mill however the biogas has not been operated since 2006 that include the operation from the mixing pond → holding tank → reactor tank no. 1 → reactor Tank no. 2 → Digester tank → facultative pond. The mill had using the flaring method regarding the biogas methane capture to reduce the BOD at the final discharge. Sighted also the record of mass balance for fiber and shell at the mill that has been recorded. Sighted the record book on flowmeter feeding to reactor that had been daily recorded, before and after reading. Record of flowmeter gas to flare had also been recorded for month of July 2018 (daily recorded – last record on 16 th July 2018 , before 65138, after 67338 – diff 2200 MT).		
	Status:	Ok
4.5.3 Criterion 3: Waste management and disposal		
4.5.3.1 Indicator 1g: All waste products and sources of pollution shall be identified and documented.		
Sighted the identification of source and type of scheduled waste in the mill and non-schedule waste classified as scheduled waste – operation in mill [used PPE – land, air water pollution, spent chemical container / spent paint container, spent hydraulic / filter, used lamp & electronic waste and battery – from vehicles and mill]. The non-scheduled waste [tire, scrap iron, wood, paper / plastic / glass / cotton rags / aluminum, domestic waste and etc. Sighted the inventory made by the mill for Month June 2018 that include scheduled waste items:		
<ul style="list-style-type: none"> i) SW 102 – spent battery acid Plumbum = 0.00 ii) SW 305 – Spent Lubricant Oil = 0.00 iii) SW 306 – Spent Hydraulic Oil = 0.00 iv) SW 410 – Spent Rags = 0.100 v) SW 410 - Spent Filters = 0.00 		

Major Non Conformity Not all waste products and sources of pollution had been identified and documented. Based on the document verification and observation at KKS Chalok, it was found that the items below were not identified as per Environmental Quality Act Scheduled Waste Regulation 2005: <ul style="list-style-type: none"> Spent Isopropanol Alcohol, and Hexane used in the laboratory Spent contaminated lubricant container and Chemical container found at the Schedule waste store area Availability of Spent Filters at Scheduled waste store has been not updated in inventory 		
Status: Non Conformity Major		Major
4.5.3.2 Indicator 2: A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for: <ol style="list-style-type: none"> Identifying and monitoring sources of waste and pollution. Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. 		
Waste management program observed with disposal of scheduled waste to licensed collector and proper scheduled waste store had been made in waste management plan of mill. Sighted the source of pollution from mill activities: dark smoke → pome → waste oil → paper → electronic waste → domestic waste → action plan. Waste management so domestic waste and disposal for year 2018 that include of the mill operation → Sarung tangan/ tayar/ besi buruk → recording the gloves / latihan pengurusan sisa domestic dan bahan buangan kepada petugas dan pekerja → mengajurkan program keceriaan → dikumpulkan dan dijual kepada kontraktor berdaftar. --> Pelan pengurusan sisa domestic dan Bahan Buangan from January to December 2018 → Pegawai bertanggung jawab.		
Observation Consideration for the mill to improve the lubricant store and scheduled waste area for bund installation. Consideration to improve the management of monsoon drain in the mill		
Status:		Obs
4.5.3.3 Indicator 3: The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.		
Sighted the mill's SOP for the schedule waste "Procedure Pengendalian Bahan Buangan Terjadual" reference FPI / L2 / QOHSE – 9.0 -dated 15 th September 2014 FPSB that include objective, scope of procedure, responsibility, reference, procedure, handling and disposal of scheduled waste (empty drums), handling of scheduled waste using pump and the storage area of scheduled waste as per Director General requirement. Sighted the manual procedure include details procedure: <ol style="list-style-type: none"> 6.1: identification and separation of waste material 6.2: recycling of waste material and reused 6.3: information regarding the new inventory on scheduled waste 6.4: labelling of scheduled waste procedure according to DOE Regulation Scheduled waste 6.5: handling and storage of schedule waste: Manual Operation FPI / L3 / 15-19 / L3 15-23 6.6: scheduled waste inventory 6.7: transportation of waste: Manual Operation FPI /L3 / 15-19 ke FPI / L3 / 15-23 		
Sighted the consignment note for KKS Chalok dated 15 th march 2018 of SW 305 – spent lubricating oil, 0.2 MT. Sighted the consignment notes for SW 306 – spent hydraulic Oil 0.017 MT to Rengkas Maju Sdn Bhd dated 15/03/18.		
Status:		Ok
4.5.3.4 Indicator 4: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.		
Sighted the record of domestic waste disposal on Month of June 2018 (plate TAQ 4230) had been recorded on Saturday and Tuesday of each week. The collection had been done by contractor Mr. Mohd Noor Bin Mohamad [No. 148 Felda Chalok Setiu Terengganu] based on DO Number 1813 servicing [to provide the workers, material and tool for waste collection and disposal for Chalok POM and Housing area month of June 2018]. As per record of waste in the mill, the mill had made a daily record of shovel collection inside the mill based on circular dated 17 th January 2018 approved by Manager.		
Status:		Ok

4.5.4 Criterion 4: Reduction of pollution and emission including greenhouse gas		
4.5.4.1 Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.		
<p>Mill management unit has identified GHG emission sources, as well as its mitigation plan which issued by manager, presented as follows:</p> <ul style="list-style-type: none"> • <u>Mitigation Plan:</u> monitoring, recording and analysis of diesel consumption for FFB transportation, reduction of chemical uses (liter), domestic waste management on monthly bases, waste separation (organic and non-organic) and no burning in waste management, paperless implementation (rim/month), recording on recycle (kg/month) and training to the respective worker. • <u>Mill Sources:</u> Boiler, uses of electricity, uses of Diesel, uses of Lubricant, final discharge, effluent treatment plant, composting and empty fruit bunches. • <u>Mitigation:</u> Monitoring and control of emission through maintenance, reduction of electricity consumption, reduction of diesel consumption, reduction of lubricant consumption, land application and EFB mulching. 		
	Status:	Ok
4.5.4.2 Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.		
<p>The mill had made a procedure by FGV document number FGV/ML-1A/L2 – Pr. 1 issued number effective date on 1st June 2016 that include scope, definition, procedure of identification aspect and impact of environment, identification and assessment of aspect and impact environment, and registration of aspect impact environment. Sighted the procedure of identification environment aspect impact, monitoring of aspect impact and environment. The flow summarized as verified by mill manager → identification aspect impact → chemical usage, natural resource utilization → normal → working procedure manual operation of palm oil sustainability → severe / non-severe – action by and suggestion of action → assistant manager.</p>		
	Status:	Ok
4.5.4.3 Indicator 3: Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.		
<p>Sighted the permit f effluent discharge licensed number 004049 validity form 1st July 2018 until 30th June 2019 for palm oil effluent at Kilang Sawit Felda Chalok that maximum processing capacity = 40 Mt / hr. Sighted the requirement of for Final Discharge:</p> <ul style="list-style-type: none"> i) BOD requirement 3days not More than 100mg/l ii) Suspended solid less than 400 mg/l iii) Oil and grease not less than 50 mg/l iv) Ammoniacal nitrogen not more than 50 mg/l v) Total nitrogen less than 200 mg/l vi) PH not less than 5.0 and more than 9.0 vii) Temperature not more than 45 degrees. <p>Sighted the regulation related to “Jadual Pematuhan” as followed:</p> <ul style="list-style-type: none"> • Air Pollution Management: CEMS to be installed into DOE and being monitored all the time • Palm Oil Empty Fruit Bunch Management: location of EFB Storage should be more than 100 m from nearest water courses • Storage capacity to kept EFB for More than 14 days • Leachate from EFB should be channeled into Effluent Pond • EFB Open Burning are not allowable at all cases • EFB disposal should be made in 14 days after kept and as per regulation • Schedule of EFB Disposal should be made and send to DOE state every month • To have a competent person (CEPPOME) to handle the mill effluent a, pollution air and schedule waste. 		
	Status:	Ok

4.5.5 Criterion 5: 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:

- Assessment of water usage and sources of supply.
- Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
- 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.).
- 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.
- Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
- Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

The mill had developed water management plan for year 2018 for KKS Chalok. Sighted the water management plan for year 2018 June that include the management in the mill - identification of water sources → river, efficiency usage of water – nil, identification of renewable sources, monsoon drain clogged the action plan - cleaning up the drain / sump - responsible person – management of mill, noted to be taken – SPK wilayah. E.g. : Sungei → no sampling record → river water contaminated → no water quality monitoring → river water periodically done → by mill management according to person in charge. Sighted the plan had been verified by assistant manager of the mill. sighted also the management plan for Chalok Mill that outlined the problem : No water resources at the housing mill area → action plan contacting the water state management to get the lorries for water supply → sighted water concession state numbers available at the information area (SATU – Syarikat Air Terengganu).

Status:

Ok

4.5.5.2 Indicator 2: Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.

KKS Chalok had developed a conventional system pond for POME treatment that will phased out the effluent in the mill. Sighted the flow diagram of effluent treatment which include Sterilizer and Sludge trap → Condensate Sump → cooling pond → 2 Mixing Pond → 4 Anaerobic Pond → intermediate sump → 2 Facultative pond → 2 algae Pond A1 → 2 Algae Pond B2 → Bio polishing Plant → final Discharge. Based on the evident of finals discharge that being submitted to DOE, sighted that the analysis on final discharge is in accordance to the national regulation of Malaysia. The mill also had installed the biogas plant that will capture the methane and flaring it. There are also the extraction of POME from Mixing Pond and send to holding tank before transfer o reactor 1, reactor 2 and digester tank before send to the facultative pond.

Status:

Ok

4.5.5.3 Indicator 3: Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.

Sighted the JP – regulation DOE license regarding the POME discharge limits to water course not more than 100 Mg/ l as per regulation. The mill had taken the final discharge of POME Result every month as per details:

Sample taken and dates	PH	BOD 3	COD	TS	TSS	Oil and Grease	Ammoniacal Nitrogen	Total Nitrogen
6 th June 2018 - Final Discharge	8.12	33	246	1392	90	5	20	38
16 th May 2018- Final discharge	8.82	31	215	1306	62	6	8	26
16 th April 2018-Final discharge	9.42	30	300	1248	68	2	12	31
30 th April 2018-Final Discharge	8.60	32	297	1417	108	3	6	13
6 th June 2018-Air Hulu Anak Sungai Tarom	7.28	-	273	-	394	-	7	-
6 th June 2018- Air Hilir Anak Sungai Tarom	7.31	-	104	-	60	-	3	-
20 th June 2018								

Air Longkang Pejabat, Air	12	96	-	5	-	-	-
Longkang Workshop, Air	13	110	-	41	-	-	-
Longkang Loading Ramp, Air	14	98	-	18	-	-	-
Longkang Kernel Store	11	84	-	11	-	-	-
Sighted the mill had done the water result analysis for POME final discharge at pond no 8 to water courses. Based on the result sighted from laboratory Felda Agriculture Services Laboratory, no surpassed the limits as per required from Jadual Pematuhan (DOE License)							
Status:							Ok
4.6 PRINCIPLE 6: BEST PRACTICES							
4.6.1 Criterion 1: Mill management							
4.6.1.1 Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.							
Sighted the master copy of manual operation of KKS Chalok dated 02/01/01 that include all the operation based on document FPI /L3 / 1-01 until FPI L3/16-01 that comprise form weighbridge, security, CCTV, grading FFB in Mill, Operational mill [sterilizing, threshing, FFB into Cage, tipper operation, transfer carriage, FFB Conveyor handling, releasing fruits from bunch,] and all the operation include in direct mill and details out of it. Sighted 141 list of the operation in total. Based on the field visit in the mill, storage area, weighbridge and mill operation, the SOP are adequately implemented throughout the process.							
Status:							Ok
4.6.1.2 Indicator 2: All palm oil mills shall implement best practices.							
The mill seen appropriately implementing the best practices throughout the operation based on the standard operating procedure of the mill. The mill procedures and manual for operating the mill in form of:							
1. Manual Operasi Kilang Sawit which implement from 02/01/01 (revised on 19/02/16) in documents clear number identified for example operation from FFB receipt until CPO sell.							
2. Manual Operasi Makmal for laboratory since January 2001:							
a) Sample tacking - 14 activities in documents number from FPI/L3/14-01-01 until FPI/L3/14-01-14							
b) laboratory use tools - in documents number from FPI/L3/14-02-01 until FPI/L3/14-02-15							
c) Chemical material provision - in documents number from FPI/L3/14-03-01 until FPI/L3/14-03-17							
Calibration - in documents number from FPI/L3/14-04-01 until FPI/L3/14-04-15							
Status:							Ok
4.6.2 Criterion 2: Economic and financial viability plan							
4.6.2.1 Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.							
Chalok Mill and its supply base has made long term work plan for 2019 – 2023. It consists estimation data of FFB projection, prices per ton, revenue, operating cost, total cost and profit. The document also equipped with 10 years' production backward, hectare statement, yield, OER/KER and CPO/PK projection. Based on interview with manager known there is no land expansion plan or mill capacity extension as at audit date.							
Sighted the form of summary budget application for year 2019 – Summary productivity from 2019 – 2023 that include the budget for:							
i) Productivity summary, cost summary							
ii) Processing cost: overtime cost / materials transporting / utilities / rental / maintenance and repair / safety / packaging workers contract / disposal of EFB							
iii) Servicing: chemical / packaging waste / elasticity / fuel							
iv) Supply and services							
v) Management cost							
vi) Value reduction							
Sighted also the productivity summary for Chalok Mill that also include the revenue such as Total BTS Process, OER , CPO, KER, PK , Abu Tandan, Sludge Oil, EFB, Mesocarp Fiber, Decanter cake, Black Soil , Scrap Iron and Kernel Shell had been budgeted from year 2019 until 2023							
Status:							Ok

4.6.3 Criterion 3: 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.		
Daily pricing for FFB is displayed near the weighing bridge. Price A – For FTP, Felda Price B-FGV, and Private Price is set by MPOB.		
	Status: Comply	Ok
4.6.3.2 Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.		
The mill has shown that payments to contractors are fair and transparent. It is shown that every price in the contract of work is done by way of negotiation. For example, a work contract with offer number CLK-3041/2018, there is a document "Pengakuan Rundingan Pemborong" for Thickness test for chimney and boiler made on April 09, 2018 which is explain that the price has been agreed mutually. The document has been signed jointly between the contractor and the mill.		
	Status: Comply	Ok
4.6.4 Criterion 4: Contractor		
4.6.4.1 Indicator 1: In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.		
The FGV Chalok Complex (including Chalok Mill) has conducted stakeholders meeting including the contractors on 18 June 2018 which explaining about all policy in the Mill including MSPO Policy and MSPO requirement.		
	Status: Comply	Ok
4.6.4.2 Indicator 2: The management shall provide evidence of agreed contracts with the contractor.		
The mill has shown evidence that the contract of work has been agreed with the contractor. For example, Contract with No. 3301295735 dated July 9, 2018 related to Thickness test boiler and chimney. The document has been signed by representative the contractor (Kejuruteraan Tahir (M) Sdn. Bhd) and the mill.		
	Status: Comply	Ok
4.6.4.3 Indicator 3: The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.		
The mill was audited by MUTU MSPO auditors with full cooperation from the management units. Sighted audit plan which have been accepted by the Sustainability Manager. All the auditors are MSPO qualified auditors. As agreed, the respective operating units will accept the MUTU MSPO Auditors to verify through a physical inspection if required for audit purposed.		
	Status: Comply	Ok

3.2 Identification of findings, Corrective actions, observations, opportunity for improvement and noteworthy positive components.

3.2.1 Noteworthy Positive Components at Stage-2

No	Description
1	The mill is maintaining 100% safety compliance since June 2017.
2	The sampled workers and management staff has demonstrated good awareness on MSPO requirements.
3	The methane captured from POME being flare through biogas operation.
4	Interviewed with workers revealed the management not discriminating of their workers in any form.

3.2.2 Identification of Non-conformity at Stage-2 – One (1) major, two (2) minor non-conformities were raised.

NCR No.	: MSPO/KKS chalok-01/18-P4	Issued by	: Ebnu
Date Issued	: 19/07/2018	Time Limit	: 19/10/2018
NC Grade	: Major	Date of Closing	: Before certification decision
Standard Ref. & Requirement	4.5.3.1 - Indicator 1 All waste products and sources of pollution shall be identified and documented		
Non-Conformance Description& Evidence observed: Not all waste products and sources of pollution had been identified and documented. Based on the document verification and observation at KKS Chalok, it was found that the items below were not identified as per Environmental Quality Act Scheduled Waste Regulation 2005: <ul style="list-style-type: none">Spent Isopropanol Alcohol, and Hexane used in the laboratorySpent contaminated lubricant container and Chemical container found at the Schedule waste store areaAvailability of Spent Filters at Scheduled waste store has been not updated in inventory			
Root Cause Analysis: 1. There is no person in charge to monitor inventory and register of Scheduled Waste			
Lack of Knowledge from staff to determine and manage scheduled waste disposal.			
Corrective Action: 1. Copy of Scheduled waste that has been registered 2. Training record in handling scheduled waste.			
Preventive Action: 1. Appointed person in charge to monitor inventory and registration of scheduled waste			
Identify and register scheduled waste			
Assessor Evaluation and Conclusion:			

Verified by	:	
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NCR No.	:	MSPO/KKS chalok-02/18-P4	Issued by	:	Mahas
Date Issued	:	19/07/2018	Time Limit	:	1 year
NC Grade	:	Minor	Date of Closing	:	Before next ASA
Standard Ref. & Requirement	:	4.3.1.1 Indicator 1: All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.			
Non-Conformance Description& Evidence observed: During mill visit, sighted the EFB were filled outside of the fencing area that near to water course. This is against the requirement stipulated in Jadual Pematuhan [# 004049] that EFB should be at least 100 meters away from any water course.					
Root Cause Analysis:					
Corrective Action:					
Preventive Action:					
Assessor Evaluation and Conclusion:					
Verified by	:	WILL BE VERIFIED ON THE NEXT ASSESSMENT			

NCR No.	:	MSPO/KKS chalok-03/18-P4	Issued by	:	Mahas
Date Issued	:	19/07/2018	Time Limit	:	1 year
NC Grade	:	Minor	Date of Closing	:	Before next ASA
Standard Ref. & Requirement	:	4.1.3.1 Indicator 1: The management shall periodically review the continuous suitability, adequacy, and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.			
Non-Conformance Description& Evidence observed: Management review meeting was done on 19/02/18 attended by operation & office staff and the mill manager chaired the meeting. However, sighted the management review only covers internal audit findings and environmental aspect & impacts and does not covers the decision on any changes, modification, continuous improvement plan and timeline for the MSPO implementation. Aside, there is no minutes available to demonstrate the evidence of issues discussed were collectively agreed and understand by all participants.					
Root Cause Analysis:					
Corrective Action:					
Preventive Action:					
Assessor Evaluation and Conclusion:					
Verified by	:	WILL BE VERIFIED ON THE NEXT ASSESSMENT			

3.2.3 Opportunity for Improvement (OFI)

No	Ref Std.	Descriptions
1	4.1.4.1	The CIP to be review and be given consideration on social impacts that resulted from SIA and improvement focusing on the non-conformance resulted from internal audit.
2	4.3.1.1	<ul style="list-style-type: none"> Based on the time bound plan for the FPISB, the Chalok POM listed to obtain fire certificate by 2021. The mill management has initiated the Fire Certificate application in Aug. 2014 [Fire Services Act 1988 and Fire Services (Fire Certificate) Regulations 2001. The mill management is currently corresponding with their HQ team for mill fire evacuation layout and nomination of contractors. Wan Mohd. Syahrin [910102-11-5099] has attended the Certified Environmental Professional in Waste Management (CePSWaM) in Nov 2017 and has a timeline until Nov 2018 to submit his FTR [Field Training Report]. The progress will be verifying in next assessment since this is a requirement by Environmental Quality Act 1974 (Act 127), Article 49A. (1) An owner or occupier of a premise shall employ a person who has been certified by the Director General as a competent person to conduct all or any of the following activities (b) the management of schedule wastes.
3	4.4.4.2	Mill is encourage to make sure that follow up towards audiometric test result has carried out as scheduled.
4	4.5.3.2	<ul style="list-style-type: none"> Consideration for the mill to improve the lubricant store and scheduled waste area for bund installation Consideration to improve the management of monsoon drain in the mill

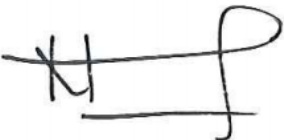

1.4 Summary of Arising Issues from Public, Management, and Auditor Response

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>Contractors of FFB Transport – Koperasi Felda Chalok Rahmat</p> <p>A local contractor had been interviewed during the audit. He had been contract with the FGV estate for ten years and as far from the interview, the payment method, contracting and worker's welfare had been a priority concern of FGV management.</p> <p>The method of payment will be done by online banking and payment been made on monthly basis based on the contract available and invoice issuance. Sighted no complain has been logged in towards the FGV Management and the contractor are satisfied with FGV Management handling the contract.</p> <p>FGV management also giving information to the workers during signing the contract that the workers should obey the company policy, code of conduct and everything had been kept in a booklet send to the contractors and a copy of contract also kept by the contractor. Every single policy and legal requirement are clearly stated in the contract and obeyed by the contractor.</p>	<p>The company will continue to keep a good relation between the contractors and Koperasi Felda Chalok Rahmat and also further engagement will be enhanced from time to time.</p>

<p>FGV Foreign Workers Representative (1 Bangladeshi, 1 Indian and 1 Indonesian) 3 worker's representative had been interviewed in FGV estate Setiu 01. 1 Indian worker, 1 Indonesian workers and 1 Bangladeshi worker had been interviewed.</p> <p>The Bangladeshi worker had been working for 8 years, and 12 years respectively. They work as harvesters in the estate, spraying and also manuring express satisfaction working in the company. Few issues had been raising up regarding the houses condition salary, however based on the cross check with the estate management, the issues had been clarified and information related to the information will be done time to time.</p> <p>All of them had expressed a good feeling towards the management and satisfied the way how management treat them in the estate fairly between each other and the local workers. The company also had provided a van to go the nearest town and given them a proper housing area to stay during works in the estate.</p> <p>Sighted also the nearby shop for groceries shopping and the basic amenities had been provided by FGV Management.</p>	<p>FGV Management will keep a good relation especially with the foreign workers representative of FGV Estate Setiu 01.</p>
<p>FTP Staff from Felda Chalok Rahmat Staff from Felda Chalok Rahmat had attended the meeting. Based on the meeting and feedback, the representative had voice out satisfaction regarding FGV Management especially mill regarding the grading of FFB and OER from the mill.</p>	<p>FGV Management will keep a good relation Felda Techno Plant staff and will continue the cooperation.</p>
<p>Representative from Kg Besut (local people) Representative from Nearby village had attended the meeting. Based on the interview, the local people had expressed the satisfaction regarding the management of estate Setiu 01 handling the local people from the village. Based on the interview, no problem happen between the estate and nearby village.</p>	<p>No issues raised. FGV Setiu 01 will continue the cooperation with local people whenever needed.</p>

3.4 Summary of findings and Recommendation

MAJOR	MINOR	O F I
1	2	4
<p>Recommendation of Certification:</p> <p>Due to the Major Non- Conformity finding addressed with adequate corrective actions, therefore Chalok Palm Oil Mill is <u>RECOMMENDED</u> for MSPO Part 4 certification.</p>		

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	Formal Sign-off of Assessment Findings
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; margin-top: 100px;"> <div style="text-align: center;"> <p>Company Name Management Representative</p>  <p><u>Norazam Abdul Hameed</u> 19/07/2018</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Mahaswaran Maliyapan</u> 19/07/2018</p> </div> </div>

Appendix 1. Glossary

MSPO	:	Malaysian Sustainable Palm Oil
MPOB	:	Malaysia Palm Oil Board
ARM	:	Agriculture Reference Manual
BOD	:	Biological Oxygen Demand
BTS (FFB)	:	Buah Tandan Segar (Fresh Fruit Bunch)
CePPOME	:	Certified Environmental Professional in the Treatment of POME
CEMS	:	Continuous Emission Monitoring System
CPO	:	Crude Palm Oil
CHRA	:	Chemical Hazard Risk Assessment
CLC	:	Child Learning Centre
CSA	:	Conservation Site Area
CSR	:	Corporate Social Responsibility
COBC	:	Code of Business Conduct
COD	:	Chemical Oxygen Demand
DOE	:	Department of Environmental
EFB	:	Empty Fruit Bunch
EMS	:	Environment Management System
EPSM	:	Environmental Protection Society Malaysia
EQMS	:	Environment Quality Management System
FY	:	Financial Year
FPIC	:	Free Prior and Informed Consent
GHG	:	Green House Gases
HCV	:	High Conservation Value
HIRAC	:	Hazard Identification and Risk Assessment Control (HIRAC)
HSE	:	Health Safety and Environment
HQ	:	Head Quarter
IUCN	:	International Union for Conservation of Nature
KER	:	Kernel Extraction Rate
KKS (POM)	:	Kilang Kelapa Sawit (Palm Oil Mill)
LC	:	Land Clearing
LCC	:	Legium Cover Crop
LOTO	:	Log Out and Take Out
LTA	:	Lost Time Accident
MPOB	:	Malaysian Palm Oil Board
MSDS	:	Material Safety Data Sheet
NCR	:	Non-Conformance Report
NPP	:	New Planting Procedure
NWSDM	:	National Council of Welfare & Social Development Malaysia
NUPW	:	National Union Plantation Workers
OFI	:	Opportunity for Improvement
OHS	:	Occupational Health and Safety
OHSa	:	Occupational Health and Safety Assessment

OER	:	Oil extraction Rate
PANAP	:	Pesticide Action Network Asia and the Pacific
PK	:	Palm Kernel
PPE	:	Personal Protective Equipment
POME	:	Palm Oil Mill Effluent
POM	:	Palm Oil Mill
PSQM	:	Plantation Services Quality Management
PSS	:	Pictorial Safety Standard
RSPO	:	RoundTable on Sustainable on Palm Oil
RTE	:	Rare, Threatened, or Endangered
SIA	:	Social Impact Assessment
SOP	:	Standard Operating Procedure
SOM	:	Standard Operation Manual
SPMS	:	Sustainable Plantation Management System
SOCISO	:	Social Security Organization
SW	:	Schedule Waste
TQEM	:	Total Quality Environmental Management
WTP	:	Water Treatment Plan