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Roundtable on Sustainable Palm Oil

Annual Surveillance Audit Report

Report no.: ASA11_14012

Surveillance assessment against the
RSPO Principles & Criteria [NI P&C RSPO 2013 for Indonesia] and RSPO SCCS November 2014

Wilmar International Limited
PT Kencana Sawit Indonesia Plantation and Mill

Location of client's holding
Jorong Sei Kuyit, Sangir Balai Janggo Sub-District,
Solok Selatan District, West Sumatera
Indonesia

Date of assessment: February 13th to 17th, 2017

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1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against the national interpretation RSPO Principles and Criteria 2013 for Indonesia of the RSPO Principles & Criteria and RSPO Supply Chain Certification November 2014 with selected Supply Chain Model Mass Balance (Module E).

1.2 Type of Assessment

The 1st annual surveillance audit was carried out on 1 mill and 3 estates (KSI 1, KSI and KSI-3) under PT Kencana Sawit Indonesia owned by Wilmar International Tbk, including smallholder scheme under PT Kencana Sawit Indonesia i.e. Swamata Cooperative Scheme smallholder consist of Sei Kunyit Estate and Sei Talao Estate (Sei Kulai Talao and Sei Keruh Talao).

1.3 Certification Details

The details of RSPO certification of PT Kencana Sawit Indonesia are as per the table below:

Table 1: RSPO Certification details of PT Kencana Sawit Indonesia

RSPO Membership no.:	2-0017-05-000-00.
RSPO Certificate no.:	824 502 14012
Date of first RSPO certificate & validity:	2011-04-21 until 2016-04-20
Date of recertification audit:	2016-02-10 to 2016-02-13
Date of previous surveillance audit:	-
Date of revised RSPO certificate & validity (if applicable):	2017-04-20
CPO tonnages claimed:	37,603.62
PK tonnages claimed:	9,229.50
Mill capacity	45
Net GHG Calculation this year (tCO₂e/tCPO)	0.29

1.4 Location and Maps

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

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
PT KSI Mill	Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera Province, Indonesia	01° 99' 46"	101° 37' 28"
KSI Estate, Division 1		01° 26' 20"	101° 32' 25"
KSI Estate, Division 2		01° 29' 27"	101° 27' 07"
KSI Estate, Division 3		01° 29' 23"	101° 31' 42"
Cooperation Swamata (Sei Kunyit dan Talao)		01° 26' 20"	101° 32' 25"

Figure 1a: Location map of PT Kencana Sawit within the West Sumatera Province, Indonesia



Figure 1b: Map of PT Kencana Sawit Indonesia Estate

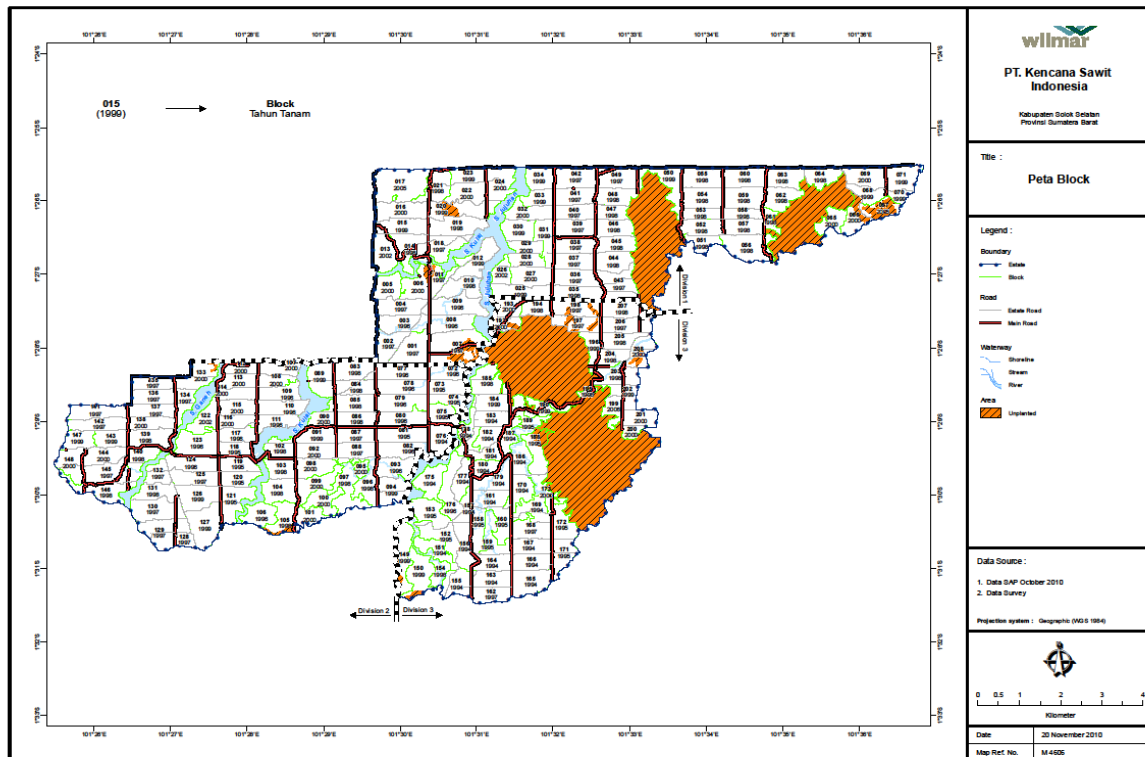


Figure 1c: Map of Sei Kuyit Estate - Swamata Cooperative

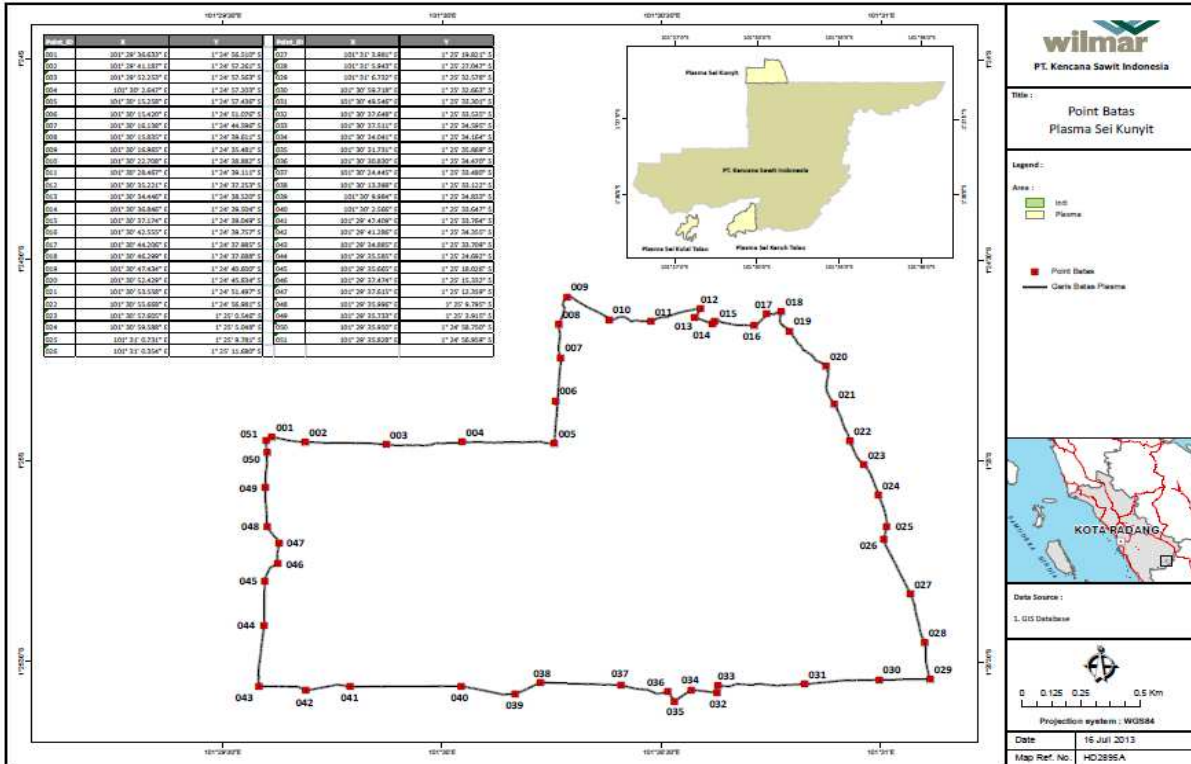


Figure 1d: Map of Sei Kulai Talao - Swamata Cooperative

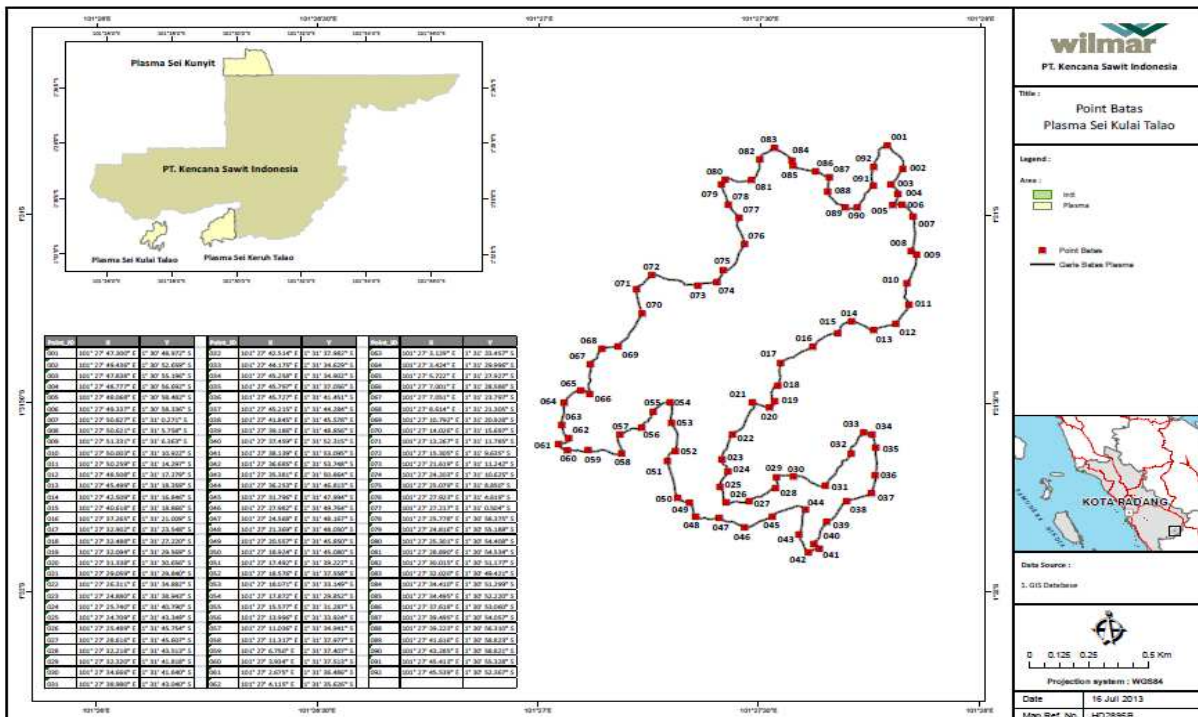
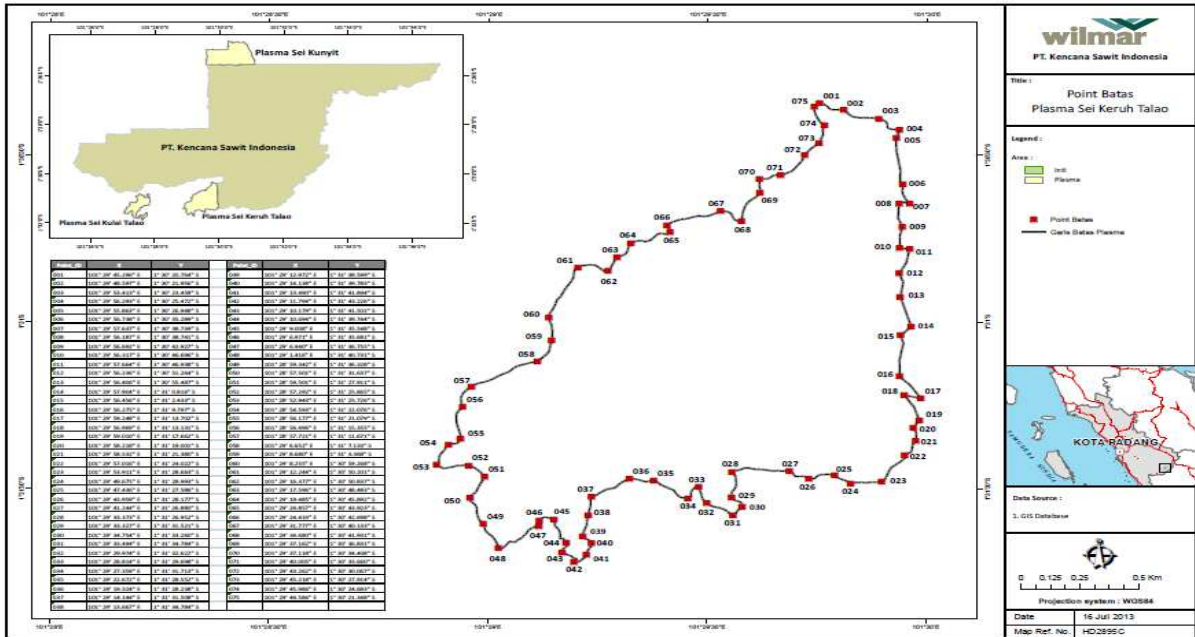


Figure 1d: Map of Sei Keruh Talao - Swamata Cooperative



1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

Company Name:	PT Kencana Sawit Indonesia
Address:	Sei Kuyit, Sangir Balai Janggo Sub-district, Solok Selatan District, West Sumatera Province, Indonesia.
Contact Person:	Sosialisman
Telephone:	+6282171112206
Email:	Sosialisman.ksi@wilmar.co.id

1.6 Description of Supply Base

Table 3: FFB Supply Information for PT Kencana Sawit Indonesia Mill year 2016 & year 2017 (Jan 2017)

FFB Contributors	FFB supplied year 2016		FFB supplied year 2017 (until January 2017)	
	Tonnes	%	Tonnes	%
Company owned estates (certified sources):				
KSI – 1	59,250.950	22.99	5,365.070	33.20
KSI – 2	59,861.450	23.22	5,408.190	33.47
KSI – 3	48,675.110	18.88	4,563.840	28.24
Sub Total	167,787.510	65.09	15,337.100	94.91
Smallholders / outgrowers				

(certified sources):				
Sei Kuyit	4,299.971	1.67	361.846	2.24
Talao	4,404.821	1.71	459.977	2.85
Sub Total	8,704.792	3.38	821.823	5.09
Independent Out growers (Beni Almahendra)	81,273.000	31.53	0.000	0.00
TOTAL	257,765.302	100	16,158.923	100

1.7 Actual production volumes, tonnages and projected outputs.

Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from PT Kencana Sawit Indonesia

	Amount (MT)	
	2016	2017
Certified tonnages claimed	CPO: 38,904 PK: 9,892	
Certified tonnages sold*	CPO: 11,869.36 PK: 9,313.38	
Certified tonnages purchased*	0.00	
Actual Production*	CPO: 34,751.33 PK: 9,177.60	
Actual OER & KER	OER: 19.69 & KER: 5.20	
Actual certified FFB year 2016	176,492.302	
Projected FFB for next 12 months		177,000.000
Projected certified FFB for next 12 months		175,800.000
Projected total output for next 12 months CPO & PK		CPO: 37,860.30 PK: 9,292.50
Projected certified output for next 12 months CPO & PK		CPO: 37,603.62 PK: 9,229.50
Projected OER & KER for next 12 months.		OER: 21.39% & KER: 5.25%

*Data from January until December 2016

1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 25 years. Information on the dates of plantings are as per the table below.

Table 5: Age and year of plantings of company estate supplying to PT KSI mill

Age & Year of Plantings	Oil palm planted area at each estate (ha)				
	KSI 1	KSI 2	KSI 3	Sei Kuyit	Talao
0 – 5 yrs (2017 – 2013)	0.00	0.00	0.00	0.00	0.00
5-10 yrs (2012 – 2008)	0.00	0.00	0.00	0.00	0.00

10-15 yrs (2007 – 2003)*	87.54	0.00	127.29	158.73	200.00
15-20 yrs (2002 – 1998)	1,724.64	1,451.43	808.39	141.27	150.00
20-25 yrs (1997 – 1993)	688.30	1,404.66	1,407.66	0.00	0.00
25-30 yrs (1992 – 1988)	0.00	0.00	0.00	0.00	0.00
TOTAL	2,500.48	2,856.09	2,343.34	300.00	350.00

Note: *) Year of planting is 2005 (KSI 1) and year of planting is 2006 (KSI 3)

Table 6: Planned and actual oil palm replanting activities for PT Kencana Sawit Indonesia

Year	Total planned replanting area (ha)	Total planned replanting area for each estate (ha)					Actual total area replanted (ha)
		KSI 1	KSI 2	KSI 3	Sei Kunyit	Talao	
2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018	346.44	0.00	0.00	346.44	0.00	0.00	0.00
2019	355.68	0.00	0.00	355.68	0.00	0.00	0.00
2020	344.92	0.00	0.00	344.92	0.00	0.00	0.00
2021	334.71	0.00	0.00	334.71	0.00	0.00	0.00
Total	1,381.75	0.00	0.00	1,381.75	0.00	0.00	0.00

1.9 Area of Plantation (Total, Planted and Mature)

Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT Kencana Sawit Indonesia

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production* (tonnes)	Average yield/ ha
KSI 1	3,450.61	2,500.48	2,500.48	0.00	59,250.950	23.69
KSI 2	3,320.99	2,856.09	2,856.09	0.00	59,861.450	20.95
KSI 3	3,444.50	2,343.34	2,343.34	0.00	48,675.110	20.77
Sei Kunyit	380.88	300.00	300.00	0.00	4,299.971	14.33
Talao	423.02	350.00	350.00	0.00	4,404.821	12.58
TOTAL	11,020.00	8,349.91	8,349.91	0.00	176,492.302	21.13

Note: * Production from January until December 2016 (after grading)

Table 8: Land use data for PT Kencana Sawit Indonesia

Estate Name	Total area (ha)	Rubber Planted Area (ha)	Oil Palm Planted Area (ha)	HCV/ Potential HCV areas (ha)	Land used for other purposes (ha)			
					Housing, Road	Nursery	Not Plant-able Area	Effluent Pond
KSI 1	3,450.61	0.00	2,500.48	632.33	127.52	-	172.88	17.40
KSI 2	3,320.99	0.00	2,856.09	239.57	144.39	-	80.94	-
KSI 3	3,444.50	0.00	2,343.34	888.35	81.97	-	130.84	-
Sei Kunyit	380.88	0.00	300.00	7.06	73.82	-	-	-

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Talao	423.02	0.00	350.00	4.70	68.32	-	-	-
TOTAL	11,020.00	0.00	8,349.91	1,772.01	496.02	-	384.66	17.40

1.10 Progress against Time Bound Plan

Table 9: Time Bound Plan of the Other Management Units

Name of Holding	Location	Time bound plan for certification (year)	Remarks
Sapi (1 + 2)	Sandakan, Sabah	2008	Certified
Sabahmas	Lahad Datu, Sabah	2008	Certified
Reka Halus	Sandakan, Sabah	2008	Certified
Saremas (1 + 2)	Miri Serawak	2008	Certified
Kaminsky	Miri Serawak	2008	Certified
Suai	Miri Serawak	2008	Certified
Segarmas	Miri Serawak	2008	Certified
Terusan (1 + 2)	Sandakan, Sabah	2009	Certified
Kiabau	Sandakan, Sabah	2009	Certified
Ribubonus	Sandakan, Sabah	2009	Certified
PT Perkebunan Milano (Sungai Daun, Batang Saponggol & Merbau estate)	North Sumatra	2009	Certified
PT Mustika Sembuluh	Central Kalimantan	2009	Certified
PT Kencana Sawit Indonesia	West Sumatra.	2010	Certified
PT Kerry Sawit Indonesia	Central Kalimantan	2010	Certified
PT Tania Selatan (Burnai Barat & Burnai Timur estate)	South Sumatra	2010	Certified
Hibumas	Sandakan, Sabah	2010	Certified
Sri Kamusan	Sandakan, Sabah	2010	Certified
Sekar Imej	Sandakan, Sabah	2010	Certified
Aktif Kukuh & Koerasi	Sandakan, Sabah	2010	Certified
PT AMP Plantation	West Sumatra	2011	Certified
PT Primatama Muliajaya	West Sumatra	2011	Certified
PT Agro Nusa Investama (Sambas)	West Kalimantan	2012	Certified
PT Buluh Cawang Plantations (include Bambu Kuning estate (PT Tania Selatan))	South Sumatra	2012	Certified
PT Bumi Sawit Kencana	Central Kalimantan	2012	Certified
PT Sarana Titian Permata	Central Kalimantan	2012	Certified
PT Gersindo Minang Plantations	West Sumatra	2013	Certified
PT Daya Labuhan Indah (Cabang Dua Estate)	North Sumatra	2013	Certified

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Name of Holding	Location	Time bound plan for certification (year)	Remarks
PT Permata Hijau Pasaman	West Sumatra	2013	Certified
PT Perkebunan Milano	North Sumatra	2013	Certified
BBPOP (Benso Plantation)	Ghana	2015	Certified
PT Mentaya Sawit Mas	Central Kalimantan	2014	Certified
PT Sinarsiak Dianpermai	Riau	2018	Pre assessment done
PT Agronusa Investama (Landak)	West Kalimantan	2018	Rescheduled
PT Agronusa Investama (Pa-hauman)	West Kalimantan	2018	Rescheduled
PT Murini Sam Sam	Riau	2015	Certified
PT Agro Palindo Sakti	South Sumatra	2014	Certified
PT Agro Palindo Sakti 2	West Kalimantan	2018	Rescheduled
PT Musi Banyuasin Indah	South Sumatra	2018	Rescheduled
PT Karunia Kencana Permai Sejati	Central Kalimantan	2015	Main Assessment done & waiting for certificate
PT Rimba Harapan Sakti	Central Kalimantan	2015	Certified
PT Bumipratama Khatulistiwa	West Kalimantan	2016	Main Assessment done & waiting for certificate

New Development Area under Wilmar International

Name of Holding	Location	Total area	NPP Status according to RSPO NPP procedure
PT Agro Indah Persada	Merangin. Jambi	1,200 ha	Approved
PT Agro Nusa Investama Sambas	Sambas, West Kalimantan	1,024 ha	Approved
Biase Plantations (Ibiae Estate)	Calabar, Nigeria	5594 ha	Approved
Biase Plantations (Calaro Extension)	Calabar, Nigeria	3066 ha	Approved
Eiyup Industry (Oban Estate)	Calabar, Nigeria	2986 ha	Not submitted (Pending HCV/HCS study)
Biase Plantations (Biase estate)	Calabar, Nigeria	8029 ha	Overlapping boundaries

1.11 Compliance to Rules for Partial Certification

Compliance of the uncertified management units of Wilmar International Indonesia against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by reviewed Wilmar Plantation self assessment reports. A summary of findings is as stated below.

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.	Wilmar International Indonesia is RSPO member with membership number 2-0017-05-000-00 .
(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed. for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified	Refer to the time bound plan under Section 1.10 above
(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure	There are some newly developed plantation areas under Wilmar International such as in Jambi province, West Kalimantan province Indonesia and Nigeria. Some areas have undergone the New Planting Procedure (NPP) and been approved such as PT Agro Indah Persada, PT Agro Nusa Investama Sambas, Biase Plantation (Ibiae Estate, Nigeria) while some areas are still undergoing the NPP such as Biase Plantation (Calaro Extension, Nigeria), Biase Plantation (Biase estate, Nigeria) and Eiyup Industry (Oban estate, Nigeria)
(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	PT Asiatic Persada, which was previously a subsidiary of Wilmar had a significant land conflict issue but has been sold to other plantation company and is now no longer a subsidiary of Wilmar Plantation. Wilmar International carried out the New Planting Procedure for BIASE Plantation Limited (Ibiae estate) in Nigeria with an announcement made on the RSPO website on 9 November 2012. During this NPP process, a complaint was submitted by the Rainforest Resource & Development Centre (RRDC) on behalf of the Ibiae Land Lord Community. The complaint covered infringements to several aspects of Principle 1 and Principle 2 of the RSPO P&C. The case was taken up and investigated by the RSPO Complaints Panel, with decision made for RSPO to a lawyer well acquainted with Nigerian laws to review and give an authoritative opinion on whether the company had complied with the legal requirements of Nigeria. The legal opinion was received by the RSPO on 27 August 2014, and based on this opinion, the RSPO confirmed that BIASE Plantations was in compliance with legal requirements and closed the case. However, the result

	<p>was not accepted by RRDC as well as the NGO, Friends of the Earth and the issue remains ongoing with no resolution. As the company has complied with requirements to attempt to resolve the dispute through the RSPO grievance procedure, this is noted by the TUV Rheinland audit team as an observation and progress of the case will be monitored.</p> <p>Further details on this case are available here: http://www.rspo.org/members/complaints/status-of-complaints/view/26 .</p> <p>There is also on ongoing land dispute at PT Gersindo Minang Plantation (GMP), West Sumatera under Wilmar, which has been ongoing since year 1997 with the village of Jaorang Rantau. This company has been RSPO certified by another certification body who is monitoring the status of the dispute with the RSPO.</p>
(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>There are no other identified labour disputes ongoing at other subsidiary companies of Wilmar.</p>
(h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p>Some of Wilmar's other management units have not complied with certain legal requirements, for example in PT Sarana Titian Permai, PT Kerry Sawit Indonesia, PT Mustika Sembuluh estate under another Wilmar International management unit, there is an issue with the land area stated in the land use right certificate (HGU). However, the company is taking action by inviting the National Land Agency (BPN) to remeasure the land and resolve the issue. The process is still ongoing.</p> <p>At time of this audit, the company was still making efforts to close these legal non-compliances.</p>

1.12 Compliance to other RSPO Procedure

RSPO NPP	-
RSPO Compensation and Remediation procedure	-
Areal Subject to sanction	-

1.13 Compliance to RSPO Guidance on GHG calculation

During the audit, the audit team verify and confirm that:

The RSPO PalmGHG Calculator used	Version 3.0.1
Accurate data has been put into the RSPO PalmGHG Calculator	Yes
Net GHG Emission Figure (tCO ₂ e/tCPO)	0.29

1.14 Progress of associated smallholders or outgrowers towards RSPO compliance

The company has 2 smallholders groups supplying FFB to PT Kencana Sawit Mill i.e. KKPA (Koperasi Kredit Primer Anggota - Prime Cooperative Credit for Member) Sei Talao and KKPA Sei Kunit, both smallholders group has been fulfil RSPO requirement and certified by TUV Rheinland Indonesia also in June 2014.

1.15 Revised Approximate Tonnages Certified

The tonnages certified have been revised from the previous amount stated in the RSPO certificate issued in year 2016 due to a decrease in the projected estimates (CPO and PK). The revised approximate tonnages certified (as per Appendix 1), based on production in 2017 are as follows:

Crude Palm Oil (CPO) : 37,603.62 mt
Palm Kernel (PK) : 9,229.50 mt

1.16 Other Achievement s and Certification Helds

Name of mill / es-tate	Certification Standard / Award achieved	Certification Body / Awarder	Date Achieved
PT KSI	Indonesian Sustainable Palm Oil	PT Mutu Agung Lestari	2013
	ISCC	PT TUV Rheinland Indonesia	2011

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualifications of Lead Assessor and Assessment Team

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

1. None

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

Name	Position	Qualifications / Experience
Naik Monang Par-lindungan Lingga	Lead Auditor	<p>Education: Bachelor of Forestry, Gadjah Mada University.</p> <p>Training attended: ISPO Auditor, Quality Management System (QMS) Auditor/Lead Auditor (ISO 9001:2008) by IRCA, Environmental Management Systems Auditor/Lead Auditor Conversion Training by IRCA (ISO 14001-2004), Lead Auditor RSPO Training, SCCS Training and HCVA Training</p> <p>Working experience: Field Assistant PT Sapta Karya Damai (2008-2013), Auditor in PT Sucofindo (2013-2015), and Auditor in PT TUV Rheinland Indonesia (2015-present).</p>
Panggad-ing Na-inggolan	Auditor	<p>Education: Bachelor of Social, Institut Ilmu Sosial dan Ilmu Politik, Jakarta.</p> <p>Training attended: RSPO in house training by Mutu Agung Lestari, ISPO Training by Komisi ISPO and <i>Awareness QHSE (management system review dan integrated management system concept</i> ISO 9001, 14001, OHSAS.</p> <p>Working experience: Komisi Nasional Perlindungan Anak – Community Relationship Staff, Divison Staff of Education Program – Common Ground Indonesia, Reporter on Global Informasi Bermutu, Producer on Netwave Multimedia, Producer on Satu Visi Perkasa Produksi, Project Supervisor on Surya Solusi Informasi and Auditor PT TUV Rheinland Indonesia.</p>
Steve Mualim	Auditor	<p>Education: Master of Science of Environmental and Natural Resources Management (IPB) and Bachelor of Science of Agronomy and Horticulture, Bogor Agriculture University (IPB).</p> <p>Training attended:</p>

		<p>ISCC Inhouse Training, GHG Calculation, HCV, ISO 9001:2008, ISO 19011, ISPO, RSPO, Forum on Asian Carbon Update, Training Course on Climate Change Mitigation and Adaptation for Agricultural Productivity in Southeast Asia, Environmental Impact Assessment (AMDAL) and Ecological Risk Assessment (ERA).</p> <p>Working experience:</p> <p>Team of Environmental Assessment and Monitoring at PT Alas Consultant, ISPO and RSPO Auditor at PT Mutu Certification International (2013-2015), ISPO and RSPO Auditor at PT TUV Rheinland Indonesia (2016-present).</p>
<p>Doni</p>	<p>Auditor</p>	<p>Education:</p> <p>Master in Rural Sociology, Graduate School of Bogor Agricultural University completed in 2005.</p> <p>Training attended:</p> <p>GIS Training, Auditor Training of Indonesian Sustainable Palm Oil (ISPO), Training of Participatory Mapping, Training of Document Preparation HCV and SIA, Auditor Training of Sustainable Production Forest Management (SFM), Training and Up-Grading of SFM, Training of Mentoring technique for the Rural Farmers, Conflict Resolution Training and Journalism Training.</p> <p>Working experience:</p> <p>Frequently conducted certification audits of RSPO and ISPO for Palm plantation, the certification audit of SFM (Sustainable Production Forest Management) for HPH and HTI, worked as a consultant for the National Development Planning Agency, Ministry of Environment and Forestry, Indonesian People Bank (BRI), Ministry of Rural Development (KPDT) and the Ministry of Public Works, Director General of Cipta Karya, JICA and UN-HABITAT and UNDP, HCVF document drafting team for the company of HTI, HPH and constituent team for documents of HCV / SIA for oil palm plantations. Since March 2016 till now, work at PT. TUV Rheinland Indonesia.</p>

2.3 Assessment Methodology & Agenda

The surveillance audit was conducted between 13-17 February 2017 as per the assessment program below. The assessment was carried out in accordance with PT TUV Rheinland Indonesia’s RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

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

All 3 estates, 1 cooperative and 1 mill were visited and the assessment team carried out field and document assessments of compliance to all the RSPO principles and criteria. Common systems were identified and specific evidence was recorded for individual estates. Interviews were conducted at all estates and the mill.

The company proposed the correction and corrective action for all identified non conformities raised to the certification body 30 days after the closing meeting. Verification of closure of major non-conformances was conducted 2 months after the closing meeting of the main assessment and implementation of corrective actions for

minor non-conformities will be verified during the next surveillance audit. The certification assessment agenda is as explained below.

Main Assessment Agenda.

Date	Location/ Main sites	Main activities
13 February 2017	-	Travelling from Jakarta to mill / estate location
14 February 2017	KSI Office	Opening Meeting Verification previous audit findings Verification of document relate of (all estate) : <ul style="list-style-type: none"> • Environmental, agrochemical, OHS, compliance regulation issues • Legal land, management plan, best practices, HCV issues • Social and employees • Good Agricultural • OHS system (accident records, recommendation letters for transfer of work for workers found with high blood cholinesterase levels and pregnant female sprayers, evidence of transfer to other work for aforementioned workers, OSH policy, OSH committee letter of approval from the Manpower Department). • Waste (medical waste disposal records) • Legal requirement register • Insurance of worker (Jamsostek) payment records for temporary workers
15 February 2017	Estate and plasma	Verification of document relate of (all estate) : <ul style="list-style-type: none"> • Good Agricultural practices in Division 3 (harvesting block 161, spraying block 156, fertilizer block 158) and Sei Kunyit Plasma (harvesting block 15), Talao plasma (harvesting block 008), Division I (harvesting block 11 & 12) • Legal land and maintenance of boundary stones/pillars (boundary in division 3) • HCV (Jujuhan river in Division 3, Geneh river and Kulai river in Division 2, Bukit Tengah Pulau and Bukit Salo in Division 3) • OHS system (accident records, recommendation letters for transfer of work for workers found with high blood cholinesterase levels and pregnant female sprayers, evidence of transfer to other work for aforementioned workers, OSH policy, OSH committee letter of approval from the Manpower Department). • Waste (medical waste disposal records) • Legal requirement register • Insurance of worker (Jamsostek) payment records for temporary workers • Interview with harvesters and harvesting supervisor • Interview with female sprayers • Hazardous waste store • Fertilizer store • Sprayer's washroom • Chemical container and fertilizer and washing area • Housing compound • Domestic waste landfill • Clinic

		<ul style="list-style-type: none"> • Consultation with local community leader of Sei Kunyit village
	PT KSI Mill	<p>Verification of document and field relate of :</p> <ul style="list-style-type: none"> • Incoming FFB verification (security post, loading ramp) • Interview with mill workers (boiler supervisor) • Good Agricultural Practices • Field visit to land application site for mill effluent • Waste management (hazardous waste store, palm oil mill effluent treatment ponds, mill license for temporary hazardous waste storage, license for land application, land application records) • Pollution prevention control • Water management • OSH system (fire simulation records, medical check reports for year 2016) • Warehouse (mill compound, chemical store) • Worker facilities, medical facilities at PT KSI Mill • Environmental (Environmental Management and Monitoring Program (UPL/UKL) and implementation reports, environmental objectives, targets and improvement plan, greenhouse gas calculation sheet, renewable energy efficiency analysis document) • Training (boiler operator training certificates and licenses) • Consultation with local community supplier • SCCS
15 February 2017	PT KSI Mill	<p>Verification of document and field relate of :</p> <ul style="list-style-type: none"> • Incoming FFB verification (security post, loading ramp) • Interview with mill workers (boiler supervisor) • Good Agricultural Practices • Field visit to land application site for mill effluent • Waste management (hazardous waste store, palm oil mill effluent treatment ponds, mill license for temporary hazardous waste storage, license for land application, land application records) • Pollution prevention control • Water management • OSH system (fire simulation records, medical check reports for year 2016) • Warehouse (mill compound, chemical store) • Worker facilities, medical facilities at PT KSI Mill • Environmental (Environmental Management and Monitoring Program (UPL/UKL) and implementation reports, environmental objectives, targets and improvement plan, greenhouse gas calculation sheet, renewable energy efficiency analysis document) • Training (boiler operator training certificates and licenses) • Consultation with local community supplier • SCCS • Closing Meeting

Agenda for Verification of Closure of Major Non-conformities

This agenda is not applicable because there is no verification of closure of major non-conformities is need to be done

Date	Location / Main sites	Auditor	Main activities
-	-	-	-

2.4 Stakeholder Consultation and Stakeholders Contacted

The stakeholder consultation involved both external and internal stakeholders. External stakeholders were notified to make comments on the certification assessment by placing an invitation to comment on the RSPO web-site. Stakeholders included those immediately linked with the operation of the company such employees, out-growers, the local government, NGO's, trade and labour unions and local communities.

Stakeholder consultation visited to stakeholder's location and interviews. Meetings with stakeholders were held to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO Principles & Criteria, and to comment on aspects where improvements could be made. Meetings with local communities were held at their respective premises within and near the company's area. A stakeholder consultation meeting was also held on Sei Kunyit village on 15 February 2017. Letters inviting individual stakeholders to the stakeholder consultation meeting were prepared and sent to the individual stakeholders, while electronic mail and telephone calls were made to arrange the meetings.

In all the interviews and meeting, the objectives of the RSPO and the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholders and the company before discussion proceeded to obtain the stakeholders feedback on the company's compliance to different aspects of the RSPO Principles & Criteria. Although several stakeholders were not familiar with RSPO but they agreed with its objective and expressed their willingness to collaborate in the promotion of sustainable palm oil in West Sumatera province. In all interviews and meeting, the assessment team did not restrict discussion of both the positive and negative aspects of operations conducted by PT KSI estates and mill.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive, with an attendance of more than 53 person. This was followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. All stakeholder issues raised were recorded and forwarded to the management for their written response, and this is summarized in Section 3.4. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as Appendix 3.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During the surveillance audit, there is identified nonconformities were assigned during this year surveillance audit i.e. 9 nonconformitis against Major Compliance indicators while 3 nonconformities were assigned against Minor Compliance Indicators, 3 observations or opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.3. The observations & opportunities for improvement are listed in Section 3.4.

The following is a summary of findings made for the criteria listed in the RSPO Principles & Criteria [NI P&C RSPO 2013 for Indonesia] for detail information about company's compliances to RSPO P & C.

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

Findings:

The company has list of stakeholders for each estate and mill. Stakeholders listed include surrounding government offices (at provincial, district, sub-district and village level), community leaders, other palm oil companies, police stations, universities and school, NGO's (national, local level), contractors, suppliers, smallholders, social organisations, workers and community members. The lists are updated periodically and are available at each estate and mill. The list will be updated at least once a year.

The type of information which are available to public are (but not limited) as stated on management decree letter No. 001/MLN-EXT/VI/2015:

- Company profile
- Land titles/user rights
- Area statement and Mill production capacity
- CSR documents
- Occupational health and safety plans
- Plans and impact assessments relating to environmental and social impacts.
- HCV documentation
- Pollution prevention and reduction plans
- Details of complaints and grievances
- Negotiation procedures
- Continual improvement plans
- Public summary of certification assessment report;
- Human Rights Policy
- Wilmar Sustainability Policy
- Planning for company's improvement.

The company has dedicated personnel who are responsible for providing and updating information as well as a documented procedure defining these roles and responsibilities, as follows:

- Licensing, Regulations and Legal Compliance (Partnership Development Department)
- Public Relation (Partnership Development Department)
- Collaboration with stakeholders (Partnership Development Department and Community Development Organizer)

Compliance status: Yes No

NCR No: -

- Security (Partnership Development Department)
- Environmental management (EHS officer/ estate and mill managers)
- Community Development/Corporate Social Responsibility (Corporate Social Responsibility representatives/EHS/Manager estate and mill).

The mill maintains records of all requested made by stakeholders in a logbook (handwritten), including information on the date when request was received, party making the request, details of request, letter number, the responsible person, response from the mill and date of completion. As seen from the logbook, the mill had received 34 requests since start of year 2016, all of which were request for assistance. There were no requests for information or complaints made.

The company has standard operation procedure for handling request of information and its response i.e. Procedure PRO-GEN-002. The company has dedicated personnel who are responsible for providing and updating information as well as a documented procedure defining these roles and responsibilities, as follows:

- Licensing, Regulations and Legal Compliance (Partnership Development Department)
- Public Relation (Partnership Development Department)
- Collaboration with stakeholders (Partnership Development Department and Community Development Organizer)
- Security (Partnership Development Department)
- Environmental management (EHS officer/ estate and mill managers)
- Community Development/Corporate Social Responsibility (Corporate Social Responsibility representatives/EHS/Manager estate and mill).

As stated on the procedure the time frame for response to request of information at least 14 working days. The procedure states that information requested and responses will be maintained for 3 years for administrative requests, 1 year for quality and environment related requests, and 5 years for request made by company personnel. There were no requests for information or complaints made for recent one year, as seen from the logbook, the mill had received 26 requests since start of year 2016, all of which were request for assistance and donation only.

Evidence of responses made were sighted in the form of response letters and payment receipts made to the relevant party, e.g: Letter on Januariu 30 2017 from Politeknik Negeri Padang No. 0823/PL.9/DT/2017 related to Proposing Internship (PKL). As feedback, PT KSI has sent a letter to Politeknik Padang No. 011/BM – KSI/I/2017 related to internship, committed to accept internship.

Interview result with custom leader of Nagari Talao (February 15, 2017), it's known that PT. KSI is responsive in giving response to information request. PT. KSI run good communication.

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Findings:

The company already share their documents such as legal, environmental, social to stakeholders such as:

- a. Man Power Report, 2016.
- b. UKL/UPL Report, 2016.
- c. Plantation Report, 2016.

As mentioned in Procedure PRO-GEN-002, the Sustainability department will be control the documents as mention on the table below, information about list of publicly available document has been uploaded also on the company's website with information as mentioned on the Cr.1.1.1 above.

Management documents such as environmental management document, HCV management document and SIA management document has been setting up as well as its monitoring plan. The report are stored on sustainability and EHS officer and publicly available on request.

PT KSI still show their commitment in providing information to stakeholders. In the communication procedure described the type of documents as publicly document that may be accessible to the public are land titles/user rights, OHS plans, plans and impact assessments relating to environmental and social impacts (environmental and SIA document), HCV documentation, pollution prevention and reduction plans, details of complaints and grievances, land compensation and negotiation procedures, continual improvement plans, public summary of certification assessment report, quality-environmental-health & safety policy, CSR activity report, agreement between company with workers, communication procedure and human rights policy.

Compliance status: Yes No

NCR No: -

Criterion 1.3. Growers and millers commit to ethical conduct in all business operations and transactions.

Findings:

PT. KSI already has a code of conduct that contains the code of integrity and commitment to ethical behavior in the whole conduct of operations and transactions.

Code of Conduct consists of three principles :

- 1. To avoid conflict of interest
- 2. To avoid misuse and / or abuse of position
- 3. To ensure confidentiality of information and to prevent misuse of information gained through the Company's operations, either to personal gain or for any purpose other than that intended by the company.

Information code of conduct has been written in the Bahasa Indonesia language and not in pairs on board the information easy to read.

Policy of ethic in business has been socialized to all level of estate employee on February 3, 2017, located in meeting room at estate office and on Janury 11, 2016 at POM office. Policy of ethic in business was also socialized in every morn-

Compliance status: Yes No

NCR No

ing at safety talk before working.

Policy of ethic in business has also been socialized to estate contractor on January 8, 2016 and POM contractor on January 11, 2016. For the third party (Contractor), policy of business ethic was also stipulated on Letter of Working Agreement (SPK) for estate and POM contractor.

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

Findings:

The company has procedure of identification to compliance and evaluation of legal aspect and regulation (No.Ksi0Pro-BNM-001 revision 00 effective dated 15 September 2010). The procedure described that evaluation conducting regularly (twice a year). The company has been conducting evaluation for law and regulation i.e:

Estate

- Law register related Plantation has been review on January 2016, February 2016, May 2016 and July 2016
- Law register related Labor has been review on January 2016, July 2016 and December 2016
- Law register related OSH has been review on January 2016, March 2016, July 2016 and January 2017 but there is some regulation about safety and health does not listed in the list of law dan regulation register i.e Permenaker No. PER-03/MEN/1986 about requirement of safety and health in work place to pesticide operator (Law register of safety and health No.KSI-FRM-HRD-035 revision 09 effective dated 16 January 2017). **This condition raised as non-conformity (NCR RSPO 00830).**
- Law register related Environmental has been review on January 2016, March 2016, July 2016 but there are laws and regulations expired still listed in the laws and regulations register i.e Government Regulation (PP) No.18/1999 about management of hazardous and toxic waste (Law register of environmental No.KSI-FRM-HRD-019 revision 11 effective dated 7 March 2016). **This condition raised as non-conformity (NCR RSPO 00830).**

The Company has a procedure identification and evaluation aspects of the laws and regulations with the document number KSI-PRO-BNM-001 revision 00 effective date 15 September 2010. The procedure described about evaluation conducting regularly (twice a year). The procedure prepared by Bina Mitra Officer, inspected by the Bina Mitra Estate Manager and approved by General Estate Manager. The procedure described that responsible for identification and evaluation of laws and legislation is Bina Mitra staff and EHS Officer and PGA supported by Operational Head and others department. In the procedure contained sources of the identification and evaluation of changes in laws and regulations can be obtained through sources such as:

- Law books or regulations

Compliance status: Yes No

NCR RSPO 00830

- Industry association such as KMSI, SPSI, GAPKI
- Community organization
- General information media such as radio, TV, newspapers, internet, email
- Seminar and conference
- Related agency

There are a list of laws and regulations for environment, labor, health and safety and plantations. There is list of rules of international, national and provincial government regulations. In the list of laws and regulations are available a list of document distribution to all levels of management of the company.

The company has been conduct audit to fulfill related law and regulation twice a year. For example:

- Environmental has been conducted additional of latest regulation i.e Minister regulation of Environmental and Forestry No. 56/Menlhk-Setjen/2015
- OSH has been conducted additional of latest regulation i.e Permenaker No.9 year 2016
- Plantation has been conducted additional of latest regulation i.e Permentan No. 11 year 2015

Some of condition which not compliances with regulation such as:

- The specifically medical examination for operator of pesticide has been conduct once a year on October 2016 (cholinestrase), but this situation does not appropriate with regulation where the specifically medical examination must be conduct 2 times a year (every 6 months). (Permenaker No. Per.03 / MEN / 1986).
- The company can not shown evidence of periodic health examination (at least 1 year) for entire employee both of es-tate and mill (Permenaker No. 2 year 1980).
- Based on documents review, mostly estate and mill workers were overtime work performed without carrying out the consent from the workers. It is not in accordance with National Law No. 13, 2003 article 78-79.
- Based on documents review, mostly estate and mill workers performing work on Sundays / holidays after 6 days work a week. It is not in accordance with National Law No. 13, 2003 article 79 and work agreement (PKB) article 27.
- During field visit at fertilization (Division 3 Block 158: eyewash, first aid guidebooks), harvesting (Division 3 Block 161: scissors, plasters, first aid guidebooks, notebooks, mitella, glass eyewash), spraying CPT (Division 3 block 156: plaster expired in May 2016, mitella, first aid guidebooks) and a visit to the mill at the sortation (tweezers, first aid note books), engine room (list box P3K, tweezers, first aid note books), storage of hazardous waste (alcohol expired February 2, 2017, tweezers, mitella, first aid notebook) found first aid box contents does not in accordance to Permenaker 15/2008.

This condition raised as non-conformity (NCR RSPO 00830).

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

Findings:

The company has record of legal ownership of land i.e:

- Minister Decree of State Agrarian Affairs / Head of National Land Agency No: 4/HGU/BPN/97 dated 22 January 1997 about granting of land use permits to PT. Tidar Kerinci Agung as large as 10,216.10 hectares located in Solok, West Sumatera Province.
- Certificate of land use permit No.1 dated 7 November 1997 located in Talao village, Sungai Kunyit village, Sangir Sub District, Solok District, West Sumatera Province as large as 7,222.50 hectares
- Certificate of land use permit No.2 dated 7 November 1997 located in Talao village, Sungai Kunyit village, Sangir Sub District, Solok District, West Sumatera Province as large as 2,993.60 hectares
- Decree of Investment Coordinating Agency No. 189 / A.6 / 2006 dated June 2, 2006 about the company name change has been noted that initially PT Tidar Sungkai Sawit into PT Kencana Sawit Indonesia.

The cooperative also has legal ownership i.e:

- Deed of Governmental Cooperative Talao (Swamata cooperative) that have been registered to Department of Cooperatives RI at Regional Office of West Sumatera province Solok District Office with the number: 06 / BH / KDK.3.4 / XII / 1998 on December 21 1998.
- Company Registration of Cooperation No. 03.016.2.64.0001 valid until January 21, 2020 with business activities are FFB trades with KBLI 46202. This decision was issued by the Office of General Services and Licensing Government of South Solok on January 21, 2015
- Trading Business License (SIUP) Small with numbers: 010 / 016-07 / PK / I / KPUP-2015 dated January 21, 2015 with the company name is Koperasi Swamata Masyarakat Talao located in Jorong Sungai Keruh, Nagari Talao Sungai Kunyit, Sangir Balai Janggo Sub District. This permit is valid for 5 years.
- The company has not been able to show Field Map No. 070/1079 / BPN-1999 dated April 31, 1999 covering an area of 721.6 hectares and No.11 / 2002 dated July 16, 2002 issued by the National Land Agency as listed in the MoU which is the legal basis for handing over land to the company to be managed into a plasma. **This condition raised as non-conformity (NCR RSPO 00831).**

The company has document to showing history of land tenure i.e:

- EIA document estate and mill as large as 10,216 ha year 1998
- HCV document by Aksenta October 2010
- HCV document for smallholder by HCV internal team of Wilmar year 2013
- SIA document

Compliance status: Yes No

NCR RSPO 00831

The company has particular situation map No.28/1993 as large as 7,222.5 ha located in Talao village, S. Kunyi village, Sangir Sub district, Solok District issued by National Land Agency and No. 29/1993 as large as 2,993.6 ha located Talao village, S. Kunyi village, Sangir Sub district, Solok District issued by National Land Agency. Based on field visit on pillar of HGU at Division II No. 25, No.37 and Division III No.007, the pillar in good condition and well maintained. The company has procedure of identification and maintenance of pillars HGU (KSI-Pro-BNM-02 revision 00 effective dated 15 September 2010. The procedure regulated about maintenance of pillars HGU conducted every 3 months. The company has been conduct regularly monitoring and maintenance that equipped with minutes of monitoring and maintenance such as:

- Dated 9-31 March 2016
- Dated 1-30 June 2016
- Dated 5-30 September 2016
- Dataed 1-19 December 2016

Based on documents review and interviews with community representatives around the company (Head of Jorong Sungai Kunyi – Emi Susnawati), there are no land dispute inside of company area (PT. KSI) and also Cooperative of SWAMATA (Jorong Sungai Kunyi and Talao).

The company has mechanism that govern the disputed land, SOP on Land Dispute Resolution KSI- PRO - BNM - 007 revision 01, dated September 16, 2015 include the finalization of doing:

- Identification of the subject matter
- Identification of the legal land
- Field observation
- The substance contained in the soil map creation process Main Problem Identification.

The Company is committed to does not conduct acts of violence or intimidation to conduct secure in accordance with the Wilmar policy which stated that committed to a clear and seriously does not use act of violence and will avoid the use of violence, threats or abusive actions (5 Dec 2013)

Criterion 2.3: Use of land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

Findings:

There are no communal land or land belonging to indigenous peoples or owned by personal inside of company area because the company area is a former forest area which has been released by government based on Decree of Forest Ministry dated August 22, 1995 with number 436/Kpts-II/1995. However the cooperative land is customary right belong to indigenous peoples of Nagari Sungai Kunyi and Talao.

Cooperative

The Company has a copy of an agreement Ninik Mamak Nagari Sungai Kunyi to be develop smallholders made by the company. The deal conducted through indigenous representatives i.e. Ninik Mamak Nagari, LKMD, Community Leaders,

Compliance status: Yes No

NCR No: -

Youth Leaders. The land which used as plantation is indigenous land for plantation area of Swanata cooperative. The compensation which implemented i.e financial aid and some of activity such as repair of village infrastructure for public utilities (28 September 1999)

Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.

Findings:

The company has bussiness management plan from 2017 until 2021. The bussiness management plan described information about area statement, 5 year plan for Swamata cooperative, quality of planting materials, crop projection, mill extraction rates, cost of production, forecast prices, financial indicators etc. The company has been conduct annual review for realization of budget that has been assigned. The company conduct review every month. The company does not has peat land so the company does not has long term viability plan.

The company has continous improvement plan i.e fertilizer programme by used spreader for year 2017 that has been approved as much as Rp. 171,300,000. Personal incharge to implement those activity is each division.

The company has replanting programme from year 2017 until 2021 i.e:

Estate	Replanting Programme (Ha)				
	2017	2018	2019	2020	2021
KSI-1	-	-	-	-	-
KSI-2	-	-	-	-	-
KSI-3	0.00	346.44	355.68	344.92	334.71`
Swamata	-	-	-	-	-
Total	0.00	346.44	355.68	344.92	334.71

The replanting programme has been stated in profit and loss simulation for 5 years (2017-2021). The company starting replanting activity year 2018 so during the audit not yet conduct replanting. Based on soil map, the company does not has peat soil so the company does not has programme for replanting activity on peat. The company not yet conduct replanting so there is no found record of annual review.

Compliance status: Yes No

NCR No: -

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

Findings:

The company has procedure for mill and plantation. The procedure has been cover key process i.e harvesting, transporta-

Compliance status: Yes No

NCR No: -

tion, manuring, IPM, GAP, Supply Chain. Based on field and mill verification, there is found procedure for each activity.

The company has master list for all procedure. The procedure has history for each document changes which include information about revision of document, date of revision and explanation of revision.

The company has procedure of document control (KSI-Pro-Gen-001 revision 01, effective date 1 May 2010). The procedure described about document control, socialization, distribution and keeping of document and destruction of document. The procedure has been explained in Indonesian language. The company has been conduct internal training for RSPO auditor on 4 February 2012. The company has procedure of internal audit (KSI-Pro-Gen-003 revision 02, effective date 29 September 2012). The company has been conduct internal audit on 7 October 2016 for mill and 17-20 October 2016 for estate and cooperative. The company has letter of decree No: 03/Estate-KSI/2012 dated 16 February 2012 about appointed of internal auditor team of PT KSI. The company has procedure of control of non-conformity (KSI-Pro-Gen-005 revision 01, effective dated 1 August 2010). The procedure has been described about the mechanism to control of non-conformity.

The company has been conducted internal audit on 7 October 2016 for mill and 17-20 October 2016 for estate and cooperative. There is record of non-conformity i.e at central is 15 non-conformity, division III is 9 non-conformity, Sei Kunyit smallholder is 2 non-conformity, division II is 4 non-conformity and mill is 6 non-conformity. The company has been conduct correction and corrective action for all non-conformity. The company has record for all corection and corrective action which has been conducted for each non-conformity and the record kept well.

The company has procedure about receiving of FFB (SOP-Mill-002 revision 02, effective date 30 March 2012). The procedure has been describe related receiving of FFB from certified and non certified supply base. The mill has list of FFB supplier. For year 2016, there is 1 (one) supplier of FFB i.e Beni Almahendra. The company has record of FFB from third party which found in recapitulation of FFB receiving.

Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

Findings:

The company has procedure related fertilizer (KSI-Pro-Est-004 revision 06 effective date 2 April 2016). Based on field verification, the workers has been conducted fertilizing in accordance with procedure and recommendation of fertilizer. Based on field verification in Division 3 Block 158, the company conducted fertilizer (NPK) with dossess 2.25 kg/tree in accordance with recommendation of fertilizer. The workers also used personal protective equipment that has been stated in procedure such as apron, safety boot, gloves, and mask. The fertilizer activity supervised by foreman and the result of fertilizer

Compliance status: Yes No

NCR No: -

application reporting on daily activity report.

The company has record of fertilizer from January until December 2016. Based on record of fertilizer, it can be seen that fertilizer activity has been conducted in accordance with recommendation of leaf sampling analysis result.

The company has recorded of fertilizer used per tonnes FFB year 2016 i.e:

KSI I

- Borate: total realization until December 2016 as much as 6,760 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 0.11 kg/ton FFB
- Kieserit: total realization until December 2016 as much as 77,050 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 1.30 kg/ton FFB
- MOP: total realization until December 2016 as much as 372,950 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 6.29 kg/ton FFB
- NPK 15-15-6-4: total realization until December 2016 as much as 200 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 0.003 kg/ton FFB
- RP: total realization until December 2016 as much as 38,100 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 0.64 kg/ton FFB
- Super Dolomite: total realization until December 2016 as much as 63,100 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 1.06 kg/ton FFB
- NPK SK.13-8.27+0.5B Round I: total realization until December 2016 as much as 627,900 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 10.59 kg/ton FFB
- ZOA: total realization until December 2016 as much as 410,400 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 6.92 kg/ton FFB
- NPK SK.13-8.27+0.5B Round II: total realization until December 2016 as much as 573,600 kg with FFB produced as much as 59,250.95 tonnes so fertilizer application per ton FFB is 9.68 kg/ton FFB

KSI II

- Borate: total realization until December 2016 as much as 21,260 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 0.35 kg/ton FFB
- Kieserit: total realization until December 2016 as much as 136,450 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB

<p>is 2.27 kg/ton FFB</p> <ul style="list-style-type: none"> • MOP: total realization until December 2016 as much as 433,450 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 7.24 kg/ton FFB • NPK 15-15-6-4: total realization until December 2016 as much as 50 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 0.00008 kg/ton FFB • RP: total realization until December 2016 as much as 73,900 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 1.23 kg/ton FFB • Super Dolomite: total realization until December 2016 as much as 73,150 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 1.22 kg/ton FFB • NPK SK.13-8.27+0.5B Round I: total realization until December 2016 as much as 704,300 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 10.76 kg/ton FFB • ZOA: total realization until December 2016 as much as 474,000 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 7.91 kg/ton FFB • NPK SK.13-8.27+0.5B Round II: total realization until December 2016 as much as 654,900 kg with FFB produced as much as 59,861.45 tonnes so fertilizer application per ton FFB is 10.94 kg/ton FFB 	
<p>KSI III</p> <ul style="list-style-type: none"> • Borate: total realization until December 2016 as much as 8,440 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 0.17 kg/ton FFB • Kieserit: total realization until December 2016 as much as 98,950 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 2.03 kg/ton FFB • MOP: total realization until December 2016 as much as 313,150 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 6.43 kg/ton FFB • NPK 15-15-6-4: total realization until December 2016 as much as 50 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 0.001 kg/ton FFB • RP: total realization until December 2016 as much as 12,450 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 0.25 kg/ton FFB • Super Dolomite: total realization until December 2016 as much as 80,200 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 1.64 kg/ton FFB • NPK SK.13-8.27+0.5B Round I: total realization until December 2016 as much as 573,900 kg with FFB pro- 	

duced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 11.79 kg/ton FFB

- ZOA: total realization until December 2016 as much as 395,550 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 8.12 kg/ton FFB
- NPK SK.13-8.27+0.5B Round II: total realization until December 2016 as much as 455,550 kg with FFB produced as much as 48,675.11 tonnes so fertilizer application per ton FFB is 9.35 kg/ton FFB

Sei Talao Smallholder

- NPK SK.13-8.27+0.5: total realization until December 2016 as much as 19,300 kg with FFB produced as much as 4,299.971 tonnes so fertilizer application per ton FFB is 4.48 kg/ton FFB

Sei Kunyit Smallholder

- RP: total realization until December 2016 as much as 300 kg with FFB produced as much as 4,404.821 tonnes so fertilizer application per ton FFB is 0.06 kg/ton FFB
- NPK SK.13-8.27+0.5B: total realization until December 2016 as much as 20,600 kg with FFB produced as much as 4,404.821 tonnes so fertilizer application per ton FFB is 4.67 kg/ton FFB
- NPK 15-15-6-4: total realization until December 2016 as much as 300 kg with FFB produced as much as 4,404.821 tonnes so fertilizer application per ton FFB is 0.06 kg/ton FFB

The company has guidance for leaf sampling to get recommendation of fertilizer issued by R&D Department in 2012. The procedure stated that leaf analyze conduct once a year and soil analyze conduct every 6 year. The company has record of leaf analyze that has been conducted on May 2016 by EMU Laboratory to get fertilizer recommendation year 2017. The result of leaf analyze has been explained about ingredient i.e N, P, K, Mg, Ca, Cu and Zn. Sample of leaf that has been analysing as much as 122 sample. The company has been conduct soil analyze by EMU Laboratory on February 2011 with total sample as much as 36 sample. - The company has guidance for soil analyze which issued by EMU. The guidance said that soil analyze conduct every 10 years.

The company has record of EFB application i.e:

KSI I

- January until December 2016 as large as 241.09 ha with total of EFB application as much as 10,848.95 kg.

KSI II

- January until December 2016 as large as 47.51 ha

<p>with total of EFB application as much as 2,138.15 kg.</p> <p>KSI III</p> <ul style="list-style-type: none"> January until December 2016 as large as 251.56 ha with total of EFB application as much as 11,320.40 kg. 	
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Criterion 4.3: Practices minimise and control erosion and degradation of soils.

Findings:

Based on semi detail soil surveys 2005 from AGROMAC agricultural surveys Sdn Bhd, and based on soil map with 1:50000 scale shown there is no peat soil presence at PT KSI and smallholders areas. Soil type found on company areas are dominated by hapludox, dystrodept, and kandiudox types. Topography and elevation condition, soil depth, drainage properties, limitation factors on each soil type and its hectarages was provided on map legend.

As informed on topography map, some part of KSI area is hilly with slope more than 25% and which is plantable. For areas consists of >40% slope are not planted and dedicated for conservation area (based on Group estate manager decree no 019A/KSI-EST/SK/VI/2014).

To overcome limitation on hilly area, several method had implemented which refers to procedure such as KSI-SOP-EST-003 new planting, KSI-SOP-EST-010 about pembuatan tapak kera, KSI-SOP-EST-011 about pembuatan silt pit. Those procedures describes soil conservation technique such as by making terraced planting pattern on hilly areas for soil conservation, by making silt pit for water conservation, planting of trees on riparian of conservation area, monitoring of soil erosion on palm circle, inter-row and harvesting path and frond stacking technique

Additionally, management strategy to overcome low soil fertility are by giving fertilizer recommendation based on leaf/soil analysis, and carried out nutrient cycle with palm oil processing by-products, i.e.: EFB and POME.

Based on field observation in Block 014 KSI I, it was found that land management which had implemented in 21-40 % elevation area were terraced planting pattern, manual upkeep and fronds was stacked parallel to the contour line. Furthermore, according to erosion monitoring record in Block 042, it was informed that erosion rate is 0.00-0.15 mm/year. This is indicate soil conservation method has satisfactory implemented

Road maintenance budget and programme are available at budget document and rencana dan realiasi pekerjaan perawatan jalan 2016 for main road and collection road for example: KSI III realization until December 2016 are 18000 meters, KSI II realization until December 2016 are 14300 meters, KSI I realization until December 2016 are 9500 meters, Talao smallholders realization until December 2016 are 7500 meters, and Sei Kunyiit smallholders realization until December 2016 are

Compliance status: Yes No

NCR No: -

11000 meters.

Based on semi detail soil surveys 2005 from AGROMAC agriclutural surveys, and based on soil map with 1:50000 scale shown there is no peat soil presence at PT KSI and smallholder's areas, soil type found on company areas are dominated by oxixols and andisols (hapludox, dystrodept, and kandiudox type).

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

Findings:

All of water sources identification and management plan are listed on 2016 water management document. These document describe the water source identification, Mill water usage monitoring & efficiency, and catchment area protections. Field visits on block 014 Div 1 for examples, found that companies managed Pulai river riparian by marked the buffer zone (throughout 50 m bothsides on riparian), perform revegetation with bamboo, and signboard placement. Company also conducted regularly water quality testing every semester for Jujuhan River. Based on workers interview on estate housing shown that drinking water for them originated from refill water and KSI mill also provides clean water access for all workers.

Company has identified and shown the maps for catchment areas (including riparian) with 1:25000 scale. HCV identification document shown there is some river flow on estate such as Jujuhan and Pulai river. Company provided procedures for these catchment areas protection/conservations listed on procedure KSI-SOP-GEN-008 document. Field visit during audit, for examples on Pulai river riparian block 014 acquired information that company shown proper ways to maintain and protect the catchment area for example manual weeding and marking the chemical boundary border.

Mill effluent produced by SBNM processed at waste water treatment plant (WWTP) based on procedure SOP-Mill-031, until it complying with standards before it distributed/discharged to Division 1 estate as land applications based on decree of Solok Selatan regent No 660.410-2014 valid until 2019. Waste water quality testing document review shown for july-december 2016 periods all of waste water testing parameters is compliant to the standards quality (e.g : on December 2016 BOD 393.4 mg/l) and of waste water management and monitoring has been reported to related institutions per three month regularly.

Procedure for KSI Mill water usage and monitoring are provided and has been listed on procedure SOP-Mill-027. Standards of water usage for FFB process recorded on 2016 budget projected 0.90 m3/tonne FFB processed. Water usage monitoring was done periodically and recorded, for example on December 2016 FFB processed 18.953 tonne, and process water usage 12.314 m3, and water usage efcency was 0.65 m3/tonne FFB processed.

Observations on KSI Mill water ttreatment plant found monitor-

Compliance status: Yes No

NCR No: -

ing for raw and process water usage was done by officer periodically, and flowmeters at inlet/outlet serves normally.

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

Findings:

The program of integrated pest management (IPM) was presented in Division Work Program, which the technical has referred to procedure KSI-SOP-EST-025 about IPM. The program has consist of detection on pest and/or disease (P&D) incidence, planting of beneficial plant, census and control of P&D population. The procedur mentioned that chemical control is only carried out when the P&D incidence was more than its economic threshold. Record of IPM activity were presented in several documents as follows :

- Third rotation census of rats in October 2016 informed that the incidence were varied from 0.00-4.60 %, which is still under economics threashed (5%). Hence, there is no rat bait application in August 2016.
- Census of leaf eating caterpillars (LEC) in October 2016 shows that the incidence were approximately about 0.06 LEC/frond. Hence, there was no chemical application recommended.

During 2016 periods, all census for pest and disease shown that attack levels are still below economically threshold, resulting company not controlled pest and disesase with chemical applications.

Company do not use any pesticide categorized as limited or WHO 1A/1B, or paraquat. Training programme for pest management have established in 2016/2017 training programme and realization. The company shows the evidence of training which had been carried out by the estates, for example as follows:

- Training of leaf sampling unit (LSU), held on January 21st 2016 in Divisiion I and smallholders, attended by 13 workers and foreman.
- Training of integrated pest management for First Aid Officers of PT KSI estates and smallholders, held on July 15th 2016 for estates and smallholders team, attended by 31 upkeep workers and Spraying foreman.
- Socialization on material and safety data sheet (MSDS), held on November 26th 2016, attended by 13 fertilizer applicators, 15 pesticides applicators (include foreman and agrochemicals storage), 10 worker from pest and disease team.

Compliance status: Yes No

NCR No: -

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

Findings:

Procedure KSI-SOP-EST-025 about IPM mentioned that

Compliance status: Yes No

chemical application on P&D population control were only allowed if the number of incidence attack were more than its economic threshold. Justification of pesticides used must be based on census analysis which conducted regularly.

The company has no regulation on specific pesticides used. However, list of pesticides used in 2016 were able to be provided. According to the list given, there were only four brands of pesticide used namely Starlon (tricypr butoksi), glisat (isopropilamina glyphosate), lindomin (2.4 Dimethyl amine), tiara (methyl metsulfuron). All pesticides used are listed in the book of pesticide commission 2016 issued by Department of Agriculture, Republic of Indonesia.

Furthermore, there are also no pesticides classified in WHO Class 1A/1B or listed in Stockholm and Rotterdam Convention. The company has a commitment which is stated on memorandum of GEM KSI No 001/KSI-GEM/VIII/2010 related to no paraquat usages since 2010. According to pesticides used data and field visit to agrochemicals storage, there was no stock of paraquat used in 2015-2016.

In order to avoid P&D (include weeds) resistance and prophylactic uses of pesticide, estate and smallholders management had substitute and rotate the use of pesticides for the same target. For example, in term of broad leaf control, the use of glisat (Isopropyl amine glyphosate) could be substitute with tiara 20 WG (Methyl metsulfuron). Moreover, apart from chemical control, biological control has also adopted by the estate, such as planting of beneficial plant for LEC control and using barn owl (*Tyto alba*) for rats' control. Based on field observation, beneficial plants such as *Turnera subulata* dan *Antigonon leptopus* were planted along main road and collection road, and looks satisfactory maintained.

Program of pesticides used was presented in Division and smallholders Work Program which describes in Part 3. While its realization has presented in document of "monthly pesticides used and analysis report". The report for 2016 has also informed monitoring of active substance used and lethal dosage (LD)-50, area treated, and amount of active ingredients. For example, percentage of active substances used for starlon 665 EC, Glisat 480SL, Lindomin 865SL, Tiara 20WG in January to December 2016 were 0.44%, 0.41%, 0.40%, and 0.20% respectively.

NCR RSPO 00832

Est	A.I	LD 50 (mg/kg)	% A.I	usage (l or kg)	Total A.I
1	Tricypr	710	0.44	299	131.56
2				0	0
3				0	0
1	Glyphosate	4,230	0.41	7,106	2,913.4
2				1,520	623.2
3				920	377.2
1	2.4 Dimethyl amine	375	0.40	354	141.6
2				80	32
3				0	0

1	Metsulfuron methyl	5,000	0.20	452	90.4
2				34.5	6.9
3				19	3.8

* 1 = KSI estates, 2 = Talao smallholders, 3 = Sei Kuyit smallholders

During 2016 periods, all census for pest and disease shown that attack levels are still below economically threshold, resulting company not controlled pest and disease with chemical applications. Based on pesticides used data 2014-2016, it was informed that all pesticides uses in the later year has significantly reduced respectively (2014 are 14.388 litre, 2015 are 12.952 litre, and 2016 are 10.784 litre).

Furthermore, there are also no pesticides classified in Class 1A or 1B WHO and/or listed in Stockholm and Rotterdam Convention. The company has a commitment which was stated in memorandum of GEM KSI No 001/KSI-GEM/VIII/2010 about no paraquat used since 2010. According to pesticides used data and field visit to agrochemicals storage, there was no stock of paraquat used in 2016/2017.

The Company has a mechanism to handle agrochemical, which presented in procedure KSI-OP-ST-006 about weeds control, KSI-SOP-EST-007 about spot spraying, and KSI-SOP-EST-008 about lalang spray, and KSI-SOP-GEN-005 about toxic and hazardous waste management and work instruction NKSI-SOP-GEN-016 about step of ex pesticides containers washing and cleaning. To maintain pesticides applicators knowledge on pesticides handlings and applications, several training had been conducted for example as follows :

- Socialization on material and safety data sheet (MSDS) and EHS, held on October 21st 2016, 16 pesticides applicators (include foreman and agrochemicals storage), 10 worker from pest and disease team and 6 workshop workers.
- Socialization for pesticides applications technique held on December 2016 for 32 workers (estates dan smallholders)

Based on interview with pesticide applicator in KSI 1 and sei Kuyit smallholders, it could be concluded that the workers were able to explain and demonstrate its job in accordance with the SOP, such as considering wind flows during spraying process, pesticides and weeds target, prohibited areas to be sprayed (for example conservation area and riparian zone, which were marked with red and yellow poles and red mark on the palms), MSDS, and a safe pesticides mixing process. Field visit on rumah bilas (pesticides mixing & rinse house for spraying team) on Sei Kuyit smallholders and central agrochemicals storage found that MSDS are available in Indonesian languages.

During field visit at home rinse on Sei Kuyit smallholdings estate and interviews result show that spray teams does not equipped with safety goggles. **This condition raised as non-conformity (NCR RSPO 00832).**

Procedure of waste management and pesticides storage has

presented in document SOP-KSI-STR-007 about material storage (including pesticed and agrochemicals) and KSI-SOP-GEN-005 about toxic and hazarodus material and mwaste management which covers ex pesticide containers collection, recording. Ex pesticeides containers are allowed to be used for the same purposes.

Based on field observation on central agrochemicals storage, it was found a complete series of MSDS, in accordance to the current stock. Specific pesticides mixing site has also available. Water which had used for sprayer washing and pesticides mixing process was properly reused. The storage has also equped with pesticide flows records, proper risk symbols, PPE, first aid and fire extinguisher.

All of ex pesticides/agrochemicals containers were kept on temporary hazardous and toxic storage. Furthermore, based on observation to hazardous waste storage, it was found that time of storage and storage management were suits with the pemit and regulations. The hazardous wastes were delivered to the permitter collector, namely PT Shali Riau Lestari. Furthermore, based on field observation to Division I housing complex, it could be concluded that there were no ex pesticides or hazardous material containers used for household purposes.

According to the field visit on the spraying program, the company has applied pesticide by using Knapsack/spraying equipment (not spreaded from the air).

Compnay possess procedure for Toxic and Hazardous waste including ex agrochemicals management listed on SOP-KSI-GEN-005. These procedure stated that all ex chemicals containers were kept on temporary hazardous storage at Division 1 and Mill. Training for workers and staff regarding hazardous & toxic material handling conducted on August 2016 attended by 56 workers (estate and smallholders). Based on interview with sprayer team found that workers recognized how to properly disposed waste materials and workers have been trained by company about waste and hazardous materials handling. All of ex pesticides waste disposal evidence (log-book & manifest) are available and checked by auditor team.

All of pesticides applicators are listed and available on each estates and smallholders. Overall (estates and smallholders) have 46 applicators. The latest spesific medical examinations (cholinestrase) were conducted at October 2016 and results of the test shown normal cholinestrase level for all workers. During Interview with applicators on Division 1 and sei kunyit smallholders, acquired information there is no skin desease/itches indication for all of sprayer teams.

The specifically medical examination for operator of pesticide has been conduct once a year on October 2016 (cholines-trase), but this situation does not appropriate with regulation where the specifically medical examination must be conduct 2 times a year (every 6 months). (Permenaker No. Per.03 / MEN / 1986). This is raise as non-conformity for regulation compliance (see 2.1.1).

Policy regarding preventing pregnant and breast-feeding women from handling pesticides has been develop by company, based on internal memo No 09/MEMO-GEM/IX/2010 from GEM. The medical examination has been conducted in regular basis and has already been informed to the workers, a routine inspection was also carried out by the company medical practices to ascertain the condition of workers and ensure there are no women working as sprayer who are pregnant and lactating. Interview with spraying workers during audit found that they are aware that pregnant/lactating women are not allowed to handle pesticides in any circumstances, and those all are not in pregnant/lactating conditions.

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

Findings:

The company has policy about safety and health approved by Country Head (Hendri Saksti) dated 22 May 2015. The safety and health policy has been covered risk accident and risk control. The policy has been stated in Indonesian language. The company has been conduct socialization of policy on 6 April 2016. The company has OSH programme year 2017. The programme has been covered OSH aspect and equipped with target of implementation. Some of realization of HSE programme for year 2017 i.e:

- OSH meeting on 23 January 2017
- OSH inspection on January 2017
- Inspection of fire extinguishers on January 2017

The company conduct monitoring for implementation of programme by OSH inspection every month. The OHS programme has been delivered to each department. The company has due date to realize the HSE programme and if any target does not achieved so the company will conduct evaluation.

Some of the safety and health conditions which does not comply such as:

- During visit to mill found cigarette butt around the Petro tank and Boiler
- Employees who are not capable to operating the tractor to the mill namely Atlas 27 on behalf Wandra where the tractor operator should be on behalf Anasrul
- The truck driver did not bring a driver's license, among others Izal (Division 2), Nopri (Division 3), Ihen (Division 2)
- During the hydrants test No. 1 found that hydrant pressure very small
- Oxygen tube are not properly fastened
- Back alarm of loader is not functioning (switch off)

This condition raised as non-conformity (NCR RSPO 00833).

The company has identification of risk assessment, safety health and environmental impact (Form-EHS-003 revision 01 dated 1 October 2011 for mill) and Form Gen-005 revision 01 dated 1 April 2016 for estate. The risk assessment has been cover all process and activities.

Compliance status: Yes No

NCR RSPO 00833

NCR RSPO 00834

NCR RSPO 00835

The company has training programme year 2017 related safety and health i.e first aid training, emergency training, OSH for chemical training, Loto & work permit, investigation of accident training, fire training and training of OSH and environmental system management. The company has procedure about personal protective equipment. The procedure said that if any damaged the company will replaced with the new PPE. Based on field visit to harvesting activity (Block 161 Division 3), spraying (Block 156 Division 3), fertilizing (Block 158 Division 3) seen that the workers has been wearing the PPE properly i.e harvester (safety boot, helm and gloves), fertilizer (apron, gloves and safety boot) and sprayer (mask, apron, gloves and safety boot). During a visit to the mill found a truck driver (on behalf Ithen Division 2 and Izal Division 2) does not wear PPE which required i.e safety boot. **This condition raised as non-conformity (NCR RSPO 00834).**

The company has person incharge which responsible to implemented of OSH that listed in Occupational and Safety Health Committee. The company has been conduct regularly meeting and discussing about the problem that happened. The company does not conduct re-validation the structure of occupational safety and health committee where there are employees has been resign on behalf Nofzaini and employees who are not registered in the list name of employee on behalf Bairul Amnan and Kambaruddin (estate) and the mill has not received the structure legalization of Occupational and Safety Health Committee. **This condition raised as non-conformity (NCR RSPO 00835).**

The company can showing evidence of OSH reporting that submitted to related agency. Report of 1st quarterly submitted on 15 April 2016, report of 2nd quarterly submitted on 25 July 2016, report of 3rd quarterly submitted on 28 October 2016 and report of 4th quarterly submitted on 30 January 2017.

The company has meeting record of OSC committee. The mill has been conduct regularly meeting. For example 22 January 2016, 29 February 2016, 22 March 2016, 29 April 2016, 31 May 2016, 14 June 2016, 14 July 2016, 15 August 2016, 25 September 2016, 31 October 2016, 30 November 2016 and 30 December 2016. The OSH committee does not conduct regularly meeting to discuss about work accidents that occurred where in year 2016 only conduct four times a year where the level of work accidents that occur are very high with a total of lost working days as much as 676 days with the total of accidents as much as 99 cases. **This condition raised as non-conformity (NCR RSPO 00835).**

The company has procedure of emergency response team (PRO-EHS-0016-01 revision 01 effective dated 1 October 2011) covered fire, leaks or chemical spills, damage to the levee, the blast machine. The procedures have been covering emergency response and recovery investigation. Recording of occupational accidents have been reported to the authorities through OSH report reported every 3 months. The company has been conduct first aid training on 15 January 2017 (mill) and 13 February 2017 (estate). The company has record of first aid training i.e attendent list of participant, first aid material and documentation of activity. The first aid training attended

by 30 person. The company has record of work accident listed in Accident recapitulation report (FRM-EHS-035-02 revision 02).

The company providing medical care for employee i.e clinic. The company also provided social insurance i.e BPJS Kesehatan and BPJS Ketenagakerjaan. Based on evidence payment of BPJS Ketenagakerjaan of January 2017, the company has been paid BPJS Ketenagakerjaan as much as Rp. 399,844,305 dated 14 Februari 2017 with total of employee as much as 1,918 person. The company has been paid BPJS Ketenagakerjaan as much as Rp. 157,797,189 with total of employee as much as 1,453 person. The company has record of lost time accident metrics for year 2016.

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

Findings:

The auditor were reviewed some related document of trainings and found that there is sufficient evidence that all staff, workers, smallholders and contractor appropriately trained. The documents were verified are:

- Training Matrix of POM Internal Training year 2017, Document No.: FRM-EHS-006; Rev.01, the program was include:
 1. First Aid Training
 2. Emergency Response Plan
 3. Hazardous Material Handling and Emergency Sign Training
 4. LOTO & Work Permit
 5. RSPO, SCCS, ISPO, and ISCC Training not implemented yet
 6. Accident Investigation Training not implemented yet
 7. Management of Hazardous Waste
 8. Basic of Instrument and Electrical
 9. Scaffolding Training for Technician
- Sosialization of LK3 and certification of RSPO, ISCC and ISPO, conducted on February 15, 2017.
- Training for conductor, conducted on December 26, 2016.
- Training of Instruments Basics and Electrical for POM, conducted on December 19-22, 2016

The supporting documents of the training and/or socialization are available such as: invitation letters, official reports, attendance lists, activity reports, minute of meetings, and other related documents.

Corporate has training recording mechanism for each employee, which is stipulated on Recording SOP of competency and training level No. Document: KSI – FRM – GEN – 029 effective on October 2010. This procedure included training request, Training implementation and training evaluation. The institution in charge is Department of Human Resources Development (HRD) PT KSI. In training recording of each employee, it's stated information of training type, trainer, implementation date and duration. All estate employee and POM of PT KSI has owned training records. Workers in Smallholder

Compliance status: Yes No

NCR No: -

area has training records for each employee as well.

Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Findings:

Until 1st surveillance audit, there is no scope changes related to mill capacity, new plantings, and replanting on PT KSI areas. All company operation activities are covered on these old document. The company has a document of Environmental Impact Assessment (EIA) for the scope of KSI estate (Division 1, Division 2, and Division 3) and KSI Mill approved by agricultural minister on 1998. Additionally, the company also has Environmental Management and monitoring Document for the scope of KSI estate (Division 1, Division 2 and Division 3) and KSI Mill.

Both of these documents explained the impact that might caused by the company's operations such as land acquisition, construction of roads, creation of infrastructure, processing mills build up, land preparation, crop management, oil palm planting, development of conservation areas, etc. Both documents also describes the management plan and monitoring plan that should be done by the company.

Talao and Sei Kunyiit smallholders does not have an environmental document. **This condition raised as non-conformity (NCR RSPO 00836).**

On 2015 companies has develop a new methane capture plant, regarding to this PT KSI possess another environmental permit (izin lingkungan) based on decree of Solok Selatan regent No 660.448/2015. These environmental permit described that PT KSI are not necessary to change the old RKL/RPL document. Timetable for the implementation of the management and monitoring has been provided and referred to 1998 Rencana kelola dan pemantauan lingkungan (RKL/RPL) documents.

Environmental management plans to prevent negative impacts and impacts caused by operational activity for Talao and Sei Kunyiit smallholders are not available. **This condition raised as non-conformity (NCR RSPO 00837).**

The Company has consistently done the environmental management and monitoring as outlined in the Report of the Environmental Management and Monitoring. This report are established every six months and reported to the Environment agency of Solok Selatan. The report described realization of monitoring and management of the environment in accordance with environmental parameters in the Environmental Management Plan - Environmental Monitoring Plan and prearranged by regulations.

Review for the monitoring/management plans has been devel-

Compliance status: Yes No

NCR RSPO 00836

NCR RSPO 00837

NCR RSPO 00838

oped on February 2017 and company will included land fire parameters as the results of RKL/RPL management plan review for next semester monitoring report.

Environmental monitoring plans to prevent negative impacts caused by operational activity for Talao and Sei Kunyit small-holders are not available. **This condition raised as non-conformity (NCR RSPO 00838).**

Criterion 5.2: The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

Findings:

The company has been conduct HCV assessment. The HCV assessment conduct on October 2010 by Aksenta. The HCV assessment covered protected areas inside land title, status of conservation (IUCN, CITES, Government regulation) and also identification of habitat of high conservation value. The small-holder has been conduct HCV assessment on May 2013 by internal Wilmar. HCV assessment conduct by Aksenta headed by Mr. Sujatnika which has been receive the qualification as HCV team leader and specialist from RSPO. Based on report of HCV assessment, there are list of stakeholder for HCV assessment i.e company, local community, government, community leaders. There is also minutes of meeting for stakeholder consultation and documentation of public consultation. The HCV assessment has been conduct checking include biological. Base on report of HCV assessment there is HCV 1.3 i.e refugia (area protection) such as Bukit Tengah Pulau and Bukit Salo which is a haven of primate species and also HCV 1.4 is Ganeh river, Suir river, Kulai river and Jujuhan river. The HCV assessment conducted refer to HCV toolkit which adopted on HCV toolkit Inodnesia year 2008. The company has map of HCV which has been overlay with land title map and area map.

Based on HCV assessment there is indication of HCV 1.2 and HCV 1.3. HCV 1.2 i.e Tapir, Owa, Ungko, Slamang, Beruk, Beruang Madu. HCV 1.3 i.e the area which function as the last habitat for species such as Bukit Tengah Pulau and Bukit Salo.

Based on result of HCV assessment, there is mangement and monitoring plan year 2017 for area is a habitat for populations of threatened species, the spread is limited or protected survives. Some of the management and monitoring plans, among others:

- Installing and maintenance sign of riparian as long on buffer of river (ganeh river, Kulai river, Jujuhan river, Suir river) in accordance with procedure of riparian
- Regularly checking for indication of riparian damaged, spraying, poisoning of fish, tree cutting inside riparian and reported every month
- Water sampling to analyze
- Enrichment of flora in open riparian with local plant
- Conduct analyze of reiver water biota

Compliance status: Yes No

NCR No: -

<ul style="list-style-type: none"> • Conduct rapid survey <p>The company has been conduct implementation of management and monitoring plan such as:</p> <ul style="list-style-type: none"> • Socialization of HCV regularly to employee, staff and local community • Installing of information signboard, protected animal and prohibition • Signing of riparian buffer • Testing of river water quality • Installing the sign of chemical activity around water source • Conducting rapid survey <p>The company has been conduct regularly monitoring every once month for entire HCV areal. Record of monitoring listed in management of conservation area report and minutes of activity. The company has been conduct regularly inspection to ensure implementation of mitigation plan that has been issued.</p> <p>The company has environmental policy assigned September 2010 by Group Plantation Head (Goh Ing Sing). The company has monthly programme such as socialization related status of RTE species to employee, staff and community. The company conduct field inspection to check the traps inside location of HCV which stated in monthly report of HCV findings. The procedure for protection of flora and fauna (KSI-SOP-GEN-012 revision 05 effective date 2 April 2016 has been stated about the sanction refer to regulation if any employee shown to do things that are prohibited i.e not allowed to trade wildlife both protected and unprotected.</p> <p>The company has management and monitoring plan of HCV year 2017. The management and monitoring plan described about location of HCV, clasification, status and comment, corrective action, person incharge, due date and cost. The company has record of monthly monitoring report for HCV area and also report of fulfill to management plan every year. The report submitted to management and also related agency.</p> <p>The company does not have HCV area set aside with local communities.</p>	
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Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner

<p>Findings:</p> <p>Waste management plan, and Registry for waste (included toxic and hazardous waste) products produced from mill and estates/smallholders are identified and listed on 2016 identification and evaluation of pollution source document, for example mill waste water are managed at waste water treatment plant before it distributed as land applications, hazardous waste were kept at temporary hazardous waste storage.</p> <p>PT KSI have been conducting regular emission testing every six month as outlined in implementation report of RKL/RPL semester II 2016. The Company have implemented waste uti-</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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lization as oil palm nutrients by EFB and POME applications. During July-December 2016 periods, realization for POME applications are 84.342 m³, and FFB applications on January-December 2016 are 24.306 tonne. Field visit during audit found there is no indications that all waste including domestic waste are disposed using open fire.

All chemicals and their containers including hazardous waste are disposed responsibly based on procedure KSI-SOP-GEN-005. Inventory for all chemicals usage and it containers are available on chemicals storehouse / temporary hazardous waste storage. All ex chemicals containers kept on temporary hazardous storage at Division 1 and KSI mill, and the company has a permit for hazardous and toxic waste storage issued by decree of Solok Selatan regent No 660/62/KLH/III/2012 for estates valid until march 2017, and permit No 660.450-2015 for KSI mill valid until October 2020.

Records shown that company has sent all toxic and hazardous waste to PT Shali Riau Lestari (licensed hazardous waste collector by decree of national environmental minister No SK.879/MenLHK/Setjen/PLB.3/11/2016) on september 21st 2016 (manifest are available and checked by auditors, for example manifest AAC0007138, carrier vehicle BM8520JU for ex agrochemicals containers 506.51 kg). Observation during audits at KSI mill and KSI estates temporary hazardous&toxic waste storage shown that all of hazardous waste are compliant with the periods in permit (< 180 days).

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximized.

Findings:

Company already have commitment to reducing fossil fuel by renewable energy usage. Shell and fiber usage have been monitored per month and realization of fossil fuel usage for examples, during December 2016 are 6284 litre.

During July-December 2016, fiber and shell usage for boiler resulting average energy efficiency for diesel fuel are 1.95 litre/tonne CPO, for electricity are 81.52 kWh/tonne CPO, for shell usage are 0.19 tonne shell/tonne CPO, and 0.75 tonne fiber/tonne CPO for fiber usage.

Compliance status: Yes No

NCR No: -

Criterion 5.5: Use of fire for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.

Findings:

The company has environmental policy which assigned on September 2010 by Group Plantation Head (Goh Ing Sing). The policy listed commitment of compnay on article 3 i.e zero burning for entire of plantation activity and waste disposal. The company has procedure of land clearing (KSI-Pro-Est-001 revision 03 effective date 25 September 2012. The procedure stated that land clearing conduct with zero burning. The com-

Compliance status: Yes No

NCR No: -

pany has replanting programme stating from 2018. The company does not yet conduct replanting until audit occur.

Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

Findings:

The company has identification of source emission and polluting from entire activity. The company has programme of green house gasses mitigation set on 2 January 2017 i.e monitoring of emission source, methane capture, boiler maintenance, generator maintenance. The programme of GHG mitigation has been covered item of activity, implementation and realization of activity. Some of activity that has been realize such as methane capture, calculating of renewable energy 2016, maintenance of genset and boiler. The company also has been conduct quality testing of palm oil mill effluent each month from January until December 2016. Based on testing result, the value of BOD still inside the threshold set in the regulations.

The company has a system to monitoring of emission of pollutants came from estate and mill activity. The company has been conduct reporting of GHG calculation to RSPO. The company has been conduct GHG calculation in accordance with Palm GHG version 3.0.1.

The result of GHG calculation describe in the table below:

Summary of Net GHG Emissions

Emissions per Product	tCO2e/t Product
CPO	0.29
PK	0.29

Production	t/year
FFB processed	176,570.575
CPO Produced	34,758.75

Extraction	%
OER	19.69
KER	5.21

Land use	Ha
OP planted area	7,699.91
OP planted on peat	0
Conservation (forested)	65.44
Conservation (non-forested)	

Compliance status: Yes No

NCR No: -

Total		
<u>Summary of Field Emissions and Sinks</u>		
Land conversion:		
<ul style="list-style-type: none"> • Own crop: 75,697.97 tCO₂e or 9.83 tCO₂e/ha • Group: - • 3rd party: - 		
CO ₂ Emissions from Fertilizer:		
<ul style="list-style-type: none"> • Own crop: 5,788.39 tCO₂e or 0.75 tCO₂e/ha • Group: - • 3rd party: - 		
N ₂ O Emissions		
<ul style="list-style-type: none"> • Own crop: 6,104.34 tCO₂e or 0.79 tCO₂e/ha • Group: - • 3rd party: - 		
Fuel Consumption:		
<ul style="list-style-type: none"> • Own crop: 2,674.35 tCO₂e or 0.35 tCO₂e/ha • Group: - • 3rd party: - 		
Peat Oxidation:		
<ul style="list-style-type: none"> • Own crop: - • Group: - • 3rd party: - 		
Sinks:		
<ul style="list-style-type: none"> • Own crop: - • Group: - • 3rd party: - 		
Crop Sequestration:		
<ul style="list-style-type: none"> • Own crop: -72,084.5 tCO₂e or -9.36 tCO₂e/ha • Group: - • 3rd party: - 		
Conservation Sequestration:		
<ul style="list-style-type: none"> • Own crop: - • Group: - • 3rd party: - 		
Total:		
<ul style="list-style-type: none"> • Own crop: 18,180.55 tCO₂e or 2.36 tCO₂e/ha • Group: - • 3rd party: - 		
<u>Summary of Mill Emissions and Credits</u>		
	tCO₂e	tCO₂e/t FFB
Emissions		
POME	3,223.23	0.02
Fuel Consumption	568.02	0

Grid Electricity Utilization	0	0
Credits		
Export of Grid Electricity	0	0
Sales of PKS	-10,040.51	-0.06
Sales of EFB	0	0
Total	-6,249.26	-0.04

Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0 %
Divert to anaerobic digestion	100 %

POME Diverted to Anaerobic Digestion

Divert to anaerobic pond	0 %
Divert to methane capture (flaring)	13 %
Divert to methane capture (electricity generation)	87 %

Criterion 6.1: Aspects of plantation and mill management including replanting that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Findings:

PT KSI has had SIA document that developed on October 2010 by Independent Agency i.e. Aksenta. The SIA development processes and findings have been documented and reported in the document. The document has covered all potential impacts factors , that are :

- Increased public education around PT KSI
- The gap qualified labour needs
- Migration of people into region around PT KSI
- Insufficient resources of agricultural land and plantation
- Change livelihoods
- Changes in income
- Financial institutions , both formal and non -formal , including banks and cooperatives
- Social capital
- Improved rural infrastructure (roads, transport , communications , religious facilities , sports facilities, etc)
- Health
- Workplace safety

There is evidence that impact assessment has been involved the affected communities. The communities affected are the land owners and the people residing in villages around the site of PT. KSI. Based on information from the public and SIA doc-

Compliance status: Yes No

NCR RSPO 00839

ument, that participatory assessment carried out by using method of Focus Group Discussion with affected communities.

SIA study of PT KSI was drafted by Aksenta on 2010 has included smallholder farmers of Swa Mata, located in 2 sites, those are Nagari Talao and Sungai Kunyit, cover area of 650 ha, 325 farmers, In process of SIA drafting, farmers was involved in participatory ways.

In the document of SIA, there are any recommendations on the preparation Social Management Plan as social impact mitigation plan. PT KSI has had a Social Management Plan to avoid or mitigate negative impacts and positive promotion, and monitoring the impacts. There is evidence that evaluation of social activities has conducted every two year, the last evaluation in 2014. Review carried out independently by PT. KSI as a form of evaluation of the activities carried out. Review has been documented in a report Monitoring and Management Plan Social Activities PT KSI 2017. The management plan for social activities year 2017 available.

Company already has management plan for social impact assessment in 2017, but the company can not shown evidence of document preparation of document management plan for social impact assessment which based on input from stakeholders (internal and external parties affected). **This condition raised as non-conformity (NCR RSPO 00839).**

There is evidence that farmers has involved in the process of preparing SIA as a resource of information. Based on the explanation of farmers in mind that the farmers involved in the whole process of primary data collection in the preparation of the SIA. The main impact for farmers is the loss of land to the farmers who have been replaced by the development of plasma plantation by PT KSI.

LUT area of PT. KSI in particular period (every 3 months) became stopover point for Anak Dalam Tribes (ADT). The existence of ADT as HCV5. PT KSI has owned plan of HCV processing and monitoring on year 2016, including the existence of ADT. Wilmar Group plantation published memo No. 16/MEMO-GEM/XI/2010, on November 10, 2010 related to policy in handling forest man, those are: giving freedom for forest man to have an activity in area of LUT of PT KSI for their livelihood (hunting animal, which is not protected by government and seek for plantation as their food) and give understanding to employee of PT KSI not to bothered group of forest man to have activity in LUT area.

On May 3, 2016, HCV team, PT KSI, doctor of corporate and security has conducted curing to Anak Dalam Tribes in area of LUT of PT KSI. Team has also identified Anak Dalam Tribe who stay at LUT area, those are 32 people.

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

Findings:

PT KSI has establish a procedure for communication and consultation between organization and local community and other affected namely SOP Communication and Consultation

Compliance status: Yes No

NCR No: -

Document No. CS - PRO - GEN - 010 revision 01 dated August 1, 2010. The scope of the procedure include receiving, documenting and responding on news or events from stakeholders and from the PT. KSI. The SOP has been disseminated to all employees and is repeated on a safety talk in the morning. SOP has been socialized and communicated to stakeholders in Nagari Sei Kuyit on January 11, 2010 and Nagari Talao on January 12, 2010.

Based on the verification to the public known that PT. KSI responsive to the problems expressed by the community, such as a complaint against the recruitment, where people generally do not meet the required qualifications. The Company provides an alternative non acceptance of the manpower needs skill as power harvesting and maintenance

The Company has appointed Communications PICis Muzain Arfa Satria (CD Senior Staff), and the job description are :

- Identify the types and nature of CSR
- Recommend results presented identifikasi for CSR program
- To coordinate with operating unit leaders and the regional coordinator of CSR
- Coordinate all of CSR
- Ensure a harmonious relationship with the community
- To identify and anticipate every obstacle in CSR activities
- Prepare and submit reports CSR
- Society has to understand PIC designated as evidenced by the company's incoming mail that can be immediately responded by PT .KSI.

The organization keep and maintain list of stakeholders. Recording confirmation correspondence is documented in the log book / letter entry – exit. Efforts have been made by PT KSI to ensure understanding of the community is done by placing one staff person to manage the smallholdings are always provide information on PT . KSI Evidence tape PT KSI action in response to input from stakeholders also documented in the log book. For example, letter on December 13, 2016 from Elementary school YPTSS Sei Tengah No. 421/33/TK-SD/KS-2016 related to transportation borrowing for December 14, 2016. PT KSI has facilitated transportation for Elementary School of YPTSS Sei Tengah.

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

Findings:

The organization has established mechanism for handling complaints and grievances of all parties affected, namely:

- SOP Communication and Consultation No. KSI-PRO-GEN-010
- SOP Communication, Consultation and Coordination with Stakeholders No. KSI-PRO-BNM-005
- SOP Information Service for Stakeholder No. KSI-PRO-BNM-003
- SOP Sighs Mourning and Worker Complaint No. KSI-PRO- HRD- 005, revision 00, Juny 2010.

Compliance status: Yes No

NCR RSPO 00840

- Procedure of delivering and handling Sexual Harassment Case No. Document: KSI – PRO – GEN – 016, revision 00, January 1, 2010.
- Procedure of information Request for StakeHolder No. Document: LSI – PRO – BNM – 003, Revision 02, January 8, 2016.
- Procedure of Complaint Receiving and Conflict Resolution No. Document: KSI-PRO-BNM-004, revision 01, September 16, 2016.

Grievance and complaints procedures (No.KSI-PRO-HRD-05, Rev. 0, effective on June 15, 2010) does not included a clear time frame for completion of the grievance / complaints. **This condition raised as non-conformity (NCR RSPO 00840).**

The organization has appointed PIC for communication (Muzain Arfa Satria/CD Senior Staff) which responsible for:

- a. SOP system has disseminated to stakeholders
- b. This system understood the community, the community proved to file a written complaint to the PT. KSI:
 - Letter on December 20, 2016, Custom Leader of Nagari Talo requested assistance in repairing of village road. Corporate has fulfilled that request.
 - Letter on September 28, 2016, employee on behalf of Purwanto, Sentral Division, delivering complaint about bath-tub that is leaking. Corporate has repaired that bath-tub.
 - Letter October 31 Talao about 2016 of the country request for assistance of heavy equipment to repair roads.
- c. There are policies that ensure the safety of whistle-blower protection in the form of:
 - Document Wilmar Whistle Blowing Policy on April 22, 2013.
 - Prodesur Reception complaints and dispute resolution No. KSI-PRO-BNM-004 revision 01 of September 16, 2016.
- d. If there is no agreement in the settlement of disputes will be resolved through LKS bipartite with the help of the union and if there is no agreement it will be resolved through the courts.

There is documentation of employee complaints , namely :

- Complaints housing
- Complaints quality crop tool
- Complaint of broken bath-tub.

For example, on October 1, 2016, employee, Moh. Elizan delivering complaint about broken of ceramic in bath-tub. Regards to that complaint, PT KSI has responded and repaired that broken bath-tub.

The complaint was submitted to leadership directly and subsequently reported to the Manager Estate PT. KSI to give answers / responses . Documentation on complaints made by staf of Document Control.

Interview result with custom leader of Nagari Talo (February 15, 2017), it's known that PT KSI has been cooperative and quick response to each complaint and request from community. Public Relation Staff actively communicate with community.

Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Findings:

The company has procedure of Management Activities and traditional rights with document number No. KSI - PRO - BNM - 06 dated 15 September 2015 to identify the legal, customary rights of local communities.

The scope of the procedure are:

- Identify all the activities and the traditional rights of the people who come into contact with farm or factory activity
- Classify formulate and define settings, handling community activities and traditional rights
- Conduct field supervision for the benefit of the company, related to community activities in the field. Perform necessary remedial action against violations
- Running the function of communication, consultation and coordination of policies related to the management community activities and traditional rights.
- The procedure is compiled independently by the Company

The company has established procedure of Dispute Resolution No. KSI - PRO - BNM - 007 as mechanism for calculating and distributing fair compensation to the people affected. Such procedures observing the principle of mutual agreement and fairness in compensation payments. The entire impact receiving communities have equal access to compensation without distinguish between gender and ethnicity. Communal ownership in this case is the land of customary right and represented by Ninik Mamak, they also get the right to the land compensation process. (see 2.3)

The entire process of the agreement and payment of compensation claims have been documented by PT. KSI. Document the agreement has been approved by the people affected and has been signed as proof of approval and participation. Document of agreement was made in duplicate, for the company and for society. So the document is open to affected communities.

In this case, PT KSI is located in West Sumatra where the social system embraces in matrilineal, meaning that the leadership in the family submitted to women all cases related to compensation and land ownership is in the hands of women. (Not related certificates of land ownership in the area of Cooperatives because plantations are customary right)

Compliance status: Yes No

NCR No: -

Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Findings:

The Company has recapitulation document of employee wages payment in January 2017. The payment of employee wages adjusted to memo of HRR related minimum wage employees which set by local governments.

Compliance status: Yes No

NCR RSPO 00841

The company has some documents such as:

- Employees' wages document for mill and estate employee period of January 2017 and there is a memorandum from Regional Human Resources Dept regarding wage determination starting from January 2017 in accordance with HRR Memo No. 001 / WIP-HRR / Int-XI / 2016 concerning the daily minimum wage of employees of PT. KSI as much as Rp. 1,949,300/month or Rp. 77,972/day, set on November 27, 2016.
- Determination of wages based on Governor of West Sumatera decree No. 562-1178-2016 about minimum wages in West Sumatera year 2017 as much as Rp. 1,949,248.81/month, set on October 28, 2016.

For example:

- Afrizal-harvesters Div II, wages Rp. 2,319,100 (23 Days)
- Aji Irianto-harvesters Cooperative, a wage of Rp. 1,888,000 (20 Days)

The company has a Collective Labor Agreement (Perjanjian Kerja Bersama) year 2015-2017 about the rights and obligations of employees PT.KSI including wages system and wage determination system according to Governor of West Sumatera decree.

Interviews with workers (harvester of division I and loose fruit collector of KSI III), obtained information that the workers do not understand the contents of the Collective Labor Agreement (Perjanjian Kerja Bersama) year 2015-2017. **This condition raised as non-conformity (NCR RSPO 00841).**

PT. KSI have been providing housing and basic needs proper and appropriate national standards. The facilities provided by PT. KSI such as :

- Housing; G1 permanent 26 units, G2 permanent 40 units, G6 semi Permanent 12 units, G10 Permanent 61 unit
- Electricity is adequate; of the generator and mill
- Clean water supply: water treatment, wellbore
- Medical services: 1 unit clinic located within the company a doctor and two nurses
- Education: children's education: kindergarten and elementary school and teachers 15, primary schools and 2 kindergartens
- Welfare facilities
- Facilities worship: mosque 7units, church 1 unit.
- Leisure and arts: field football, volley, badminton

There are employees of mill and estate who have passed probation for 3 months but does not get the status of fixed daily employee. It is not appropriate with Collective Labor Agreement (Perjanjian Kerja Bersama) Article 19 about probation. Example: Muhamad Zaki Son, Sarbawi Gusri Arinaldi (Gardens), Astuti (Mill). **This condition raised as non-conformity (NCR RSPO 00841).**

The company provides cooperative employees in the company

are in the area in an effort to provide for the needs of workers in the household and traditional markets located in the nearby village (5 km from the company).

There are workers who are already working 21 (twenty one) days or more during the three (3) consecutive months or more have not been upgraded to permanent workers. For example: a) Workers on behalf of the Sarbawi work September 28, October 31 day, November 28 days. b) Workers on behalf of Mendo work day October 29, November 26 day, December 29 days. **This condition raised as non-conformity (NCR RSPO 00841).**

The company can not shown Letter of Work Agreement (SPK) for workers on probation. **This condition raised as non-conformity (NCR RSPO 00841).**

Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Findings:

PT. KSI has policy of freedom of association policy in the Bahasa language. The company guarantee the freedom for each employee to establish and to be a member of union worker in accordance with regulation. Employees have the union that allows all workers, including migrant workers and migrants and contract workers, trade union membership. Unions are associations of workers to negotiate with the company. The results of the negotiations in the form of Collective Labor Agreement (Perjanjian Kerja Bersama) is endorsed by the company and workers. PKB period 2015 - 2017, and witnessed by the Department of Labor South Solok. The PKB contains the rights, obligations and working conditions, safety, welfare, leave, termination of employment, etc.

Ratification of Collective Labor Agreement (Perjanjian Kerja Bersama) with number 560/511/DSTKT/IX/2015 by the Director of Social Service Manpower and Transmigration District of South Solok. The Collective Labor Agreement (Perjanjian Kerja Bersama) refers to the Law No. 13 of 2003 on Labour and has been disseminated to the workers, it is evident that workers know the contents of the Collective Labor Agreement (Perjanjian Kerja Bersama).

The company has union worker. Board of management union worker (SPSI) period 2012-2017 i.e:

- Chairman: Abudawar
- Secretary: Hasroni Noverdo
- Treasurer: Desmawarni

The company and union worker has been conduct meeting and all record has been documented. Some recording related minutes of the discussion i.e:

- On February 03, 2017: meeting between union worker and management, held at Mess B, discussing about the problems related changes of employee grade, hiring new conductor. This meeting attending 12 participants.

Compliance status: Yes No

NCR No: -

<ul style="list-style-type: none"> On February 08 2017, held in meeting room of elementary school PT KSI. Meeting between management, union worker, teachers and the school committee discussing about additional teaching staff, legal affairs, and academic program. This meeting attending 43 participants. 	
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Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

<p>Findings:</p> <p>The company has the policy regarding child labor which approved by Goh Ing Sing on September 2010. The policy aims to make a conducive working environment that is characterized by fairness and mutual respect. The company does not tolerate the use of child labor and also does not exploit children throughout the area of operations and facilities.</p> <p>There are rules about the minimum age of employment at PT KSI at least 18 years of age with the working hours of 8 hours of work per day. Based on data from workers at PT KSI and verification in the field at Division I and Sungai Kunyit smallholder, there is no workers under the age of 18 years.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

<p>Findings:</p> <p>There is Intern Memorandum, published by Wilmar International Plantation Number : 026/WIP-HRD/ Int-VIII/2009 on August 12, 2009, it's said that corporate support professionalism value and guarantee no discrimination in race, skin color, gender, religion and political view, nationality or social background, that can decrease equality, opportunity, or treatment in working or position.</p> <p>PT KSI has had a policy was no discrimination in employment. The policy have been implemented proven employees of PT KSI came from various regions of both local and surrounding areas. Job is informed through the mass media and announcements in the surrounding villages. Man power data at PT KSI are :</p> <ul style="list-style-type: none"> Mill : 54 % are local people Estate : 60 % are local people <p>There is no gender discrimination in the recruitment of employees in PT. KSI, proved:</p> <ul style="list-style-type: none"> Employees working women also have access from the lower level and upper level as an assistant accounting manager (management). Comparison of the number of male employees and female: 8 women 94 men. <p>There is a history of employee health records presented in the clinic per month . There Evaluation of Employee Performance Assessment annually and used as the basis for promotion of employees.</p> <p>POM PT KSI showed document of position promotion for 25</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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employees on January 1, 2017. Position promotion is based on competency evaluation, performance and discipline, in according to evaluation from their boss/leader.

Based on interview results with labor union, gender committee (February 14, 2017) It was known that no discrimination to employees. Corporate did not treated employee discriminatively since recruitment till working in may type of job. Statement of Labor Union and Gender Committee (February 14, 2017), it was known that no discrimination to workers. Based on Employee List on January 2017, it was known that employee came from different back ground and social identity, List of employee explain about Name of Employee, Place and Date of Birth, Recruitment Date, Employee Origin, Religion, Education, Local and Non Local, Tribe, and Position.

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

Findings:

The company has establish policy and mechanism to ensure there is no harassment or abuse in their workplace and also to protect reproductive rights, i.e.:

- a. There is a policy to prevent all forms of sexual harassment
- b. There is a Gender Committee as a means for workers to facilitate the fulfilment of basic rights of women
- c. Gender Committee activities are :
 - Socialization of women's rights, domestic violence in each division
 - Receive a report of domestic violence
- d. The Gender Committee Chairman is Hernizen by the number of committee members 38 female workers.
- e. There are child care facilities to accommodate the interests of women workers in order to still be able to work well. Child care facilities also with play facilities and space breastfeeding (breast-feeding)

There is a policy of protection of women's reproductive rights. Implementation the policy also contained in the CBA, in the form of :

- Menstruation, pregnancy, childbirth and breastfeeding
- Routine examination 3 pregnancies per month for each worker women.
- The medical examination colenertrase per 6 months for employees dealing with chemicals

This policy has been socialized to all level of employee on January 5, 2016 and February 11, 2016, and February 13, 2017. Company also installed this policy in estate, POM, and employee housing. Result of interview with woman workers, in Kebun Belida Housing, it's stated that no sexual harassment happened to woman workers in PT KSI.

Result of interview with woman workers in Kebun Belida housing (February 15, 2017), it was stated that no sexual harassment happened to woman workers.

Compliance status: Yes No

NCR No: -

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

Findings:

The FFB prices for smallholder following the determination mechanism of FFB prices establish by Plantation Agency of West Sumatera. For period I from 1-15 January 2017 is Rp. 2,282.49/kg and period II from 16-31 January 2017 is Rp. 2,322.42/kg. The FFB prices for smallholder delivered by announcement on local media and companies to cooperative management each period. There is no complaints came from company and cooperative related quality of FFB.

The company has a cooperation agreement between the Cooperative SWAMATA and PT. Tidar Sungkai Sawit No.03 dated 05-09-2002 regarding agreement for purchasing of FFB. The agreement explained that the cooperative should sell the FFB

The company has been conduct payment for FFB on timely manner. The company has transaction records which has been paid to farmers through the Bank Nagari i.e:

- Payments of FFB to Talo farmers period January 2017 is Rp. 821,492,276,- (350 ha)
- Payments of FFB to Sei Kunyit farmers period January 2017 is Rp. 652,661,134,- (300 Ha)

Compliance status: Yes No

NCR No: -

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

Findings:

The company has a record for local development contribution i.e:

- Letter of material aid from construction committee of Rumah Gadang and Ninik Mamak Nagari Talao dated August 22, 2016. The company has been realized i.e material aid for the construction of Rumah Lamo Tuanku Gagah, Nagari Talaoconsist of a tin roof as much as 600 sheets, bolts roof as much as 300 pieces, bolts canal as much as 3,000 pieces and has been handover on 26 September 2016.
- Letter of heavy equipment assistance with letter number 400/121.Bang/XI-2016 from Head of Nagari Sungai Sungkai on December 5, 2016 about heavy equipment Assistance for repairing the road from Sungai Sungkai - Mercu Nagari Sungai Kunyit. Started from 17-19 December 2016 as much as 9 hour meter (HM).

There are members list of Cooperative SWAMATA consist of Plasma Jorong Talao and Jorong Sungai Kunyit as much as 350 members. An effort to increase cooperative production, the company allocated 2 personnel (Field Conductor) assigned to accompany and monitor the operations of the cooperative.

Compliance status: Yes No

NCR No: -

Criterion 6.12: No forms of forced or trafficked labour are used.

<p>Findings:</p> <p>PT KSI has had a policy on the prohibition of forced labour. Recruitment of foreign workers conducted by the Jakarta headquarters with reference to labour laws in Indonesia. The Company does not hold workers' passports or identity as collateral work. The company has only a copy of the identity documents of workers. PT KSI does not implement labour policies outsourcing.</p> <p>Base on document tracking and verification in the field proved that: there is no evidence of the replacement of employment contracts of employees and all workers have had a copy of the employment contract. Based on the data searcher and verification in the field proved that PT. KSI does not apply a policy for temporary workers.</p> <p>HRD Department have responsibility to select workers under the age of 18-year-old, not recruit, and not employ trafficking labor and illegal labor, result of interview with HRD and Labor Union (February 16, 2017), it was known that all employee is legal, no illegal workers. Result of tracking in corporate employee list on January 2017, it was known that no employee is trafficked and no foreign workers.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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Criterion 6.13: Growers and millers respect human rights.

<p>Findings:</p> <p>The company has policy and commitments of Wilmar to supporting for respect and protection of human rights, such as the policy of anti child labor, occupational safety and health, provision of equal opportunities to everyone, reports and complaints, anti-sexual harassment, anti-violence and torture, respect for rights reproduction, and corporate social responsibility. (June 2014)</p> <p>Human Rights Policy include embrace freedom union, no forced labor, no child labor, decent workplace.</p> <p>The company has been conduct socialization for workers held on February 11, 2017 located in Div II, Talao smallholder and Sungai Kunyit dated 02 February 2017</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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Criterion 7.1: A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

<p>Findings:</p> <p>Until 1st surveillance audit, there is no scope changes related to mill capacity, new plantings, and replanting on PT KSI areas. All company operation activities are covered on these old document. The company has a document of Environmental Impact Assessment (EIA) for the scope of KSI estate (Division 1, Division 2, and Division 3) and KSI Mill approved by agricultural minister on 1998. Additionally, the company also has Environmental Management and monitoring Document for the scope of KSI estate (Division 1, Division 2 and Division 3) and</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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KSI Mill.

Both of these documents explained the impact that might caused by the company's operations such as land acquisition, construction of roads, creation of infrastructure, processing mills build up, land preparation, crop management, oil palm planting, development of conservation areas, etc. Both documents also describes the management plan and monitoring plan that should be done by the company.

On 2015, companies has develop a new methane capture plant, regarding to this PT KSI possess another environmental permit (izin lingkungan) based on decree of Solok Selatan regent No 660.448/2015. These environmental permit described that PT KSI are not necessary to change the old RKL/RPL document. Timetable for the implementation of the management and monitoring has been provided and referred to 1998 Rencana kelola dan pemantauan lingkungan (RKL/RPL) documents.

The Company has consistently done the environmental management and monitoring as outlined in the Report of the Environmental Management and Monitoring. This report are established every six months and reported to the Environment agency of Solok Selatan. The report described realization of monitoring and management of the environment in accordance with environmental parameters in the Environmental Management Plan - Environmental Monitoring Plan and prearranged by regulations.

Review for the monitoring/management plans has been developed on February 2017 and company will included land fire parameters as the results of RKL/RPL management plan review for next semester monitoring report.

Criterion 7.2: Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.

Findings:

The company has demonstrated road and infrastructure development referred to topographic information and current best practices. The company owns Semi Detailed Soil Map surveys 2005, containing information on soil classification, texture, depth, drainage, the limiting factor, rocks, and other compliance information for the development of oil palm plantations. Document review shown that the land suitability class for PT KSI estates are S2 (moderately suitable covering 0.34% areas), S1-S2 (highly suitable-moderately suitable covering 80.53% areas), and S2-N1 (moderately suitable - currently not suitable covering 19.13 % areas) with limiting factors are relief/topography. Whereas Sei Kunyit smallholder land suitability are S1-S2 (highly suitable-moderately suitable covering 100 % areas), and Talao smallholders are (highly suitable-moderately suitable covering 100 % areas).

Compliance status: Yes No

NCR No: -

Criterion 7.3: New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

<p>Findings:</p> <p>The company has been conduct HCV assessment. The HCV assessment conduct on October 2010 by Aksenta. The HCV assessment covered protected areas inside land title, status of conservation (IUCN, CITES, Government regulation) and also identification of habitat of high conservation value. The smallholder has been conduct HCV assessment on May 2013 by internal Wilmar. HCV assessment conduct by Aksenta headed by Mr. Sujatnika which has been receive the qualification as HCV team leader and specialist from RSPO. Based on report of HCV assessment, there are list of stakeholder for HCV assessment i.e company, local community, government, community leaders. There is also minutes of meeting for stakeholder consultation and documentation of public consultation. The HCV assessment has been conduct checking include biological. Base on report of HCV assessment there is HCV 1.3 i.e refugia (area protection) such as Bukit Tengah Pulau and Bukit Salo which is a haven of primate species and also HCV 1.4 is Ganeh river, Suir river, Kulai river and Jujuhan river. The HCV assessment conducted refer to HCV toolkit which adopted on HCV toolkit Inodnesia year 2008. The company has map of HCV which has been overlay with land title map and area map.</p> <p>Based on HCV assessment there is indication of HCV 1.2 and HCV 1.3. HCV 1.2 i.e Tapir, Owa, Ungko, Slamang, Beruk, Beruang Madu. HCV 1.3 i.e the area which function as the last habitat for species such as Bukit Tengah Pulau and Bukit Salo.</p> <p>The company does not follow NPP mechanism because the company is RSPO certified management unit. The company has been conduct Land Use Change Analysis (LUCA) where the last process is the company still waiting the review result of LUCA from RSPO.</p> <p>Based on result of HCV assessment, there is mangement and monitoring plan year 2017 for area is a habitat for populations of threatened species, the spread is limited or protected survives. Some of the management and monitoring plans, among others:</p> <ul style="list-style-type: none"> • Installing and maintenance sign of riparian as long on buffer of river (ganeh river, Kulai river, Jujuhan river, Suir river) in accordance with procedure of riparian • Regularly checking for indication of riparian damaged, spraying, poisoning of fish, tree cutting inside riparian and reported every month • Water sampling to analyze • Enrichment of flora in open riparian with local plant • Conduct analyze of reiver water biota • Conduct rapid survey <p>The company has been conduct implementation of mangement and monitoring plan such as:</p> <ul style="list-style-type: none"> • Socialization of HCV regularly to employee, staff and local community • Installing of information signboard, protected animal and prohibition 	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No</p>
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<ul style="list-style-type: none"> • Signing of riparian buffer • Testing of river water quality • Installing the sign of chemical activity around water source • Conducting rapid survey <p>The company has been conduct regularly monitoring every once month for entire HCV areal. Record of monitoring listed in management of conservation area report and minutes of activity. The company has been conduct regularly inspection to ensure implementation of mitigation plan that has been issued.</p> <p>The company has environmental policy assigned September 2010 by Group Plantation Head (Goh Ing Sing). The company has monthly programme such as socialization related status of RTE species to employee, staff and community. The company conduct field inspection to check the traps inside location of HCV which stated in monthly report of HCV findings. The procedure for protection of flora and fauna (KSI-SOP-GEN-012 revision 05 effective date 2 April 2016 has been stated about the sanction refer to regulation if any employee shown to do things that are prohibited i.e not allowed to trade wildlife both protected and unprotected.</p> <p>The company has management and monitoring plan of HCV year 2017. The management and monitoring plan described about location of HCV, clasification, status and comment, corrective action, person incharge, due date and cost. The company has record of monthly monitoring report for HCV area and also report of fulfill to management plan every year. The report submitted to management and also related agency.</p> <p>The company does not has HCV area set aside with local communities.</p>	
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Criterion 7.4: Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.

<p>Findings:</p> <p>Based on semi detail soil surveys 2005 from AGROMAC agricultural surveys Sdn Bhd, and based on soil map with 1:50000 scale shown there is no peat soil presence at PT KSI and smallholders areas. Soil type found on company areas are dominated by hapludox, dystrodept, and kandiodox types. Topography and elevation condition, soil depth, drainage properties, limitation factors on each soil type and its hectarages was provided on map legend.</p> <p>As informed on topography map, some part of KSI area is hilly with slope more than 25% and which is plantable. For areas consists of >40% slope are not planted and dedicated for conservation area (based on Group estate manager decree no 019A/KSI-EST/SK/VI/2014).</p> <p>To overcome limitation on hilly area, several method had implemented which refers to procedure such as KSI-SOP-EST-003 new planting, KSI-SOP-EST-010 about pembuatan tapak kera, KSI-SOP-EST-011 about pembuatan silt pit. Those pro-</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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cedures describes soil conservation technique such as by making terraced planting pattern on hilly areas for soil conservation, by making silt pit for water conservation, planting of trees on riparian of conservation area, monitoring of soil erosion on palm circle, inter-row and harvesting path and frond stacking technique

Additionally, management strategy to overcome low soil fertility are by giving fertilizer recommendation based on leaf/soil analysis, and carried out nutrient cycle with palm oil processing by-products, i.e.: EFB and POME.

Based on field observation in Block 014 Division I, it was found that land management which had implemented in 21-40 % elevation area were terraced planting pattern, manual upkeep and fronds was stacked parallel to the contour line. Furthermore, according to erosion monitoring record in Block 042, it was informed that erosion rate is 0.00-0.15 mm/year. This is indicate soil conservation method has satisfactory implemented

Road maintenance budget and programme are available at budget document and rencana dan realiasi pekerjaan perawatan jalan 2016 for main road and collection road for example : Division III realization until December 2016 are 18000 meters, division II realization until December 2016 are 14300 meters, Division I realization until December 2016 are 9500 meters, Talao smallholders realization until December 2016 are 7500 meters, and Sei Kunyiit smallholders realization until December 2016 are 11000 meters.

Based on semi detail soil surveys 2005 from AGROMAC agricultural surveys, and based on soil map with 1:50000 scale shown there is no peat soil presence at PT KSI and smallholder's areas, soil type found on company areas are dominated by oxisols and andisols (hapludox, dystrodept, and kandiodox type).

Criterion 7.5: No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Findings:

There are planting activities after November 2005 at PT KSI area and some of cooperative.

The Company has a copy of the agreement Ninik Mamak Nagari Sungai Kunyiit to be develop smallholders made by the company. The deal conducted through indigenous representatives ie Ninik Mamak Nagari, LKMD, Community Leaders, Youth Leaders. The area was a traditional land used as plantations of Cooperative SWAMATA. Compensation implemented in the form of financial aid and some rural infrastructure improvement activities for the public purposes. (28 September 1999).

Compliance status: Yes No

NCR No: -

Criterion 7.6: Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreement

<p>Findings:</p> <p>There are no communal land or land belonging to indigenous peoples or owned by personal inside of company area because the company area is a former forest area which has been released by government based on Decree of Forest Ministry dated August 22, 1995 with number 436/Kpts-II/1995. However the cooperative land is customary right belong to indigenous peoples of Nagari Sungai Kunyit and Talao.</p> <p>Cooperative The Company has a copy of an agreement Ninik Mamak Nagari Sungai Kunyit to be develop smallholders made by the company. The deal conducted through indigenous representatives i.e. Ninik Mamak Nagari, LKMD, Community Leaders, Youth Leaders. The land which used as plantation is indigenous land for plantation area of Swanata cooperative. The compensation which implemented i.e financial aid and some of activity such as repair of village infrastructure for public utilities (28 September 1999)</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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Criterion 7.7: Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.

<p>Findings:</p> <p>The company has environmental policy which assigned on September 2010 by Group Plantation Head (Goh Ing Sing). The policy listed commitment of compnay on article 3 i.e zero burning for entire of plantation activity and waste disposal. The company has procedure of land clearing (KSI-Pro-Est-001 revision 03 effective date 25 September 2012. The procedure stated that land clearing conduct with zero burning. The company has replanting programme stating from 2018. The company does not yet conduct replanting until audit occur.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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Criterion 7.8: New plantation developments are designed to minimise net greenhouse gas emissions.

<p>Findings:</p> <p>The company does not conduct new plantation development so this criteria does not applicable.</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

<p>Findings:</p> <p>Company have mechanism for monitored and evaluate all plantation activities such as system document control auditing every 3 months and daily Quantitative agro management system census (QAMS). Furthermore, PT KSI (estates and smallholders) have commitment for no paraquat usages since 2010, and company have shown and implemented pesticides reducing plan since 2014-2016.</p> <p>Review for the envrionmental monitoring/management plans has been developed on February 2017 and company will included land fire parameters as the results of RKL/RPL man-</p>	<p>Compliance status: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>NCR No: -</p>
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agement plan review for next semester monitoring report. Company also performed the used of renewable energy and waste reduction plan such shell and fiber to reduce fossil fuel usage on KSI Mill.

The organization has establish action plan for improvement as describe in the following documents:

- Working Program for Compliance of OHS's Legal & Other Requirements
- Working Program Concerning to Follow Up Medical Checkup Results
- Problem Identification Corrective Action (PICA)
- Management Review Result

The components of these program was include, identified main problems, corrective action proposed, persons/department in charge, time frame, monitoring of implementation, and evaluation of action taken effectiveness. There is evidence that the program has been implemented as planned, for example Methane Capture Project, Development Education Building, POM processes improvement program, and etc.

The following is a summary of findings made for the criteria listed in the RSPO Supply Chain Certification November 2014 with selected supply chain model Mass Balance (MB) for detail information about company's compliances to RSPO SCCS modul E.

E.1. Definition

Findings:

The organization (PT Kencana Sawit Indonesia Palm Oil Mill) implemented the RSPO-SCCS **Mass Balance (MB)** model. This SCCS model allowed to mixing of certified and uncertified product but shall be control by the Mass Balance record to ensure the quantity of certified product, and only certified product could be claim by the organization as certified palm oil product. Organization has identified the volume of certified and uncertified FFB supplied to the mill.

PT KSI palm oil mill has record of incoming FFB supplied to the mill. Based on record data year of 2016 and 2017 until January, FFB incoming into the mill is came from owned estate, smllholders and out growers/third party. During the surveillance assessment, for 2016 total incoming FFB under scope certification (KSI 1, 2,3 and Swamata Cooperation) is 176,492.302 mt and uncertified FFB from out grower/third party is 81,273.000 mt.

Compliance status: Yes No

NCR No: -

E.2 Explanation

Findings:

Estimated of tonnage CPO and PK products has been recorded into the public summary of the P&C

Compliance status: Yes No

NCR No: -

report.

The actual of certified CPO and PK year 2016 are 34,751.33 MT (CPO) and 9,177.60 MT (PK). Whereas, projection of certified product year 2017 are 37,603.62 MT (CPO) and 9,229.50 MT (PK) with projection of certified FFB process is 175,800 MT and extraction rate are 21.39% (OER) and 5.25% (KER). This information gets from budget of mill year 2017.

Registration with IT trading platform PT Kencana Sawit Indonesia has register to RSPO IT system with license number RSPO_PO1000000561. PT Kencana Sawit Indonesia Palm Oil Mill has already selling CPO RSPO certified and has evidence the transactions has conducted in the RSPO E-Trace. Total selling CPO RSPO certified (January until December 2016) as much as 11,869.36 mt and PK (January until December 2016) as much as 9,313.38 mt.

E.3 Documented procedures

Findings:

The company has list of procedures for implementation of SCCS such as:

- Procedure of weighbridge operating (SOP-Mill-001 revision 01 effective date 30 March 2012)
- Procedure for mechanism of FFB receipt (SOP-Mill-002 revision 02 effective date 30 March 2012)
- Procedure of CPO and PK dispatch (SOP-Mill-005 revision 01 effective date 30 March 2012)
- Procedure of mass balance (SOP-Mill-010 revision 04 effective date 1 February 2017)
- Procedure of traceability for CPO production (Pro-Mill-001-03 revision 03 effective date 30 March 2012)
- Procedure of record control (SOP-Mill-014 revision 02 effective date 1 March 2012). The company will keep the record related RSPO as long as 10 years.

The company has letter of decree about appointment for management representative of ISCC and SCCS programme that assigned on 24 October 2014 with number SK 654/PKS-KSI/X/2014.

The mill has been assigning person, i.e. mill manager that having overall responsibility for and authority over the implementation of SCCS requirements and compliance with all applicable requirements. The mill manager is expected to be able to demonstrate awareness of the facilities procedures for the implementation of SCCS standard. Respec-

Compliance status: Yes No

NCR No: -

tive staff has good knowledgeable and competent in implementing the supply chain procedures in Pinang Awan mill, as proved during interview with weight bridge staff, FFB ramp etc.

The mill has records balance for all receipts of RSPO certified FFB and delivery CPO & PK on daily basis. The material balance includes information about incoming FFB from company's estate and out grower, FFB process, CPO & PK production including OER & KER. Since year 2016 PT Kencana Sawit Indonesia palm oil mill has been selling certified CPO to PT Wilmar Nabati Indonesian and PK to PT Usaha Inti Padang, all volumes of palm kernel that are delivered are deducted from the material accounting system according to actual daily conversion rate. The material balance can show deliver product sales from a positive stock.

The mill will indicate product name and supply chain model in Weigh Bridge Document, including information about RSPO certificate number as stated on SOP-Mill-002 revision 2 effective date 30 March 2012 which is explain about how to put supply chain model used in trade documents such Main Delivery Order, Weigh Bridge Slip, Delivery Order.

There is training evidence for SCCS awareness for staff level and all relevant worker such as attendance list FRM-GEN-003-01 revision 01 effective date April 2, 2012; training was conducted on October 15, 2016. Evidence of training Minutes meeting SCCS workshop for employees, material and photo documentation.

E.4 Purchasing and good in

Findings:

PT Kencana Sawit Indonesia palm oil mill has Incoming FFB procedure (SOP -Mill-002) description about definition for certified FFB (RSPO) and non-certified FFB (RSPO) because the company implement another sustainability standards such as RFS, ISCC, and RSPO. The procedure described that weighbridge operator will ensure the status of FFB according to the ticket of FFB delivery letter. Operators will include the stamp certified or non-certified in accordance with the information in the FFB delivery letter. For each acceptance of sustainable FFB required to enter the number of GHG emission from the calculation of GHG emissions which printed on the weighing slip.

PT Kencana Sawit Indonesia palm oil mill has procedure and mechanism to inform the over production into the CB by document number SOP-Mill-015 Rev 01 date issue March 30, 2012, mentioned "if over production projected, the man-

Compliance status: Yes No

NCR No: -

agement representative will inform to the CB related that over production”.

E.5 Record keeping

Findings:

The company has procedur of record control (SOP-Mill-014 revision 02 effective date 1 March 2012). The company will keep the record related RSPO as long as 10 years. Implementation of control and maintenance of the data & document has consisted. All records (weighbridge slips, FFB delivery note and FFB grading report) collected or complied per month. Records on the quantity of FFB received and CPO/PK dispatched daily is maintained in the weighbridge software. The mechanism to update information about production (production CPO/PK, dispatch CPO/PK, stock CPO/PK, OER and KER) to related section is by email notification every morning by the logistic division. The mill maintains accurate, complete and updated records and reports.

The mill has records balance for all receipts of RSPO certified FFB and delivery CPO on daily basis. The material balance includes information about incoming FFB from company's estate and out grower, FFB produced, CPO result including OER, PK result including KER, product dispatch and balance product in the storage tank including the mass balance percentage, included information about PK production from certified FFB.

All volumes of palm oil that are delivered are deducted from the material accounting system according to actual daily conversion rate. The material balance can show deliver product sales from a positive stock.

There is no outsourced process in PT Kencana Sawit Indonesia palm oil. The mill's product CPO and palm kernel are internally processed in company's location.

Compliance status: Yes No

NCR No: -

3.2 Status of Previously Identified Non-conformities

A total of 1 (one) nonconformances were identified during the main certification assessment. These consisted of 1 (one) major non-conformities. During this surveillance assessment, it was found that there was sufficient evidence for closure of all non-conformities.

The following is a description of the evidence of action taken to close the non-conformities raised during the previous assessment, as well as auditor's conclusions on the status of the non-conformities.

Non Conformity Report No.	Non-conformity Description	Verification of Correction/Corrective Action	Status
E.2.2	PT Kencana Sawit Indonesia Palm Oil Mill has already selling PK RSPO certified, but no evidence the transactions has register in the RSPO E-Trace.	PT Kencana Sawit Indonesia Palm Oil Mill has al-ready selling CPO RSPO certified and has evi-dence the transactions has conducted in the RSPO E-Trace. Total selling CPO RSPO certified such as October 2016 as much as 3,711.01 mt, November 2016 as much as 2,446.22 mt and December 2016 as much as 5,127.03 mt.	Closed

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

During this surveillance assessment, a total of 12 nonconformances were identified. These consisted of 9 major non-conformities and 3 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through an on-site verification audit conducted on 13-17 February 2017 as well as checks of documents submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

3.3.1. Major non-conformities

It is recommended by the lead auditor to award the system of the company with a certificate pursuant to the above-mentioned RSPO standards after eliminating the non-conformities rated as "major".

Indica-tor	NCR No.	Evidence Observed	Deadline for implementa-tion (Date)	Correction/Corrective Action taken	Auditor Conclusion
2.1.1	RSPO 00830	<p>The company has been sent evidence of improvement such as:</p> <ul style="list-style-type: none"> • Procedure of preliminary, periodic and special medical examination (KSI-SOP-KLK-005 revision 03 effective date 4 March 2017). The procederu has been described that periodic medical examination conducted once a year and special medical examination for pesticide operator conducted twice a year. • Programme of corrective action for environmental and OSH management year 2017. The program i.e preliminary medical examination, periodic medical examination, special medical examination, pregant examination and special medical examination for pesticide operator. • Program of periodic medical examination for estate and mill year 2017 • List of employee name PT KSI 	18 April 2017	<p>Correction:</p> <ul style="list-style-type: none"> • Entering a period of periodic and special medical examinations into procedures • Make a periodic checkup program for all employees of PT KSI i.e nucleus and plasma • Conduct periodic check up for all employees of PT KSI i.e nucleus and plasma according to program • Make a special inspection program for pesticide worker once every 6 months • Make statement of willingness overtime for employees who work overtime • Revise the list of regulation of occupational safety and health by inserting clauses in Permenaker no. PER-03 / MEN / 1986 about the terms of the Occupational Health and Safety in the workplace that manages pesticides • Revise the list of regulation to revoke the regulation of environmental i.e PP No.18 year 1999 about management of hazardous and toxic waste which expired • Inserting the monitoring activities of first aid box in accordance with procedure. 	Closed

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		<p>and for periodic medical examination for central department, warehouse, estate, HCD, QAMS, Security, mill.</p> <ul style="list-style-type: none"> • List of employee name for pesticide operator year 2017 • Attendent list of employee that has been conducted periodic medical examination on March 2017 • Recapitulation of periodic medical examination result (KSI-FRM-KLK-015 revision 0, effective date 1 June 2010) for each department i.e central, HCV, warehouse • Form of willingness to overtime (KSI-FRM-GEN-022 revision 0, effective date 18 February 2017) • Sample of willingness to overtime dated 19 March 2017 on behalf Sepriadi, Feri Lukman-to, Yonorai, Eddi Juanidi, Sunardy, Zulkafli, and Firdaus Adyos. • Minutes of review and revision of law register for environmental held on 20 February 2017 about revoke PP No. 18/1999 related management of hazardous waste • Minutes of review and revision of law register for OSH held on 20 February 2017 about adding PER.03/MEN/1986 • Revision of law register related OSH (KSI-FRM-HRD-035 revision 10 effective date 20 		<ul style="list-style-type: none"> • Creating a monitoring schedule for the contents of first aid box • Make a check the completeness of first aid box contents. • Completing the contents of the first aid box in accordance with the Ministerial of Labour regulation No. 15/2008 <p>Corrective action:</p> <ul style="list-style-type: none"> • Conducting regular and special examination health in accordance with the procedures • Oblige the workers signed a letter of willingness to overtime if it is willing to work overtime in accordance with Law 13/2003 article 78 paragraph 1a or work on a rest day in accordance with Law 13/2003 article 85, paragraph 2 • Evaluating law registers i.e environmental, OSH, labour and community partnership twice a year in accordance with company procedures • Conduct monitoring of first aid box in accordance with company procedures 	
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		<p>February 2017)</p> <ul style="list-style-type: none"> • Revision of law register related environmental (KSI-FRM-HRD-019 revision 13 effective date 20 February 2017) • Procedure of first aid box (KSI-SOP-KLK-006 revision 02 effective date 19 January 2011). • Program of safety and health management year 2017. The safety and health management program such as control of safety and health i.e monitoring of first aid toolkit • Form monitoring of first aid kit (KSI-FRM-KLK-024 revision 0 dated 4 March 2017) • List of first aid kit content in accordance of regulation (KSI-FRM-KLK-017 revision 01 dated 4 March 2017) • Evidence of improvement such as first aid box for harvesting team, sparying team and mill 			
2.2.1	RSPO 00831	<p>The company has been sent a letter to National Land Agency of West Sumatera Province with letter number 022/Ex/BM-KSI/III/2017 dated 13 March 2017 about request for the copy of Swamata section map (No.070/1079/BPN-1999 dated 30 April 1999 covering an area of 721.6 hectares and No.11/2002 dated 16 July 2002). The letter has been accept by National Land Agency of West Sumatera Province dated 13 March</p>	18 April 2017	<p>Correction:</p> <p>Looking for information from National Land Agency related to the existence of the section map No. 070/1079 / BPN-1999 dated April 31, 1999 covering an area of 721.6 hectares and No.11 / 2002 dated July 16, 2002 issued by the National Land Agency as stated in the MoU</p> <p>Corrective action:</p>	Closed

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		2017.		Documenting for entire legality documents belonging to PT. KSI	
4.6.5	RSPO 00832	<p>The company has been sent evidence of improvement such as:</p> <ul style="list-style-type: none"> Minutes of handover for safety goggles to sprayer team of Sei Kuyit Plasma on 24 February 2017 by Division Manager and Field Conductor Photo documentation of PPE handover Attendant list of sprayer team (FRM-SWM-035 revision 0 effective date 1 April 2010) related PPE handover. The total of employee which get the PPE as much as 10 person. 	18 April 2017	<p>Correction:</p> <p>Providing personal protected equipment (PPE) i.e safety goggles for sprayers of Sei Kuyit Plasma</p> <p>Corrective action:</p> <p>Conducting monitoring of OSH every month and ensuring the PPE keeping on rinse house or PPE storehouse</p>	Closed
4.7.1	RSPO 00833	<p>The company has been sent evidence of improvement such as:</p> <ul style="list-style-type: none"> Minutes of socialization of RSPO audit findings on 20 Februari 2017 and 22 February 2017 to all employee of mill. The socialization discuss related ensuring the content of first aid box, ensuring the employee wearing the PPE, prohibition for smoking at any place, house keeping of mill and automatic switch of hydrant. The socialization attended by 36 person. The socialization equipped with photo documentation and attendant list of participant. Signboard related prohibition for smoking at any place which installing at mill 	18 April 2017	<p>Correction:</p> <ul style="list-style-type: none"> Cleaning the cigarette butt around the petro tank and boiler Conducting re-socialization to employees not to smoke or throw cigarette butts around the petro tank and boiler Socializing that no one other to operate heavy equipment besides operator Socializing to all drivers including contractor to carry driver license while on duty. Equipped the driving license on behalf Izal (Division 2), Nopri (Division 3), Ihen (Division 2) Appointed personal incharge of hydrant pump Creating an automatic switch in hydrant pump (if the hydrant is operated) Binding the high pressure tube with well 	Closed

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		<ul style="list-style-type: none"> • Internal memo from Estate Manager with number /Memo-EM/III/2017 dated 4 March 2017 for entire of heavy equipment operator about prohibition to operating heavy equipment besides related operator. • Minutes of socialization for entire of heavy equipment operator about prohibition to operating heavy equipment besides related operator held on 18 March 2017 at Division 1. • Evidence of driver license for tractor operator on behalf Anasrul • Minutes of socialization related driving license, wearing PPE, first aid box. The socialization held on 25 March 2017 at workshop. The socialization equipped with attendant list of participant (KSI-FRM-GEN-008 revision 0 effective date 1 April 2010) and photo documentation. • Driver license on behalf Izal (Division 2), Nopri (Division 3) and Ihen (Division 3) • Photo documentation related installing of automatic switch on hydrant pump dated 25 February 2017 • Photo documentation related repairing of back alarm light dated 14 March 2017 		<ul style="list-style-type: none"> • Installing back alarm lights in the rear loader <p>Corrective action:</p> <p>Conducting good inspection for environmental and OSH every month in all aspects or facilities / infrastructure at the mill and plantation</p>	
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4.7.3	RSPO 00834	<p>The company has been sent evidence of improvement such as:</p> <ul style="list-style-type: none"> • Procedure of position description security (KSI-POD-BNM-008 revision 01, effective date 8 March 2017). The procedure described about responsibility of security to check the PPE for all driver, operator and visitor if enter to mill area • Evidence of implementation the procedure i.e checking the PPE while the driver enter to mill area that has been conducted on 15 March 2017. 	18 April 2017	<p>Correction:</p> <p>Conducting monitoring of PPE while the driver enter to mill and prohibiting the driver to enter the area of the mill if not wearing safety boot which stated in the jobdescription of mill security.</p> <p>Corrective action:</p> <p>Implementing the company procedure related monitoring of safety to the driver in the area of mill</p>	Closed
4.7.4	RSPO 00835	<p>The company has been sent evidence of improvement such as:</p> <ul style="list-style-type: none"> • Letter decree from Head of Labor and Transmigration Agency of South Solok District with number 560/78/DTKT/III-2017 dated 10 March 2017 related the authorization of OSH committee for estate and Letter decree from Head of Labor and Transmigration Agency of South Solok District with number 560/79/DTKT/III-2017 dated 10 March 2017 related the authorization of OSH committee for mill • The meeting programme of OSH committee year 2017 	18 April 2017	<p>Correction:</p> <ul style="list-style-type: none"> • Revising the structure of existing OSH committee and requested the authorization to the authorities • Create the meeting schedule of OSH committee once a month • To evaluate the causes of high accident and mitigation work in the estate <p>Corrective action:</p> <ul style="list-style-type: none"> • Revising the structure OSH committee if any changes the structure and requested the authorization to the authorities • Conducting regular meeting once a month in accordance with the schedule 	Closed
5.1.1	RSPO 00836	<p>The company has been sent evidence of improvement i.e the programme of environmental and OSH management (REK-SWM-002,</p>	18 April 2017	<p>Correction:</p> <p>Creating a program to processing of environment document for plasma Talao and Sei</p>	Closed

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		dated 1 January 2013). The purpose of this program is availability of environmental documents. The program consist of detail programme, PIC, due date, target of achievement, remarks or corrective action. Based on programme of environmental and OSH management, the company starting the processing from March 2017 until August 2017.		Kunyit. Corrective action: Ensuring the program related processing of environment document for plasma Talao and Sei Kunyit proceed accordance with the program	
6.3.1	RSPO 00840	The company has been sent evidence of improvement i.e the grievance and complaint procedure (KSI-Pro-HRD-005 revision 02 effective dated 6 March 2017). The procedure has been stated that the management response the grievance and complaint maximum 7 days after the grievance and complaint submitted.	18 April 2017	Correction: Revising the grievance and complaint procedure with stated the stating a clear time frame for completion of the grievance / complaints. Corrective action: Implemented the procedures which has been revised to response the complaints	Closed
6.5.2	RSPO 00841	The company has been sent evidence of improvement i.e; <ul style="list-style-type: none"> • Format sample related letter of work agreement (FRM-HRD-033 revision 01 effective dated 10 September 2010. The letter of work agreement has been described about the provisions period of probation i.e 3 month and if fulfill the requirements of the performance evaluation, the employee will be appointment as Permanent worker • Sample letter of work agreement i.e on behalf Yalina Ndruru (351/KSI-PGA-D3/SPK/III/2017 dated 1 	18 April 2017	Correction: <ul style="list-style-type: none"> • Re-socialization related collective labor agreement to harvester Division 1 and loose fruit collector Division 3 • Giving the decree letter of appointment to the employee concerned • Showed the letter of work agreement with include the provisions period of probation Corrective action: <ul style="list-style-type: none"> • To evaluate the understanding of collective labor agreement against employees • Giving the decree letter of appointment related permanent worker on time 	Closed

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		<p>March 2017) and Lianus Adik (342/KSI-PGA-D3/SPK/III/2017 dated 1 March 2017)</p> <ul style="list-style-type: none"> • Minutes of socialization and handover of collective labor agreement held on 17-18 March 2017 at Division 1 and Division 3. This socialization equipped with attendant list of participant, photo documentation • Documentation the handover of decree letter of permanent worker i.e Muhammad Zaki Putra, Mendo Elpa Joni, Sarbawi and Gusri Aprinaldi • Sample of decree letter related appointment of permanent worker i.e Muhammad Zaki Putra (1175/KSI-PGA-D1/SK-PHT/X/2016 dated 1 October 2016), Mendo Elpa Joni (1514/KSI-PGA-D2/SK-PHT/XII/2016 dated 1 December 2016), Sarbawi (1499/KSI-PGA-D2/SK-PHT/X/2016 dated 1 October 2016), Tri Astutik (082/KSI-PGA-POM/SK-PHT/VI/2016 dated 21 June 2016) and Gusri Aprinaldi (1113/KSI-PGA-D3/SK-PHT/X/2016 dated 1 October 2016) 		<ul style="list-style-type: none"> • Giving the decree letter to probation employee • Employment relationship agreement will apply to each new employee 	
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3.3.2. Minor non-conformities

It is recommended by the lead auditor to award the system of the company a certificate pursuant to the above-mentioned RSPO standards. The non-conformities identified shall be audited again in line with the timeframe during the next surveillance audit

Indicator	NCR No.	Evidence Observed	Deadline for implementation (Date)	Correction/Corrective Action taken	Auditor Conclusion
5.1.2	RSPO 00837	The company has been sent correction and corrective action request. The implementation of this CAR will be seen in the next surveillance.	17 February 2018	<p>Correction:</p> <p>Creating an environmental management plan to prevent negative impacts from operational activities of Plasma Talao Plasma and Sei Kunyiit (after the documents are available)</p> <p>Corrective action:</p> <p>Monitoring the implementation of management plan.</p>	Closed
5.1.3	RSPO 00838	The company has been sent correction and corrective action request. The implementation of this CAR will be seen in the next surveillance.	17 February 2018	<p>Correction:</p> <p>Creating an environmental monitoring plan to prevent negative impacts from operational activities of Plasma Talao Plasma and Sei Kunyiit (after the documents are available)</p> <p>Corrective action:</p> <p>Monitoring the implementation of monitoring plan.</p>	Closed
6.1.4	RSPO 00839	The company has been sent correction and corrective action request. The implementation of this	17 February 2018	<p>Correction:</p> <p>Develop the social impact assessment man-</p>	Closed

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		CAR will be seen in the next surveillance.		agement plan with involving local communities Corrective action: Monitoring the implementation of social impact assessment management	
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3.4 Noteworthy Positive Components and Potential for Improvement

Positive Observation:

No.	Indicator	Positive Components
1	-	The company has a strong commitment to the preservation of biodiversity (Penangkaran Siamang Hitam – 10 Siamang Hitam) are cooperating with non government organization on behalf Kalaweit in Bukit Tengah Division III.
2	5.6	The company has methane capture as an effort to minimize GHG emissions

Potential for Improvement:

No.	Indicator	Potential for improvement
1	6.3.1	A suggestion box to be monitored once a week as regulated in the procedure complaint and grievance (No. Documents: MSG-PRO-HRD-05).
2	6.5.1	The company should make an adjustments of wage documentation for workers in accordance with the relevant provisions.
3	6.5.3	Follow up the complaints from the worker (Division III) about leaking roofs, broken toilets. For example in Salo Housing.

3.5 Conclusion and Recommendation for RSPO P & C and Supply Chain Certification

The audit team has confirmed through the audit process that PT Kencana Sawit Indonesia has established and maintains an effective system to ensure compliance with the RSPO P & C (NI P&C RSPO 2013 for Indonesia year 2016) and Supply Chain Certification System requirements (dated November 2014). It is also confirmed that the company's annual volume of CPO and PK sold for the period of 2016 has not exceeded the certified annual tonnage as claimed in the organization's RSPO certificate no. 82450214012 until 1st surveillance audit.

TUV Rheinland recommends that PT Kencana Sawit Indonesia mill and estate be continuing approved for certification of compliance to the RSPO P & C and Supply Chain Certification System requirements.

3.6 Issues Raised by Stakeholders and Findings Pertaining to Issues

Below is a summary of issues raised by stakeholders interviewed on site

No.	Issues Raised	Management Response	Audit Verification
-	-	-	-

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit is planned for February 2018.

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

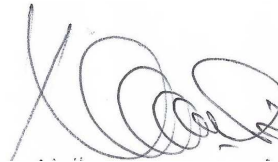
It is acknowledged that the assessment visit was carried out as described in this report and we accept the assessment findings and report content.

Signed on behalf of PT Kencana Sawit Indonesia




Socialisman
Management Representative
Date:

Signed on behalf of PT TUV Rheinland Indonesia



Naik Monang Parlindungan Lingga
Lead Auditor
Date: April 11, 2017

Appendices

Appendix 1: Details of Revised Certificate

Certificate

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No. : **824 502 14012**

PT TÜV Rheinland Indonesia certifies :

Certificate Holder : **PT Kencana Sawit Indonesia Palm Oil Mill** 
Subsidiary of Wilmar International Limited,
Jorong Sei Kuyut, Sangir Balai Janggo Sub-district
Solok Selatan District, West Sumatera, Indonesia
Head Office: Multivision Tower Lt. 15 Jl. Kuningan Mulia
Kav. 9B, Jakarta Selatan, Indonesia

and its company owned estates according to the annex

RSPO number : -
Scope : **Palm Oil Production and Plantation Management System**
An audit was performed, Report No. ASA11_14012. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 are fulfilled.

Validity: The due date for all future surveillance audits is 21.02 (dd.mm).
The certificate is valid from 21-04-2016 until 20-04-2021.
The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TÜV Rheinland Indonesia.

RSPO registered parents company* : **Wilmar International Limited**
(RSPO Member No. : 2-0017-05-000-00)

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

Date of first certificate : April 21, 2011

Indonesia, 20-04-2017


PT TÜV Rheinland Indonesia
Director

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

10001 14012 14 01 000 TÜV Rheinland Indonesia certifies, designs and operates the certificate for RSPO

Annex to certificate

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No.: 824 502 14012

Location: **PT Kencana Sawit Indonesia Palm Oil Mill**
 Address : **Subsidiary of Wilmar International Limited,
 Jorong Sei Kuryit, Sangir Balai Janggo Sub-district
 Solok Selatan District, West Sumatera, Indonesia**


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

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
PT KSI Mill	Sei Kuryit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera, Indonesia	01° 27' 32"	101° 37' 28"
KSI Estate, Division 1		01° 28' 20"	101° 32' 25"
KSI Estate, Division 2		01° 29' 27"	101° 27' 07"
KSI Estate, Division 3		01° 29' 23"	101° 31' 42"
Cooperation Swamata (Sei Kuryit & Talao)		01° 28' 20"	101° 32' 25"

CPO Tonnage Total Production: 37,860.30 tonnes
 PK Tonnage Total Production: 9,292.50 tonnes
 Company Estates FFB Tonnes: 177,000.00 tonnes
 FFB Tonnes from other sources: 1,200.00 tonnes
 CPO Tonnage claimed for certification: 37,603.82 tonnes
 PK Tonnage claimed for certification: 9,229.50 tonnes

Scope of SCCS & supply chain model assessed : FFB receipt, produce and delivery of CPO & PK with implementation of the following SCCS :
 Identity Preserved
 Mass Balance

Indonesia, 25-04-2017


 PT TÜV Rheinland Indonesia
 Director

Issued by PT TÜV Rheinland Indonesia

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Appendix 2: List of Abbreviations

AMDAL	Analisis Dampak Lingkungan & Sosial (Social & Environmental Impacts Assessment)
BHL	Buruh Harian Lepas (Temporary worker)
BKPM	Badan Koordinasi Penanaman Modal (Capital Investment Coordination Board)
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Agency)
CDM	Clean Development Mechanism
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
Disnaker	Dinas Tenaga Kerja (Labour Department)
EIA	Environmental Impact Assessment
EMP	Employee
ERTs	Endangered, Rare & Threatened species
ESH	Environmental Safety & Health
EHS	Environmental Health & Safety
ETP	Environmental Target Program
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
EMU	Environmental Management Unit
FORKASS	Forum Komunikasi Masyarakat (Community Communication Forum)
GIS	Global Information System
HCV	High Conservation Value
HRD	Human Resources Department
HGU	Hak Guna Usaha (Land Use Rights)
ISCC	International Sustainability and Carbon Certification
IPM	Integrated Pest Management
IUP	Ijin Usaha Perkebunan (Plantation Operation Permit)
JHT	Jaminan Hari Tua
JKK	Jaminan Kesehatan Keluarga
JKM	Jaminan Kematian
K3	Keselamatan dan Kesehatan Kerja (Occupational Safety & Health)
Kadisbun	Kepala Dinas Perkebunan (Head of Plantations Department)
KepMen Naker	Keputusan Menteri Tenaga Kerja (Workforce Minister's Decree)
KHT	Karyawan Harian Tetap (Permanent Worker)
LTA	Lost Time Accident
LRR	Legal Requirements Register
MSDS	Material Safety Data Sheets
NGO	Non-Government Organization
OSH	Occupational Safety & Health
PGA	Personel and General Affair
PK	Palm Kernel
PKO	Palm Kernel Oil
PKS	Pabrik Kelapa Sawit (Palm Oli Mill)
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PUK	Perkembangan Usaha Kecil (Small Enterprises Development)
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SCC	Suply Chain Certification
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SBSI	Serikat Buruh Sejahtera Indonesia (Indonesian Labour Union)
SPSI	Serikat Pekerja Seluruh Indonesia (Indonesian Workers Union)
SPTI	Serikat Pekerja Transportasi Indonesia (Indonesian Transportation Workers Union)
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UMP	Upah Minimum Propinsi (Provincial Minimum Wage)
UPL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)

Appendix 3: List of Stakeholders Interviewed and Contacted

No.	Name of Stakeholder	Institution - Address	Remark
Stakeholders Interviewed On-Site			
1.	Arfa Satria	CSR Senior Asisstant	
2.	dr. Eric Octomarizon	Doctor of PT KSI	
3.	Doni Putra	EHS	
4.	Tri Astutik	Administration	
5.	Anas	Community leaders of Nagari Talao	
6.	Herni Zen	Chaiman of committe gender	
7.	Ngadiem	Spraying foreman	
8.	Eka	Sprayer Division 3	
9.	Yeni Marliana	Sprayer Division 3	
10.	Indrawati	Sprayer Division 3	
11.	Yanti Wasni	Sprayer Division 3	
12.	Wislani	Sprayer Division 3	
13.	Yosipa Yerni	Sprayer Division 3	
14.	Ratna Mila	Sprayer Division 3	
15.	Abu Dawar	Chaiman of labour union	
16.	Bendrizar	Harvester Division I	
17.	Emi Susnawati	Head of Sei Kunyit village	
18.	Sunandar	Division 1 field connductor	
19.	Eri Saputra	Harvestor block 011	
20.	Rustam	Foreman	
21.	Maradona	Harvestor block 011	
22.	Chandra	Field conductor sei kunyit smallholder	
23.	Jusma nirwa	Sprayer Sei Kunyit smallholder	
24.	Simaili	Sprayer Sei Kunyit smallholder	
25.	Rasul	PT KSI Mill Quality control	
26.	Doni	PT KSI Mill EHS staff	
27.	Romi	Land application foreman	
28.	Zulsiarhi	EHS staff	
29.	Hadi	HCV officer	
30.	Ridwan	Division 1 manager	
31.	Riwayati	Document control	
32.	Astuti	PPT KSI mill document control	
33.	Syafrizal	Harvesting foreman Division 3	
34.	Darwis	Harvester Division 3	
35.	M. Kamal	Harvester Division 3	
36.	Sapri. S	Harvester Division 3	
37.	Nurbaini	Maintenance	
38.	Ratna Sari	Maintenance	
39.	Musripen	Tractor operator	
40.	Ratna Ningsih	Fertilizer worker Division 3	
41.	Sudarsih	Fertilizer worker Division 3	
42.	Darmianti	Fertilizer worker Division 3	
43.	Lismawarni	Fertilizer worker Division 3	
44.	Rapidah	Fertilizer worker Division 3	
45.	Arjuna Pasaribu	Contractor	
46.	Ihen	Driver dumptruck	
47.	Efendi	Sortation worker	
48.	Edi Waloyo	Operator Boiler	
49.	Misrun	Operator loader	
50.	Nopri	Driver dumptruck	
51.	Wandra	Helper tractor	
52.	Izal	Driver dumptruck	