



**SGS RSPO PROGRAM**  
(Associated Document)

Doc. Number:

**GP 9405A**

Doc. Version date:

**7<sup>th</sup> June 2016**

Page:

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Issue:

**02**

## RSPO PRINCIPLES & CRITERIA CERTIFICATION REPORT

### Public Summary Information

<b>Job Number:</b>	ID-6115		
<b>Client:</b>	PT. Indo Sawit Kekal – River View Mill	<b>RSPO membership #</b>	2-0215-11-000-00
<b>Country:</b>	Indonesia	<b>RSPO Registered Parent Company name:</b>	Cargill Incorporated
<b>Scope:</b>	Receiving and processing of RSPO certified Fresh Fruit Bunches (FFB) from its supply base, production and sales of RSPO certified Crude Palm Oil (CPO) and Palm Kernel (PK) under Module E – CPO Mill: Mass Balance.		
<b>Supply Chain Module:</b>	Mass Balance		
<b>Mill Capacity</b>	120 tonnes/hour	<b>Number of Estate</b>	2 (two) Estates
<b>Certificate Number:</b>	<b>SGS-RSPO/PC17-00001</b>	<b>Date of Issue:</b>	22 Dec 2014
		<b>Date of Expiry:</b>	21 Dec 2019
<b>SGS Accreditation Code</b>	RSPO-ACC-023	<b>Date of accreditation:</b>	5 <sup>th</sup> July 2016
<b>Contacts Job Description:</b>	Group Sustainability Manager		
<b>Name:</b>	Mrs. Yunita Widiastuti		
<b>Address:</b>	<u>Physical address:</u>	<u>Postal address:</u>	
<b>Street and number: Town/City State/Country Zip/Postal code Country</b>	Desa Danau Buntar, Kecamatan Kendawangan, Kabupaten Ketapang, Kalimantan Barat, Indonesia	Desa Manis Mata Kecamatan Manis Mata, Kabupaten Ketapang 78864, Kalimantan Barat, Indonesia	
<b>Tel:</b>	+62- 21– 5746168		
<b>Cell Phone :</b>	-		
<b>Fax:</b>	-		
<b>Web Site Address:</b>	<a href="http://www.cargill.co.id">www.cargill.co.id</a>		
<b>Email:</b>	<a href="mailto:Yunita_Widiastuti@cargill.com">Yunita_Widiastuti@cargill.com</a>		
<b>Standard:</b>	<b>Indonesian National Interpretation of RSPO P&amp;C 2013 standard (30 September 2016) RSPO Supply Chain Certification Standard (21 November 2014)</b>		
<b>Date of last report update</b>	13 March 2017		
<b>Certified FFB Received by the Mill - (June 2015/May 2016) – Claimed for certification</b>	June: 15,716.74 MT July: 12,890.66 MT August: 12,051.56 MT September: 10,362.26 MT October: 17,723.43 MT November: 15,360.57 MT	December: 15,262.05 MT January: 11,139.48 MT February: 9,061.40 MT March: 7,634.91MT April: 7,970.02 MT May: 9,735.37 MT	
<b>Annual CSPO Tonnage produced – (June 2015/May 2016) – claimed for certification</b>	31,995.78 MT		
<b>Annual CSPK Tonnage produced (June 2015/May</b>	7,172.97 MT		

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<b>2016) – claimed for certification</b>	
<b>Annual CSPO Tonnage Sold 2016</b>	23,505.83 MT
<b>Annual CSPK Tonnage Sold 2016</b>	1,500.19 MT

**End of Public Summary**

**BASIC EVALUATION INFORMATION**

<b>MAIN EVALUATION</b>			
<b>Evaluation Dates:</b>	11-13 August 2014		
<b>Team Leader/Team:</b>	Done by previous CB		
<b>Affiliate Project Manager:</b>		<b>Date:</b>	
<b>Report approved by:</b>	Done by previous CB	<b>Date:</b>	22-12-2014
<b>Certification approved by:</b>	Done by previous CB	<b>Date:</b>	22-12-2014
<b>Database logged by:</b>	Done by previous CB	<b>Date:</b>	22-12-2014
<b>SURVEILLANCE 1</b>			
<b>Evaluation Dates:</b>	9-10 & 13 November 2015		
<b>Team Leader/Team:</b>	Done by previous CB		
<b>Affiliate Project Manager:</b>		<b>Date:</b>	
<b>Report reviewed &amp; approved by:</b>	Done by previous CB	<b>Date:</b>	-
<b>Certification approved by:</b>	Done by previous CB	<b>Date:</b>	-
<b>Database logged by:</b>	Done by previous CB	<b>Date:</b>	-
<b>SURVEILLANCE 2</b>			
<b>Evaluation Dates:</b>	14-18 November 2016; CAR Closure on 7 December 2016 & 16 February 2017		
<b>Team Leader/Team:</b>	Zaenal Abidin (Lead Auditor)/Ahmad Bahruji/Heru Puryanyo		
<b>Affiliate Project Manager:</b>		<b>Date:</b>	
<b>Report reviewed &amp; approved by:</b>	Aryo Gustomo	<b>Date:</b>	14-03-2017
<b>Certification approved by:</b>	Shashibhushan Jogani	<b>Date:</b>	16-03-2017
<b>Database logged by:</b>	Lisda Verawati	<b>Date:</b>	16-03-2017
<b>SURVEILLANCE 3</b>			
<b>Evaluation Dates:</b>			
<b>Team Leader/Team:</b>			
<b>Affiliate Project Manager:</b>		<b>Date:</b>	
<b>Report reviewed &amp; approved by:</b>		<b>Date:</b>	
<b>Certification approved by:</b>		<b>Date:</b>	
<b>Database logged by:</b>		<b>Date:</b>	
<b>SURVEILLANCE 4</b>			
<b>Evaluation Dates:</b>			
<b>Team Leader/Team:</b>			
<b>Affiliate Project Manager:</b>		<b>Date:</b>	
<b>Report reviewed &amp; approved by:</b>		<b>Date:</b>	
<b>Certification approved by:</b>		<b>Date:</b>	
<b>Database logged by:</b>		<b>Date:</b>	

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- Appendix C: Timebound Plan
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## LIST OF ABBREVIATION

Short Form	Meanings
AMDAL	<i>Analisis Mengenai Dampak Lingkungan</i> (Environmental Impact Assessment-EIA)
ASEAN	Association of South East Asia Nations
B3	<i>Bahan Berbahaya dan Beracun</i> (hazardous material)
BOD	Biological Oxygen Demand
CAR	Corrective Action Request
CPO	Crude Palm Oil
CBD	Convention on Biodiversity
EFB	Empty Fruit Bunches
EMS	Environmental Management System
FFA	Free Fatty Acids
FFB	Fresh Fruit Bunches
Ha	Hectare
HCV	High Conservation Value
HGU	<i>Hak Guna Usaha</i> (Land Use Title)
IPM	Integrated Pest Management
INA-NI	Indonesian National Interpretation
ISO	International Organisation for Standardisation
IUCN	International Union for Conservation of Nature and Natural Resources
IUP	<i>Izin Usaha Perkebunan</i> (Plantation Operation Licence)
K3	<i>Kesehatan dan Keselamatan Kerja</i> (Occupational Health and Safety)
kW	Kilowatt
LC	Land Clearing
M	Meter
Mg	Magnesium
Mm	Millimeter
MT	Metric ton
N	Nitrogen
NGO	Non Governmental Organisation
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
P	Phosphate
P & C	Principles and Criteria
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RKL/RPL	<i>Rencana Kelola Lingkungan/Rencana Pemantauan Lingkungan</i> (Environmental Management Plan/Environmental Monitoring Plan)
RSPO	Roundtable on Sustainable Palm Oil
SOP	Standard Operating Procedure
UKL/UPL	<i>Upaya Kelola Lingkungan/Upaya Pemantauan Lingkungan</i> (Environmental Management Efforts/Environmental Monitoring Efforts)
WHO	World Health Organisation
Yr	Year

## 1. SCOPE OF CERTIFICATION ASSESSMENT

### 1.1 National Interpretation Used

The operations of the mill and their supply based of FFB were assessed against the **Roundtable on Sustainable Palm Oil (RSPO), Indonesian National Interpretation of RSPO Principles and Criteria for Sustainable Palm Oil Production 2013 (approved by RSPO on 30 September 2016)**.

### 1.2 Certification Scope

The scope of certification includes the production of PT. Indo Sawit Kekal - River View Mill and its supply base from River View Estate and Lake View Estate according to the RSPO standard requirement of **Roundtable on Sustainable Palm Oil (RSPO), Indonesian National Interpretation of RSPO Principles and Criteria for Sustainable Palm Oil Production 2013 (approved by RSPO on 30 September 2016)** and **RSPO Supply Chain Certification Standard dated 21 November 2014**.

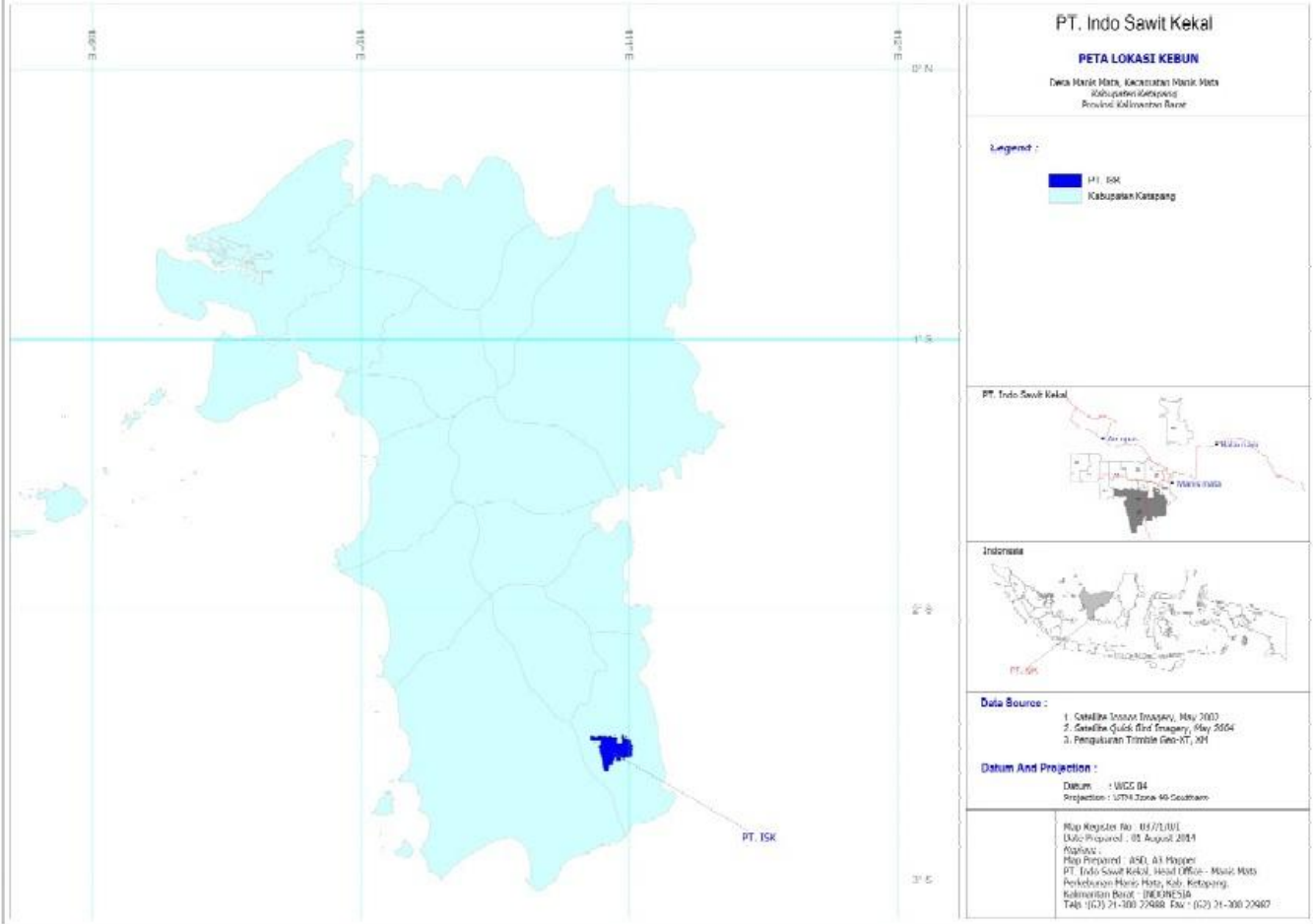
### 1.3 Location and Maps

PT. Indo Sawit Kekal – River View Mill is located in Desa Danau Buntar, Kecamatan Kendawangan, Kabupaten Ketapang, Kalimantan Barat Province, Indonesia (**Figure 1**). More detailed information on the estates location and layouts is shown in **Figures 2, 3** and **4**. The GPS locations of the mills are shown in Table 1.

**Table 1: Mill and Supply Base GPS Location**

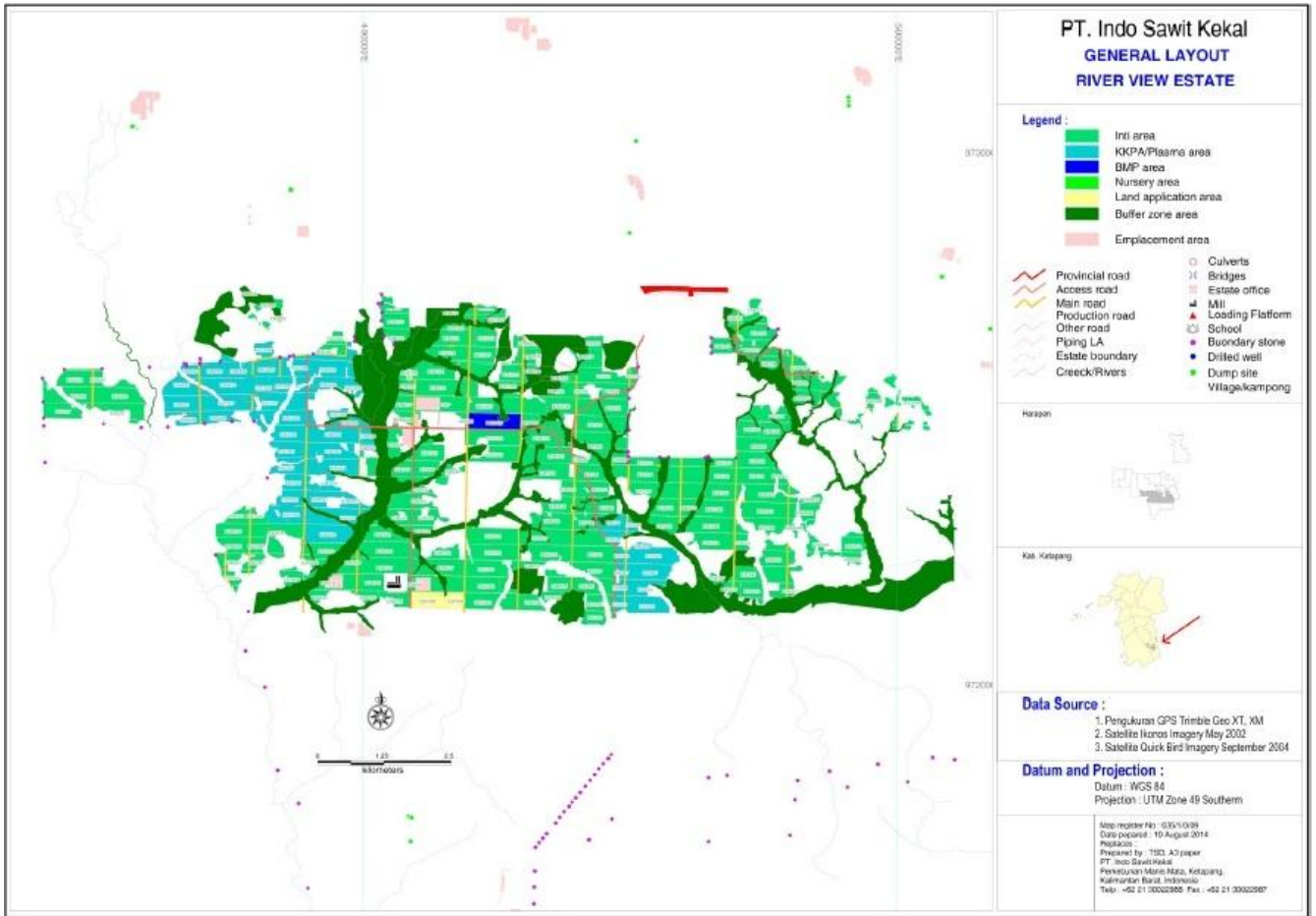
<b>Mill/Supply Base (Estate/Smallholder)</b>	<b>Longitude</b>	<b>Latitude</b>
Lake View Estate	110 <sup>0</sup> 56' 6.37" E	2 <sup>0</sup> 34' 17.13" S
River View Estate	110 <sup>0</sup> 55' 6.95" E	2 <sup>0</sup> 29' 10.31" S
River View Mill	110 <sup>0</sup> 54' 55.13" E	2 <sup>0</sup> 30' 52.14" S

**Figure 1: Location Map of PT. Indo Sawit Kekal within Kalimantan Barat Province**

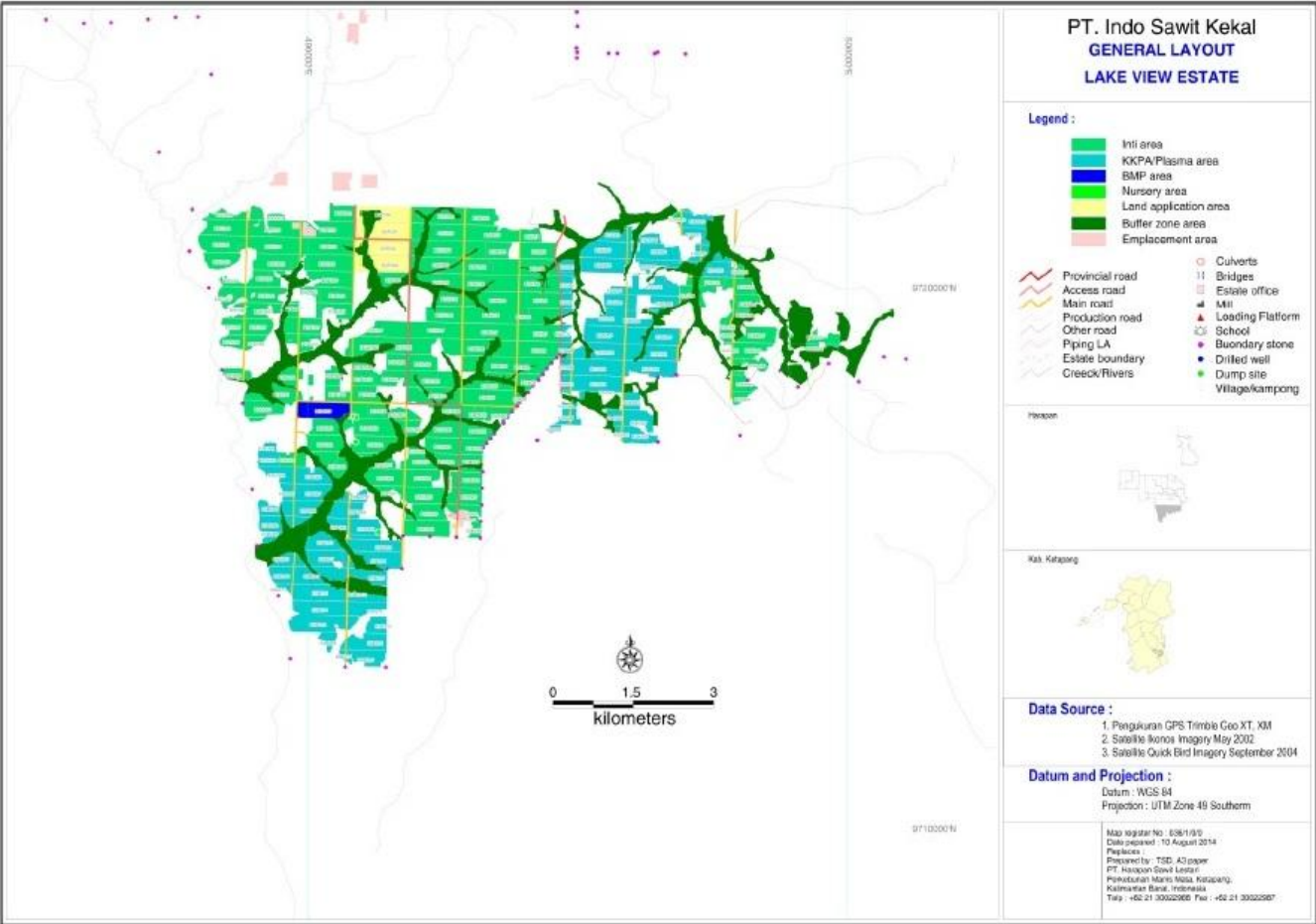




**Figure 2: River View Estate and Mill Location Map**



**Figure 3: Lake View Estates Lay Out**



**1.4 Description of Supply Base and Mill Processing Capacity**

The FFB is sourced from 2 (two) estates and KKPA Smallholder schemes which are directly managed by PT. Indo Sawit Kekal. PT Indo Sawit Kekal has direct management control over the land and operations carried out on the KKPA (associated smallholder)’s land. The KKPA smallholders are land-owners and leased the land to a company that owns a mill and has developed oil palm on the smallholder’s land. The KKPA smallholders receive dividends based on production on their applicable plot of land. The mill-with-supply-base makes decisions on behalf of the KKPA smallholders. The smallholders don’t have capacity and resources for certification, hence according to RSPO Management System Requirements and Guidance for Group Certification of FFB Production documents (7th March 2016) the FFB production from smallholders should be certified under mill’s P&C certificate. Therefore, the Group Certification Standard requirements is not be used during this assessment.

Other than that, the River View Mill is also receive FFB from other adjacent estates These Estates are managed by PT Harapan Sawit Lestari (a subsidiary company of Cargill group). They are sending FFB occasionally to River View Mill when there are some breaking down of their own Mill (Paku Juang and Manis Mata Palm Oil Mills) due to operational reasons, as well as, when the heavy raining seasons which make bad road condition.

The actual OER rate up to May 2016 is 22,08%. The budgeted crop yields versus actual yields from each estate are listed in Table 2 and the projected mill processing data is listed in Table 3 below. These figures was extracted from PT Indosawit Kekal’s financial year calculation.

**Table 2: Actual and Projected FFB from Supply Base (FY 2016/2017)**

Estates/Smallholders	FFBs (MT)		
	Estimation (June 2015 to May 2016)	Actual (June 2015 to May 2016)	Projection (June 2016 to May 2017)
Lake View Estate	55,165.41	50,110.26	54,390.05
Lake View Estate (KKPA Smallholder schemes)	30,214.57	24,411.84	28,590.78
River View Estate	57,079.38	52,553.7	56,554.3
River View Estate (KKPA Smallholder schemes)	22,126.63	17,832.7	20,747.6
<b>Total from own RSPO certified supply base Claimed for Certification</b>	<b>164,585.99</b>	<b>144,908.45</b>	<b>160,282.68</b>
Certified FFB received from other RSPO certification scope within adjacent estates:			
Manis Mata Estate	None	235.42	None
Bagan Kusik Estate	None	1,307.44	None
Kebanteng Estate	None	37,552.52	None
Paku Juang Estate	None	2,505.53	None
Sungai Dabu Estate	None	2,868.80	None
Keluwin Estate	None	3,185.42	None
Total from other RSPO certified supply base	None	47,655.13	None
Non Certified FFB received from third parties estates:			
PT. Poliplant Sejahtera	None	42,139.39	None
PT. Andes Agro Investama	None	23,012.48	None
PT. Maya Agro Investama	None	526.00	None
PT. Andes Sawit Lestari	None	19,510.13	None
PT. Mandiri Kapital Jaya	None	798.04	None
Total from non RSPO certified supply base	None	85,986.04	None

**Table 3: Actual and Projected Mill Processing Data**

Mill Name	Mill Production Figures (MT) Claimed for Certification					
	Estimation (June 2015 – May 2016)		Actual (June 2015 to May 2016)		Projection (June 2016 to May 2017)	
	CPO	PK	CPO	PK	CPO	PK
<b>River View Mill</b>	<b>37,031.85</b>	<b>8,229.29</b>	<b>31,995.78</b>	<b>7,172.97</b>	<b>36,063.60</b>	<b>8,014.13</b>
Extraction Rate	OER: 22.5 %	KER: 5 %	OER: 22.08 %	KER: 4.95 %	OER: 22.5 %	KER: 5 %

### 1.5 Area of Plantation

The areas of supplying estates for this operating unit are listed in Table 4. Details of planted area (mature/immature), total land area, conservation, HCV and others are also listed.

**Table 4: Area Statement of the Supplying Estates**

Name of Estates	Planted Area		Conservation Area (Ha)	HCV Area (Ha)	Others	Total Titled Area (Ha)
	Mature	Immature				
River View	2555.3	-	384	983	180	4,102.3
KKPA	775.5	-	-	-	-	775.5
Lake View	2179.2	-	209	780	121	3,289.2
KKPA	1273.9	-	-	-	-	1273.9
<b>Total</b>	<b>6,783.9</b>	<b>-</b>	<b>593</b>	<b>1,763</b>	<b>301</b>	<b>9,440.9</b>

### 1.6 Date of Planting and Cycle

The PT. Indo Sawit Kekal own estates were planted between 2005 and 2010. The palms were considered matured when approaching 4 (four) years after planting and productive until the age of 25 years. The age profiles for all the estates are simplified in Table 5 below.

**Table 5: Planting Age Profiles for all Supply Base Estates**

Name of supplying estate	Planting Age (Ha)			
	Immature	>4 - 14 years	>14 - 25 years	>25 years
Lake View Estate	-	2179.2	-	-
KKPA	-	1,273.9	-	-
River View Estate	-	2555.3	-	-
KKPA	-	775.5	-	-
<b>Total</b>	<b>-</b>	<b>6,783.9</b>	<b>-</b>	<b>-</b>

### 1.7 Other Certification Held

PT. Indo Sawit Kekal has implemented ISO 14001:2004 and ISO 9001:2008 but the certificate is no longer.

### 1.8 Organizational Information and Contact Person

The company contact person details are as follows:

<b>Name:</b>	Mrs. Yunita Widiastuti
<b>Designation:</b>	Group Sustainability Manager
<b>Address:</b>	Desa Manis Mata Kecamatan Manis Mata Kabupaten Ketapang 78864 Kalimantan Barat - Indonesia
<b>Contact No.:</b>	(62) 21 – 5746168
<b>Email address:</b>	Yunita_Widiastuti@cargill.com

### 1.9 Time-bound Plan for Other Management Units

Cargill is a member of RSPO and has been involved in the certification since 2004; the membership number with RSPO is 2-0215-11-000-00.

Cargill Incorporated owns and operates 6 mills and 16 oil palm estates including KKPA Smallholder schemes, with 6 management units of subsidiary companies covering approximately 66,117 ha.

In the late 2014, Cargil Incorporated taken over majority shareholder of Alpha Capital Limited (RSPO Membership number: 1-0199-16-000-00). Alpha Capital Limited owns 3 Palm Oil Mills and 13 oil palm estates in Indonesia covering approximately 60,000 Ha operated by 5 management units of subsidiary companies. All management units under Cargill Incorporated have gained RSPO P&C certificates; while from new acquisition of 5 subsidiary companies under Alpha Capital Limited, 1 (one) subsidiary company i.e. PT Poliplant Sejahtera has achieved RSPO certification, where the rest are under process of getting RSPO Certification. Cargill is committed to achieve RSPO certification for all new acquisition subsidiary companies by 2017. The list of Cargill's subsidiary companies are presented in **Appendix C**.

#### Auditor Finding on the Time Bound Plan and Partial Certification

Time Bound Plan		
Requirement	Findings and any action required	Compliance
Does the plan include all subsidiaries, estates and mills?	<p>All management units under Cargill have gained RSPO P&amp;C certificates consists of 6 Palm Oil Mills and 16 Estates including KKPA Smallholder schemes.</p> <p>1 (one) subsidiary companies under Alpha Capital Limited, i.e. PT Poliplant Sejahtera consists of 1 Palm Oil Mill and 1 Estate, has achieved RSPO Certificate on 1<sup>st</sup> September 2016.</p> <p>4 (Four) subsidiary companies under Alpha Capital Limited are in the process of getting RSPO Certificates, consists of 2 Palm Oil Mills and 12 Estates. The target is by end of 2017.</p> <p>See Appendix C</p>	Yes
<p>Is the time bound plan challenging?</p> <ul style="list-style-type: none"> <li>• Age of plantations.</li> <li>• Location.</li> <li>• POM development</li> <li>• Infrastructure.</li> <li>• Compliance with applicable law.</li> </ul>	<p>Cargill has high commitment to comply with RSPO requirements for all subsidiary companies by 2017 taking into account for new acquisition land.</p> <p>Cargill has fully support to ensure that other subsidiary companies that still un-certified to fulfil RSPO requirements considering the variety of Palm age, geographical location, Palm Oil Mill</p>	Yes

	<p>development and infrastructures, as well as compliance to national and local regulation.</p> <p>This is a challenging time bound plan has been set up by Cargill Incorporated</p>	
Have there been any changes since the last audit? Are they justified?	<p>See above explanation. The existing 6 Mills and 16 Estates including KKPA smallholder schemes have been certified.</p> <p>Furthermore, Cargill has new acquisition land through took over majority of shareholder from Alpha Capital Limited consists of 3 Mills and 13 Estates. Cargill has set up a time bound to achieve RSPO certification for all subsidiary companies including new acquisition land by 2017</p>	Yes
If there have been changes, what circumstances have occurred?	<p>See explanation above.</p> <p>Cargill has fully committed to achieve RSPO certification for all new acquisition land by 2017, taking into account that the time bound plan is challenging.</p>	Yes
Have there been any stakeholder comments?	No Stakeholder comment that affect Time bound Plan set up by Cargill	Yes
Have there been any newly acquired subsidiaries?	In the late 2014, Cargil Incorporated taken over majority shareholder of Alpha Capital Limited (RSPO Membership number: 1-0199-16-000-00). Alpha Capital Limited owns 3 Palm Oil Mills and 13 oil palm estates in Indonesia covering approximately 60,000 Ha operated by 6 management units of subsidiary companies. All management units under Cargill Incorporated have gained RSPO P&C certificates; while from new acquisition of 6 subsidiary companies under Alpha Capital Limited, 1 (one) subsidiary company i.e. PT Poliplant Sejahtera has achieved RSPO certification on 1 <sup>st</sup> September 2016, where the rest are under process of getting RSPO Certification. Cargill is committed to achieve RSPO certification for all new acquisition subsidiary companies by 2017.	Yes
Have there been any isolated lapses in implementation of the plan?	<p>There is no isolated laps. The existing 6 Mills and 16 Estates including KKPA Smallholder scheme have been certified.</p> <p>1 (one) subsidiary companies under Alpha Capital Limited, i.e. PT Poliplant Sejahtera consists of 1 Palm Oil Mill and 1 Estate, has achieved RSPO Certificate on 1<sup>st</sup> September 2016.</p> <p>Cargill has set up time bound plan for all new acquisition land (under Alpha Capital Limited) by 2017.</p> <p>This would be further verified on the next surveillance visits.</p>	Yes
<b>Un-Certified Units or Holdings</b>		
<b>Note:</b> Companies may demonstrate compliance by clear evidence of a self-audit (i.e. an internal audit for all subsidiaries, estates and Palm Oil Mills)		
<b>Requirement</b>	<b>Findings and any action required</b>	<b>Compliance</b>
Did the company conduct an internal audit? If so, has a positive assurance statement been	Cargill has conducted Internal audit for all un-certified Units consists of 2 Palm Oil Mills and 12 Estates under Alpha Capital Limited ( <i>new acquisition</i> ). Internal audit was completed on	Yes

produced?	<p>October 2016.</p> <p>There was positive findings related to implementation of RSPO requirements, however some gaps are remain exist in particular for un-certified Units. This is due to the previous Holding companies before took over by Cargill was not fully committed to support their management units to be complied with RSPO requirements. Cargill has put big effort and investment to increase the level of RSPO compliance for new acquisition subsidiary companies and fully committed to achieve RSPO certification by end of 2017.</p>	
<p>No replacement after dates defined in NIs Criterion 7.3:</p> <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p>Relevant to above explanation (i.e. Internal Audit), Cargill Incorporated through Sustainability Department is aware that there are several cases found to be non-conformances to RSPO requirements in all un-certified Units (new acquisition).</p> <p>Most othe cases are related to non-compliance to New Planting Procedures and LUCA &amp; RaCP process.</p> <p>Cargill has started to proceed corrective action and improvement for those cases for instance: communication to RSPO Secretariat on the NPP sanction rules, Preparing LUCA &amp; RaCP as required by RSPO.</p>	Yes
Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<p>Cargill Incorporated through Sustainability Department is aware that there are several cases found to be non-conformances to RSPO requirements in all un-certified Units (new acquisition).</p> <p>Most othe cases are related to non-compliance to New Planting Procedures for areas planted after 1<sup>st</sup> January 2010.</p> <p>Cargill has started to proceed corrective action and improvement for those cases for instance: communication to RSPO Secretariat on the NPP sanction rules, and committed to follow the requirements.</p> <p>The progress of compliance to NPP requirements will be further checked during next surveillance visits.</p>	Yes
Any Land conflicts 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.	<p>According to internal audit results for all un-certified units (new acquisition), there are several case of land conflict being in progress and resolved. Cargill has noticed these cases and fully committed to comply with RSPO requirements particularly land conflict resolution process.</p> <p>However, there was no land conflict that being logged in RSPO Grievance procedure or Dispute Settlement Facility processes.</p> <p>The progress of this requirements will be further checked during next surveillance visits.</p>	Yes
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No Labour dispute cases found to be happened according to internal audit.	Yes
Did the company conduct an	Cargill has conducted Internal audit for all un-	Yes

<p>internal audit? If so, has a positive assurance statement been produced?</p>	<p>certified Units consists of 2 Palm Oil Mills and 12 Estates under Alpha Capital Limited (<i>new acquisition</i>). Internal audit was completed on October 2016.</p> <p>There was positive findings related to implementation of RSPO requirements, however some gaps are remain exist in particular for un-certified Units. This is due to the previous Holding companies before took over by Cargill was not fully committed to support their management units to be complied with RSPO requirements. Cargill has put big effort and investment to increase the level of RSPO compliance for new acquisition subsidiary companies and fully committed to achieve RSPO certification by end of 2017.</p>	
<p>Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.</p>	<p>According to internal audit results for all un-certified units (new acquisition), there are several cases found related to legal non-compliance such as Health &amp; Safety regulation, land ownership, etc.</p> <p>Cargill has noticed these cases and fully committed to comply with RSPO requirements. They are committed to be RSPO certified by end of 2017 for all un-certified units.</p> <p>The progress of this requirements will be further checked during next surveillance visits.</p>	<p>Yes</p>

## 2. ASSESSMENT PROCESS

### 2.1 Certification Body

SGS is the world's leading inspection, verification, testing and certification company. SGS is recognized as the global benchmark for quality and integrity. With more than 80,000 employees, SGS operates a network of over 1,650 offices and laboratories around the world.

The RSPO Programme is the SGS Group's RSPO Certification Programme internationally accredited by the ASI to carry out oil palm plantation and supply chain certification for global RSPO certification.

### 2.2 Assessment Methodology, Programme, Site Visits

The company was initially certified on 22 December 2014 by SGS (Malaysia) Sdn Bhd. The 1<sup>st</sup> Annual Surveillance was conducted on 9-10 & 13 November 2015 by SGS (Malaysia) Sdn Bhd, however due to Accreditation withdrawal of SGS (Malaysia) Sdn Bhd on 31<sup>st</sup> December 2015 by then the certificate was transferred to Sucofindo and certificate was re-issued on 9 May 2016. Company decided to continue the certification (i.e. certificate transfer) with PT SGS Indonesia on 2016, and PT SGS Indonesia conducted the 2<sup>nd</sup> Annual Surveillance assessment on 14-18 November 2016 (as part of certificate transfer) involving 2 estates of PT. Indo Sawit Kekal – River View Mill. The assessment covers documentation review, internal procedures, management system, field inspection as well as identification of any significant issues for both environment or social issues. A sample of stakeholders was consulted during the assessment to get their feedback on the management practices.



The assessment was conducted based on random samples and therefore nonconformities may exist which have not been identified. The methodology for objective evidence collection included physical site inspection, observation of tasks and processes, interview with workers, families and stakeholders, documentation review and monitoring data.

The assessment program is included as shown in Table 6 below.

**Table 6: Assessment Program**

Date	Time	Auditor	Organisational and Functional Units/ Processes and Activities
14.11.16	15.45	All	Travel to Pangkalan Bun by Kalstar
	17.00	All	Auditor arrives at Pangkalan Bun Airport and continues to ISK site by Car
	PM		Auditors arrive at site
15.11.16	08.00	All	Opening Meeting
	08.30	All	Document review (legal, land title, HGU, laws, labour, OSH, environmental, timebound plan, replanting programme, SOP)
	12.00		Break and Lunch
	13.00	All	<b>River View Mill</b> <ul style="list-style-type: none"> <li>• Palm Oil Mill Supply Chain (procedure, record keeping, training, FFB receiving, processing, sales of RSPO products, registration and claims)</li> <li>• Site &amp; facilities visit (water usage, production area, workshop, chemical room, bulky storage, waste water pond, hazardous waste storage, environmental management and monitoring, interview with workers and OSH).</li> </ul>
17.00		End of day 1 audit	
16.11.16	08.00	All	<b>Lake View Estate and KKPA:</b> Field work inspection: IPM, spraying, fertiliser, riparian/ buffer zone, HCV, boundary stones, road maintenance, waste disposal, storage area, line-site, interview with workers and stakeholders consultation, and OSH
	12.00		Break and Lunch
	13.00	All	Continue morning agenda
	17.00		End of day 2 audit
17.11.16	08.00	All	<b>River View Estate:</b> Field work inspection: IPM, spraying, fertiliser, riparian/ buffer zone, HCV, boundary stones, road maintenance, waste disposal, storage area, line-site, interview with workers and stakeholders consultation, and OSH
	12.00		Break and Lunch
	13.00	All	Continue morning agenda
	15.00	All	Report preparation
	16.00	All	Closing meeting
	17.00		End of Surveillance Audit
18.11.16	05.00	All	Travelling to Pangkalan Bun by car
	09.50	All	Travelling back to Jakarta by Kalstar

### 2.3 Qualification of Lead Assessor and Assessment Team

PT SGS Indonesia holds copies of educational qualifications, certificates and audit logs for each of the audit team members. SGS has evaluated the qualifications and experience of each

audit team member and has registered the following designations for conducting RSPO Assessment. Summary of auditors' educational background and experience are listed in Table 7 below.

**Table 7: Auditors Profile**

Evaluation Team	Notes
<b>Team Leader – Environmental</b>	Zaenal Abidin has a degree in Forestry and SSC Auditor in PT SGS Indonesia, 22 years national experience in forestry sector in Indonesia. Has undergone the necessary ISO 14001, ISO 9001, RSPO and ISPO Lead Auditor course and involved in a number audits on oil palm plantations and forest certification. His specific qualification for RSPO audit is Environmental and Supply Chain.
<b>Auditor 1 – Plantation</b>	Ahmad Bahruji, a Bachelor of Agriculture Science holder and SSC Auditor in PT SGS Indonesia. He has 9 years working experience in oil palm plantation sector in Indonesia. He has undergone ISO 9001 and ISCC and ISPO Lead Auditor training and involved in a number of audits on oil palm plantations in Indonesia. His specific qualification for RSPO audit is Good Agriculture Practices and Legal.
<b>Auditor 2 – Social</b>	Heru Puryanto has a degree in Forestry and SSC Auditor in PT SGS Indonesia, 19 years national experience in forestry sector in Indonesia. Has undergone the necessary ISO 14001, ISO 9001, and ISPO Lead Auditor course and involved in a number audits on oil palm plantations and forest certification. His specific qualification for RSPO audit is Health and Safety, Social and Labour, including stakeholder consultation.

#### 2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation was held on 15-17 November 2016 during surveillance audit. Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone and email to arrange meetings at a location convenient to them to discuss Cargill Certification Unit's environmental and social performance.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. These included environmental interest groups, local government agencies and relevant authorities, social groups, and workers' unions etc. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted with detail comments is included as **Appendix D**.

### 3. ASSESSMENT FINDINGS

#### 3.1 Summary of Findings

##### 3.1.1 Principles & Criteria

As outlined, objective evidence was obtained separately for each of the RSPO Indicators and criterion for the mills and estates. The results for each indicator from each of the operational areas were evaluated to provide an assessment of conformity. A statement is provided for each of the RSPO indicators in order to support the findings of the assessment team.

There is 0 (nil) Major Non-conformity and 3 (three) Minor Non-conformities identified during this annual surveillance audit. Some areas identified with potential areas for improvement has led into 2 (two) Observations raised. Details for each Non-conformities and observations are given in **Appendix A**. Major Non-conformities has been closed out within the period of 60 days after the annual surveillance audit. Minor Non-compliances and Observations will be followed up during the next Annual Surveillance Audit which is scheduled to be conducted within the period of twelve months after the Report approval of surveillance audit.

<b>Principle 1: Commitment to Transparency</b>						
<b>Criterion 1.1: Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>						
<b>1.1.1</b>	<b>List of information related to criterion 1.2 that can be accessed by relevant stakeholders shall be available.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>The company has established procedure for providing information to stakeholders (transparency), as per reflected in the SOP document entitled communication, participation and consultation (REP-SOP-REP.03-R.02) dated 01 March 2009 revised 08 January 2013. The document specifies the objectives of the document that is to manage, mechanism, communicate, (internal and external), participation, health and safety, and environment so that it can be understood by stakeholders effectively.</p> <p>There is a list of information that can be accessed by relevant stakeholders. There are 20 documents listed include authorization who take responsible to give this documents to the public, when requested. These are including:</p> <ul style="list-style-type: none"> <li>a) Land titles / user rights (C 2.2)</li> <li>b) Safety and health plan (C 4.7)</li> <li>c) Plans and impact assessment relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.8)</li> <li>d) HCV documentation (Criteria 5.2 and 7.3)</li> <li>e) Pollution Prevention and Reduction Plans (C 5.6)</li> <li>f) Details of complaints and Grievances (C 6.3)</li> <li>g) Negotiation procedures (C 6.4)</li> <li>h) Continual improvement plans (C 8.1)</li> <li>i) Public summary of certification assessment report</li> <li>j) Human Rights Policy (C 6.13)</li> </ul>					
<b>1.1.2</b>	<b>Records of requests for information and responses to the information requested shall be available.</b>					<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>As mentioned earlier, records of requests from stakeholders are available and recorded individually at estates and mill levels that include donation requests for community development program. Requests from the stakeholders are mainly for donation for the villages, for examples road construction and maintenance, agricultural equipment, book package, etc. in addition, other assistance such as assistance in providing fuel/diesel is also observed to be recorded.</p> <p>Records of requests and responses were documented on Matrik Komunikasi Internal and External. Description of information received, response and status has been recorded on the matrix.</p>					

	<p>During period 2016, there were recorded 71 external communications. Status of each communication is also recorded (closed= 45, on progress= 8, reject= 11, pending= 7.</p> <p>PT ISK has been invited by the local government to discuss Musrenbang (consultation on villages planning and development) of year 2016 (4 times the discussion).</p>				
<p><b>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.</b></p>					
<b>1.2.1 (a)</b>	<b>Land titles/user rights (Criterion 2.2);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>During the surveillance audit, the land title of PT. ISK is still under process. However Risalah Panitia B of PT. ISK is available. The latest land title process is Letter from Head of National Land Agency of West Kalimantan # 871/P-61/VII/2016 on 20 July 2016 regarding progress of Hak Guna Usaha (HGU) to BPN for PT. Indo Sawit Kekal areas of 5,774.31 ha.</p>				
<b>1.2.1 (b)</b>	<b>Occupational health and safety plans (Criterion 4.7);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Documented Occupational Safety and Health (OSH) is available in <b>Kebijakan Lingkungan, Kesehatan Kerja, Mutu &amp; Keselamatan Pangan (LK3MKP)</b> signed by Mr John J. Hartmann, CEO of Cargill Tropical Palm and Mr. Nharong Somchit (President Director) dated 26<sup>th</sup> February 2015. The policy has been displayed at the estate office.</p>				
<b>1.2.1 (c)</b>	<b>Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The regular reports of implementation environmental management plan (RKL) is remains consistently implemented and reported to government authorities twice a year. Verified during surveillance audit the RKL period report on semester II year 2015 and semester I year 2016.</p>				
<b>1.2.1(d)</b>	<b>HCV documentation (Criteria 5.2 and 7.3);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>High Conservation Value assessment has been done on 2013 in corporation with the university (Bogor Agricultural University – IPB). The document is made from stakeholders consultation.</p>				
<b>1.2.1 (e)</b>	<b>Pollution prevention and reduction plans (Criterion 5.6);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>An assessment of all pollutions and emissions has been conducted periodically through the implementation of the Environmental Management Plan (RKL/RPL). The regular reports of implementation environmental management and monitoring plan (RKL/RPL) is remains consistently implemented and reported to government authorities twice a year. Verified during surveillance audit the RKL/RPL period report on semester II year 2015 and semester I year 2016.</p>				
<b>1.2.1 (f)</b>	<b>Details of complaints and grievances (Criterion 6.3);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT ISK has established open system to receive complaints and to resolve dispute in an effective, timely and appropriate manner, which is accepted by affected parties:</p> <ol style="list-style-type: none"> <li>1. SOP for social problem solving/ land claim resolution (ISK-SOP-PSS/LA.02-R.01)</li> <li>2. SOP for communication, participation and consultation (REP-SOP-REP.03-R.02).</li> <li>3. SOP for land release (ISK-SOP-PSS/LA.01-R.01).</li> </ol> <p>PT ISK has also provided suggestion boxes and all workers can access to Cargill Ethics and Compliance (<a href="http://www.cargillopenlineethicspoint.com">www.cargillopenlineethicspoint.com</a>) to tell complaints.</p>				
<b>1.2.1 (g)</b>	<b>Negotiation procedures (Criterion 6.4);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective</b>	<p>PT ISK has established SOP for social problem solving (HSL-SOP-PSS.04-R.00) and SOP for</p>				

<b>evidence:</b>	land claim resolution (HSL-SOP-PSS.02-R.00) for the identification and calculation of fair compensation for the loss of legal or customary right of the land, with the involvement of local community representatives and relevant agencies and made publicly available. Record of land acquisition document is available and verified, for example: Agreement with Mr. Uti Ali Sadikin land of 1.21 ha within the River View Estate.				
<b>1.2.1 (h)</b>	<b>Continual improvement plans (Criterion 8.1);</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Continual improvement plans has included into RKL/RPL report. Verified during surveillance audit the RKL/RPL period report on semester II year 2015 and semester I year 2016.				
<b>1.2.1 (i)</b>	<b>Public summary of certification assessment report;</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	There is a public summary of certification assessment report documents that available for public. The public summary of certification assessment report documents (hard copy) include authorization who takes responsible to provide this document to the public, when requested. The public summary is available in KBK office. It has also available in website RSPO (www.rspo.org).				
<b>1.2.1 (j)</b>	<b>Human Rights Policy (Criterion 6.13)</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company policies according to respecting the human right are available on "Cargill Guiding Principles Handbook" signed by Chairman and Chief Executive Officers Greg R. Page (CEO) is available.				
<b>Criterion 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.</b>					
<b>1.3.1</b>	<b>There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions along with the documentation of socialisation process of the policy to all levels of the workers and operations.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The Company has established policies related to the integrity and ethical behavior in the code of conduct Cargill handbook include:</p> <ul style="list-style-type: none"> <li>• Conducting business with integrity, fairness and ethical.</li> <li>• Do not offer or accept bribes or receive prizes in doing business</li> <li>• Doing healthy competition and honest.</li> <li>• Committed to compliance laws</li> </ul> <p>The policy has been disseminated to both internal employees as well as to other stakeholders including contractors.</p>				

## Principle 2: Compliance with Applicable Laws and Regulation

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

<b>2.1.1</b>	<b>Evidence of compliance with relevant legal requirements shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT. ISK has permits regarding to their activities as an evidence of compliance with legal requirements, e.g. :</p> <ul style="list-style-type: none"> <li>• Environmental permit, decree of Ketapang Head # 410/2009 apply as long as there aren't changes operational pantation and mill</li> <li>• Permit of water intake and usage, decree of Ketapang Head # 39/2011 apply as long as there isn't changes mill capacity.</li> <li>• Land application permit, decree of Ketapang Head # 448/KLH-B/2014 for 448.35 ha valid for 5 years.</li> <li>• Hazardous waste storage permit, decree of Ketapang Head # 391/KLH-B/2014 valid for 5 years.</li> <li>• Plantation operations permit, decree of Ketapang Head # 682/DISBUN-D/2013, for oil palm plantations with 10,771 ha and palm oil mill with capacity 120 ton per hour apply as long as</li> </ul>				

	<p>there aren't changes operational plantation and mill.</p> <ul style="list-style-type: none"> <li>• Location permit, decree of Ketapang Head # 407/2007 for areal 14,500 ha valid for 2 years.</li> <li>• Location permit revision, decree of Ketapang Head # 413/2010 for areal 13,700 ha valid for 2 years.</li> </ul> <p>Some permits of Koperasi Perkebunan "Sepakat Sejahtera Lestari" (KKPA program) have expired as follows:</p> <ul style="list-style-type: none"> <li>- SIUP No: 503/428/SIUP/PK/2009 valid until 10 September 2016.</li> <li>- TDP No. 140520100065 valid until 11 September 2014.</li> <li>- SITU No. 503/338/SITU/KOP/2009 valid until 10 September 2013.</li> </ul> <p><b>Major CAR 03 was raised.</b></p> <p>The company has submitted evidences of updating permits of Koperasi Perkebunan Sepakat Sejahtera Lestari dated on 7 dec 2016 as follows:</p> <ul style="list-style-type: none"> <li>- SIUP No: 503/915/SIUP/Kecil/2016 valid until 1 December 2021.</li> <li>- TDP No. 140520100065 valid until 11 September 2019.</li> <li>- SITU No. 503/764/SITU/KOP/2016 valid until 1 December 2021.</li> </ul> <p><b>Major CAR 03 was closed.</b></p>	
<b>2.1.2</b>	<b>A documented system, which includes written information on legal requirements, shall be maintained.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	Documentation systems according to written information of legal compliance for PT. ISK are available on excel document with file name of list and evaluations of legal and other requirements ( <i>Daftar dan Evaluasi Persyaratan Hukum dan Persyaratan Lainnya</i> ) dated on 01 August 2016. According to the document there were indentify more than 276 laws and regulations that related to palm oil operations (plantation operations, environmental, labour, health and safety and social).	
<b>2.1.3</b>	<b>A mechanism for ensuring compliance shall be implemented.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>The company has SOP for identification of legal and other requirements and its evaluation No. REP-SOP-REP.02-R.05. Such procedure ensures that all legal and other requirements documented, communicated to all parties as well as to identify every 6 months or more if necessary to update the legal requirements.</p> <p>The company has carried out identification of legal through newspapers, internet access, visits to the relevant departments. The MR (Management Representative) has responsible to periodic evaluate its compliance with legal and other requirements (twice a year) according to list and evaluations of legal and other requirements (<i>Daftar dan Evaluasi Persyaratan Hukum dan Persyaratan Lainnya</i>). Last evaluation was conducted on 01 August 2016 (100% compliances).</p>	
<b>2.1.4</b>	<b>A system for tracking any changes in the law shall be available and implemented.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>According to the list and evaluation of legal and other requirements (01 August 2016), some regulations hhave been updated:</p> <ul style="list-style-type: none"> <li>• Regulation of the Minister of Energy and Mineral Resources # 15/2012 on energy management (energy users more than 6000 tons of oil equivalent are required to conduct energy management).</li> <li>• Local Regulation of Kalbar Province # 3/15 on the implementation of the protection of women from violence.</li> <li>• Regulation of the Minister of LHK # P.32/2016 on land and forest fire control.</li> </ul>	
<b>Criterion 2.2: The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</b>		
<b>2.2.1</b>	<b>Documents showing legal ownership or lease, history of land tenure ownership/control, and the actual legal use of the land shall be available.</b>	<i>Major</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	At the time of this surveillance assessment, the land title of PT. ISK is still under process since few years back (similar to previous surveillance visits) where the latest process is Letter # 713/9-61/W/2015 on 28 April 2015 from Head of Land Berau Agency of West Kalimantan, according to	

	<p>signing of Risalah Panitia B of PT. ASL and PT. ISK and The latest land title process is Letter from Head of National Land Agency of West Kalimantan # 871/P-61/VII/2016 on 20 June 2016 regarding progress of Hak Guna Usaha (HGU) to BPN for PT. Indo Sawit Kekal.</p> <p>During this surveillance audit, Auditor raising Observation related to the process of getting the land title of PT. ISK. <b>Obsevation was raised</b> because the process has been took quite sometime considering the involvement of the government procedural processes which caused delay until this assessment. Furthermore, it is also apply for some other companies in Indonesia facing same problem (delay to get land title) with similar reasons. There was a discussion through an email with RSPO Secretariat back on 5th October 2015 when SGS Auditor tried to get clarification for same issue in other company where RSPO explaining that RSPO is now conducting internal and external discussion/consultation in finding resolution to this. The objective is aimed at all members to comply with legal requirement but at the same time allowing the certification to continue. RSPO is planning to come out with a clear decision to guide our members in Indonesia. However, it is become auditor concern to check the progress of this completion on the next surveillance visits, with further communication to RSPO Secretariat for any resolution related to this which may have been made.</p>					
<b>2.2.2</b>	<b>Legal boundaries are demonstrated clearly and maintained.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>Legal boundaries of PT. ISK area are still using cadastral points. During the field visit, some location was maintained and demarcated clearly for examples:</p> <ul style="list-style-type: none"> <li>• Blok G 69 Cadastral Boundary: S 02<sup>0</sup> 34' 27." &amp; E 111<sup>0</sup> 55' 31.0" (Inti)</li> <li>• Blok I 37 Cadastral Boundary: S 02<sup>0</sup> 29' 08.7" &amp; E 110<sup>0</sup> 56' 43.9" (Inti)</li> <li>• Blok F 71 Cadastral Boundary: S 02<sup>0</sup> 34' 47.4" &amp; E 110<sup>0</sup> 55' 30.4" (KKPA)</li> </ul>					
<b>2.2.3</b>	<b>In the event that there is a dispute or a dispute has occurred, adequate evidence of legitimate acquisition and compensation or compensation settlement process through conflict resolution which has been received through Free, Prior and Informed Consent by all related parties shall be provided.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>According to internal and external communications records, there is record of land dispute in Block J41 and it has been resolved with evidence of a statement letter between Mr. Matius Rusni with PT ISK representative (Mr. Budiyanto) dated on 9 May 2016.</p>					
<b>2.2.4</b>	<b>There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved.</b>					<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>No significant land conflict based on interview with the company, stakeholder consultations, document review and site visit during the surveillance audit. However if there was a land conflict PT. ISK already has a procedure to solved it, SOP Komunikasi, partisipasi dan konsultasi nomor REP-SOP-REP-03-F.02.</p>					
<b>2.2.5</b>	<b>For any conflict or dispute over the land, the evidence of the extent of disputed area is mapped out in a participatory way with involvement of affected parties (including neighboring communities and local government where applicable), shall be available.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>No dispute or land conflict during the surveillance audit.</p>					
<b>2.2.6</b>	<b>To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and/or planned operations.</b>					<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>No evidence of violence in maintaining peace and order in their current and planned operations</p>					
<b>Criterion 2.3: Use of the land for oil palm does not diminish the legal, customary or users rights of other users without their free, prior and informed consent.</b>						



<b>2.3.1</b>	<b>Maps with appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighboring communities where applicable, and relevant authorities).</b>	<i>Major</i>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	Maps of the legal areas and location of the company are shown and available with appropriate scale 1:50.000.	
<b>2.3.2</b>	<b>Copies of negotiated agreements including the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and these include:</b> <b>a. Evidence of consultation</b> <b>b. Statement of transfer of rights</b> <b>c. Evidence of compensation</b> <b>See specific guidance 2.3.2</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	PT.ISK still keeps records of land acquisition. Records of negotiations detailing process of consent are available, clearly demonstrating an agreement between local community and PT.ISK, for example: official report of land compensation dated 6 February 2007 which clearly demonstrates the free, prior and informed consent from local community to sell their land to PT.ISK for a stipulated price which is agreed by the both parties witnessed by local government. This document is complete with maps showing the extent of the land and photographs of the local community receiving the compensation amount. A copy of the land payment cheque is also attached in the document as an additional proof of payment made to the traditional land owners.	
<b>2.3.3</b>	<b>Relevant information shall be available in appropriate forms and languages, including analysis of impacts, proposed benefit sharing, and legal arrangements.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	All information regarding to agreement, land compensation and records of negotiations available in bahasa and well known by related parties in Kalimantan.	
<b>2.3.4</b>	<b>Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</b>	<i>Major</i>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	All records for land negotiations, land compensation and the agreements, shows that the communities' rights regarding to legal counsel and representatives of their own choosing are facilitated by the company. Records checked on official report of land compensation dated 6 February 2007.	

<b>Principle 3: Commitment to Long-Term Economic and Financial Viability</b>			
<b>Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.</b>			
<b>3.1.1</b>	<b>A documented management plan, a minimum of three years shall be available, including, where appropriate, plan for scheme smallholders.</b>	<i>Major</i>	
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>		
<b>Objective evidence:</b>	Management plant is available on Cargill Tropical Palm Business Unit. According to the document, the management plan are :		
	<b>Key Steps</b>	<b>Forecast 14/15</b>	<b>Budget 15/16</b>
	Safety Index	0.22	0.10
	Cost \$/ton CPO net	444	499
	<i>Inti ha masak</i>	70,607	70,580
			2020
			0.00
			380
			78,939



	% site potensi hasil	72.40 %	86.13%	89.49%
	Sh ha masak	41,707	42,467	33,103
	Produced CPO (ton)	343,482	502,271	634,209
<b>3.1.2</b>	<b>An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	No replanting programs for next 5 years. However PT. ISK already has replanting programs. Based on the document, PT. ISK will start the replanting programs on 2031 for 159 ha. There is a sandy land management in PT.ISK by adding a bunch empty and solid.			

<b>Principle 4: Use of Appropriate Best Practices by Growers and Millers</b>				
<b>Criterion 4.1: Operating procedures are appropriately documented, consistently implemented and monitored.</b>				
<b>4.1.1</b>	<b>Standard Operating Procedures (SOPs) for estates (land clearing to harvesting) and SOP for mills (reception of FFB to dispatch of CPO and PKO) shall be available.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	<p>The company has established SOPs for plantation and mill and last revision dated on 22 November 2016 (Estate), for examples:</p> <ul style="list-style-type: none"> <li>SOP for land clearing without fire (EST-SOP-ASD.10-R.02)</li> <li>SOP for nursery (EST-SOP-ASD.01.R03)</li> <li>SOP for immature plant (EST-SOP-ASD.02-R.03)</li> <li>SOP for mature plant (EST-SOP-ASD.03-R.03)</li> <li>SOP for harvesting (EST-SOP-ASD.29-R.05)</li> <li>SOP for empty fruit bunch application (EST-SOP-ASD.18-R.03)</li> <li>SOP for manuring (EST-SOP-ASD.35-R.02)</li> <li>SOP for planting beneficial plant (EST-SOP-ASD.42-R.02)</li> <li>SOP for Weighbridge (ENG-SOP-PJM.001-R.04)</li> <li>SOP for Loading Ramp Station (ENG-SOP-PJM.002-R.04)</li> <li>SOP for Sterilizer Station (ENG-SOP-PJM.003-R.04)</li> <li>SOP for Tippler Station (ENG-SOP-PJM.004-R.04)</li> <li>SOP for Press Station (ENG-SOP-PJM.005-R.04)</li> <li>SOP for Clarification Station (ENG-SOP-PJM.006-R.04)</li> <li>SOP for Storage Tank (ENG-SOP-PJM.011-R.04)</li> <li>SOP for Kernel Station (ENG-SOP-PJM.007-R.04)</li> </ul>			
<b>4.1.2</b>	<b>Checking or monitoring of operations procedures is conducted at least once a year.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	Field audit conducted in order to check the implementation of procedure at PT. ISK. The Agronomy Service Department conducted the field check periodically to ensure the SOP implementation. Records for these activities available at field agriculture appraisal, e.g. : Records of field agriculture appraisal for River View Estate on Oct 2016, where the cultivation and upkeep activities get score 98% that mean the cultivation and upkeep activities running in line with the target and standard.			
<b>4.1.3</b>	<b>Records of monitoring and any follow-up actions shall be available.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	No:	X
<b>Objective evidence:</b>	Lack of evidence that internal audit report has been properly followed up by the company related with harvest rotation more than 15 days. According to internal audit report in October 2016, a corrective action request has been raised related with harvest interval more than 15 days at block E0D058, E0D 57 and E0D062 (Lake View			

	Estate). The company has provided a corrective action plan to close out the non-conformance however observed in the field at block G58, harvest interval has achieved 35 days.				
<b>4.1.4</b>	<b>Records of the origins of all third-party FFB sourced (collector, deliver, Cooperative, Farmers Association and outgrower) shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Records of third party FFB sources available and maintained by the River View Mill. The mechanism to change the list is available and it is involve estate, mill and IT department. No FFB from the third party, the FFB supplier of River View Mill are Kebanteng Estate, Keluwin Estate, River View Estate, Like View Estate Estate, Koperasi Harapan Sawit Mandiri and FFB arrival from external is PT. Poliplant Sejahtra and PT. Andes Agro Investama.				
<b>Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</b>					
<b>4.2.1</b>	<b>A record of SOP implementation to maintain soil fertility that ensures optimal and sustained yield, shall be available</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company maintaining the soil fertility to ensure the optimal and sustained yield. In order to maintain the soil fertility, the company conducted fertilizer application based on SOP Manual Manuring and Mechanical Manuring. Manuring activities conducted refers to Fertilizers input recommendation. Fertilizers recommendation based on result of soil and leaf sampling unit. Soil Sampling Unit (SSU) activities conducted regularly based on SOP Pengambilan Sample Tanah and Leaf Sampling Unit (LSU) conducted based on SOP Pengambilan Kesatuan Contoh Daun. The analysis period are : <ul style="list-style-type: none"> <li>• SSU conducted once in 5 years where the point of SSU area located on the LSU point. implemented last fiscal 2012/2013</li> <li>• LSU conducted every years with sample point 0.8 – 1% of population/ha. implemented last fiscal 2015/2016.</li> <li>• Fertilizers analysis conducted every fertilizers incoming on 200 mt.</li> </ul>				
<b>4.2.2</b>	<b>Records of fertilizer inputs shall be available.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Records of fertilizers input are available and maintained in OMP programs with IT based, e.g. records of Nitrogen fertilizer application (UREA) on 16 November 2016 at block H63 with 2 k/palm.				
<b>4.2.3</b>	<b>Records of periodical leaf, soil and visual analysis shall be available.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company conducted the tissue and soil sampling periodically. Records of those available at OMP program for soil and leaf data by block list. Latest soil sampling conducted on 2012/2013 and latest leaf sampling unit conducted on 2015/2016.				
<b>4.2.4</b>	<b>A nutrient recycling strategy is recorded, including use of Empty Fruit Bunches (EFB), land application, and palm residues after replanting.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	There is evidence of Fertiliser Programme the palm residues such as front stacking, EFB and POME. the latest reports were available: <ul style="list-style-type: none"> <li>- Decanter cake applied 291,6 (t)</li> <li>- EFB applied 1.052,2 (t)</li> <li>- POME applied 54.557,4 (t)</li> </ul>				
<b>Criterion 4.3: Practices minimize and control erosion and degradation of soils.</b>					
<b>4.3.1</b>	<b>Maps of any fragile/marginal soils shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company already has a soil maps with scale 1:50,000. Based on the soil map, the soil type of the company are qrtz psament and pale udult.				

<b>4.3.2</b>	<b>A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific).</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	No area the company that breaks the limit of slope base on the slope maps and it was checked during the field visit. However, specific technique that applied at hilly areas such as : <ul style="list-style-type: none"> <li>• Front stacking technique, with cross to the slope.</li> <li>• Individual terrace and continues terrace.</li> <li>• Spraying technique conducted by selective weeding, not blanket spraying.</li> </ul>					
<b>4.3.3</b>	<b>A road maintenance programme shall be in place.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	The road maintenance programs are available. The company already has an annual budget fiscal year 2015 – 2016, where the road maintenance program included. Realization of mechanical road maintenance on the lake view estate on August 2016 and October KM = 9.6 = 5.8 KM.					
<b>4.3.4</b>	<b>Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.</b>					<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	Not applicable. Based on the company soil map, no peat soil at PT. ISK.					
<b>4.3.5</b>	<b>Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	Not applicable. Based on the company soil map, no peat soil at PT. ISK.					
<b>4.3.6</b>	<b>A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils).</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	No peat soil at the company areas. However there were sandy soils at the company areas. Management strategy to maintain the sandy soil the company already has an SOP <i>Pengelolaan tanah berpasir</i> # EST-SOP-ASD.43R.02. The procedure has described the management of sandy soil by applying Empty Fruit Bunch (EFB) and solid cake to add organic material to the soil so that the cation exchange rates as well as the ability to store water and nutrient elements in the soil can be increased.					
<b>Criterion 4.4: Practices maintain the quality and availability of surface and ground water.</b>						
<b>4.4.1</b>	<b>An implemented water management plan shall be in place.</b>					<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	Water Management Plan for Estates (HSL-SOP-EHS.21-R.01) dated 24 April 2013 are available detailing the following: <ul style="list-style-type: none"> <li>• Objective;</li> <li>• Scope &amp; Responsibility;</li> <li>• Reference;</li> <li>• Rencana Detail;</li> <li>• Form/Appendices;</li> </ul> <p>Water Sampling Analysis is observed to be conducted. Latest analysis was conducted on 11 August 2016 by the external laboratory. Based on records, the audit team observed that the analysis resulted in below the threshold level.</p>					

<b>4.4.2</b>	<b>Protection of water courses and wetlands, including securing and maintaining appropriate riparian and other buffer zones, at the time of or prior to replanting shall be demonstrated.</b>	<i>Major</i>																																																							
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>																																																								
<b>Objective evidence:</b>	The production unit is protecting watercourses and wetlands, including maintaining and restoring appropriate riparian buffer zones as per explained in the <b>SOP for Buffer Zone</b> (EST-SOP-ASD.13-R.03). All riparian identified are clearly marked on the ground and marked in the field map to ensure no activities (i.e.: spraying; manuring) being conducted in the area.																																																								
<b>4.4.3</b>	<b>Records for monitoring of effluent especially BOD (<i>Biochemical Oxygen Demand</i>) and efforts to comply with legal requirements, shall be available (see criteria 2.1 and 5.6).</b>	<i>Minor</i>																																																							
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>																																																								
<b>Objective evidence:</b>	Monthly submission of report on the discharge of effluent for land application is available, for example: <i>Laporan bulanan pemanfaatan air limbah ke lahan perkebunan PT. ISK</i> Period August, September, and October 2016.  Records show that the BOD of the effluent was within the permitted level according to Laboratory test result # I.6-LA2-RVM No.1775/AL/VIII/2016.																																																								
<b>4.4.4</b>	<b>Monitoring of mill water use per ton of FFB shall be recorded.</b>	<i>Minor</i>																																																							
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>																																																								
<b>Objective evidence:</b>	The mill monitors their water usage separately from the estate covering both operational and domestic use (covering workers quarters, mosque and clinic). Observed that the mill compiling the date on a monthly basis within the Summary of Water Consumption; for instance:																																																								
	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>2016</th> <th>Mill Process M<sup>3</sup></th> <th>Process (MT/FFB)</th> <th>M<sup>3</sup> / MT FFB Processed</th> <th>Domestic M<sup>3</sup></th> </tr> </thead> <tbody> <tr><td>Jan-16</td><td>8,290</td><td>0.28</td><td>1.09</td><td>3,458</td></tr> <tr><td>Feb-16</td><td>8,190</td><td>0.33</td><td>1.13</td><td>3,426</td></tr> <tr><td>Mar-16</td><td>5,140</td><td>0.34</td><td>1.03</td><td>3,755</td></tr> <tr><td>Apr-16</td><td>4,650</td><td>0.30</td><td>0.98</td><td>3,504</td></tr> <tr><td>May-16</td><td>5,270</td><td>0.30</td><td>0.95</td><td>3,938</td></tr> <tr><td>Jun-16</td><td>4,750</td><td>0.35</td><td>1.09</td><td>3,882</td></tr> <tr><td>Jul-16</td><td>3,720</td><td>0.28</td><td>0.97</td><td>3,965</td></tr> <tr><td>Aug-16</td><td>5,840</td><td>0.30</td><td>0.95</td><td>4,034</td></tr> <tr><td>Sep-16</td><td>10,770</td><td>0.24</td><td>0.95</td><td>4,120</td></tr> <tr><td>Oct-16</td><td>12,410</td><td>0.24</td><td>0.90</td><td>4,324</td></tr> </tbody> </table>		2016	Mill Process M <sup>3</sup>	Process (MT/FFB)	M <sup>3</sup> / MT FFB Processed	Domestic M <sup>3</sup>	Jan-16	8,290	0.28	1.09	3,458	Feb-16	8,190	0.33	1.13	3,426	Mar-16	5,140	0.34	1.03	3,755	Apr-16	4,650	0.30	0.98	3,504	May-16	5,270	0.30	0.95	3,938	Jun-16	4,750	0.35	1.09	3,882	Jul-16	3,720	0.28	0.97	3,965	Aug-16	5,840	0.30	0.95	4,034	Sep-16	10,770	0.24	0.95	4,120	Oct-16	12,410	0.24	0.90	4,324
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<b>Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</b>																																																									
<b>4.5.1</b>	<b>Monitoring of Integrated Pest Management (IPM) plan implementation shall be available.</b>	<i>Major</i>																																																							
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>																																																								
<b>Objective evidence:</b>	<p>The company implements the IPM program to control the pests and diseases. The activities that company conducted in order to control including :</p> <p>Monitoring; to monitor the pests and diseases condition, the company is conducting the detection activities. Census will conducted if the detection result shows a significant attack. Detection conducted monthly. Records of detection activities are available on detection records, e.g. on August 31, 2016 at River View Estate, block K9J044 and K9J45B, shows that no indications of Net Caterpillars attack.</p> <p>Prevention; to control the pests and diseases condition, the company is using a biological agent as prevention activities, such as <i>Turnera subulata</i> and <i>Turnera umbifolia</i>, and <i>Antigonon leptopus</i>.</p>																																																								
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		Spraying & Mistblower	Ha	-	-
<b>4.5.2</b>	<b>Training records of Integrated Pest Management (IPM) shall be available.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company has been conducting the IPM training regularly. IPM training facilitated by the Agronomy Service Department (ASD). Records of IPM training are available, e.g.: training for pest detection that conducted on 25 August 2016 with 17 participants.				
<b>Criterion 4.6: Pesticides are used in ways that do not endanger health or the environment.</b>					
<b>4.6.1</b>	<b>Documented evidence shall be available to show that pesticide used based on regulations and the use of pesticide is specific to target species with appropriate dosage which have minimal impact on non-target species.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The ASD justified the pesticides that would be use in every fiscal year. One of method that used on pesticides justification is by referring to the green book of allowed pesticide that published by the Agriculture Ministry. Pesticides trials conducted for the new type and label in the first time use of pesticides.				
<b>4.6.2</b>	<b>Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company maintained the records of the oil palm plantation operational records including records according to the use of pesticides at OMP programs with IT based. During the surveillance audit the company maintained the reports of pesticides use with the active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications included. The data available at ISK chemicals data used 2015/2016, e.g: <ul style="list-style-type: none"> <li>• Active ingredients : glyphosate,</li> <li>• Amount : 1.679 L,</li> <li>• LD 50 : 5.00 g/ha,</li> <li>• LD50/ha : 302,5 g/ha</li> </ul>				
<b>4.6.3</b>	<b>Any use of pesticides shall be minimized as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in Indonesia Best Practice guidelines.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company has a policy to reduce the use of pesticides in accordance with Integrated Pest Management (IPM) plans, that available at "reduce of pesticides use policy" , where the policy also included the method that use in order to reduce pesticides use. Method that use to reduce the use of pesticides, i.e. : <ul style="list-style-type: none"> <li>• Planting beneficials plant (<i>Turnera sp</i>, <i>Cassia sp</i>, <i>Antionon leptopus</i>) at main and collection road, to prevent a net caterpillars attacke.</li> <li>• <i>Bacillus thuringiensis</i> application to control the leaf caterpillars.</li> <li>• Hand picking method to control the <i>oryctes</i> in areas that EFB applied.</li> </ul>				
<b>4.6.4</b>	<b>The evidence shall be available to demonstrate that use of Pesticides, categorized in Class 1A or 1B by World Health Organization, or those are listed in the Stockholm and Rotterdam Conventions, and paraquat are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimized and eliminated as part of a plan, and shall only be used in exceptional circumstances.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company maintains the records of pesticides type that used. Records of the pesticides used available at OMP programs and the summary available at ISK chemicals used data 2015/2016 and also available at the stock cards. Based on the records there were no pesticides that categorized as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions. The pesticides used by the company, e.g.: <ul style="list-style-type: none"> <li>• Primax (glyfosat, metil metsulfuron), registration number RI. 01030120072791</li> <li>• Garlon, registration number RI.0101011981462</li> <li>• Ally, registration number RI.0103011988837</li> </ul>				

4.6.5	<b>Evidence of pesticide application by trained person and in accordance with application guidelines in product label and storage guidelines shall be available. Appropriate safety equipment shall be provided and utilized. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).</b>	<i>Major</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
Objective evidence:	Pesticides application applied by the selective persons who have competencies. During the interview with the workers, shows the applicant of pesticides have a competencies regarding pesticides used. Besides that, the records of training in using pesticides are available, e.g.: <ul style="list-style-type: none"> <li>• Spraying training reports (Laporan training penyemprotan), that conducted on 10 September 2014 with 22 participants.</li> <li>• Safety briefing for spraying that conducted on 23 May 2015 with 22 participants.</li> </ul> The company always conducts morning briefing for all workers including sprayers and chemical storage staff to give information and awareness of health and safety.	
4.6.6	<b>Storage of pesticides shall be according to recognised best practices. All pesticides containers shall be properly managed according to the existing regulations and or instructions enclosed on the containers (see criterion 5.3).</b>	<i>Major</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
Objective evidence:	During the inspection to the company facilities, the pesticides kept at the permanent store with equipped with emergency response facilities, such as : fire extinguishers, first ait kit, safety showrs, secondary containment, and emergency phone numbers.	
4.6.7	<b>Application of pesticides shall be by proven methods that minimise risk and negative impacts.</b>	<i>Minor</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
Objective evidence:	However based on the interview the workers understood well enough regarding the spraying method for every type of pesticides, type of spraying targets and the disposal handling of pesticides material and the waste.	
4.6.8	<b>Pesticides may only be applied aerially where there is a documented justification. Surrounding communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application.</b>	<i>Major</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
Objective evidence:	Based on document review at OMP programs, show that no used of any aerial pesticides applications. Implementation of the pesticide only be done using manual sprayer, there are no applying . All estates (RVE and LTE) were observed using manual pesticide.	
4.6.9	<b>Evidence of training on handling pesticide for workers and scheme smallholder (if any) shall be available.</b>	<i>Minor</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
Objective evidence:	However based on the interview the workers understood well enough regarding the spraying method for every type of pesticides, type of spraying targets and the disposal handling of pesticides material and the waste. Training records were available. See Indicator 4.6.5	
4.6.10	<b>Proof that pesticide waste has been handled as per legal regulations and understood by worker and manager, shall be demonstrated.</b>	<i>Minor</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
Objective evidence:	However based on the interview the workers understood well enough regarding the spraying method for every type of pesticides, type of spraying targets and the disposal handling of pesticides material and the waste. The company already has a registered hazardous storage. All the pesticides waste such as pesticides packaging are kept at the registered hazardous storage.	
4.6.11	<b>Annual medical records of pesticide operators, and follow-up treatment of medical results, shall be available</b>	<i>Major</i>
Findings	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	



<b>Objective evidence:</b>	Follow up from last year findings, and review on document, the latest specific annual medical checkup conducted in 2016 by the company. Records of medical checkup were available at <i>Rekapitulasi Hasil Pemeriksaan Kesehatan Tenaga Kerja</i> PT. Indo Sawit Kekal conducted on September 2016 for 386 sprayer and manuring workers including from other adjacent estates or PT. HSL, PT. ASL and PT. ISK, where 104 workers indicated that effected by chemicals in very low level. Company has made some action plans to follow up the result of medical check up.				
<b>4.6.12</b>	<b>Records shall be available to show that spraying is not conducted by pregnant or breast-feeding women.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	During the interview with the workers and paramedic, no pregnant and breast feeding workers at the chemicals areas. In order to monitor the pregnant and breast feeding workers. Records of pregnant and breast feeding workers available on monitoring of pregnancy for spraying and manuring workers. The last monitoring conducted on September 2016.				
<b>Criterion 4.7. An occupational health and safety plan is documented, effectively communicated and implemented</b>					
<b>4.7.1</b>	<b>A health and safety policy shall be in place. A health and safety plan shall be documented and implemented, and its effectiveness monitored.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Documented Occupational Safety and Health (OSH) is available in <b><i>Kebijakan Lingkungan, Kesehatan Kerja, Mutu &amp; Keselamatan Pangan (LK3MKP)</i></b> signed by Mr John J. Hartmann, CEO of Cargill Tropical Palm and Mr. Nharong Somchit (President Director) dated 26<sup>th</sup> February 2015. The policy has been displayed at the estate office and communicated to all workers through information board and morning briefing. The policy which is available in both Indonesian and English language specifies that the company is committed to comply with all applicable occupational health and safety, process safety, and procedure safety requirements, continually improve performance on criteria relevant to its businesses and operations, and insist that all work, however urgent, be done safely.</p> <p>Site inspection in the production unit evident that all workers are in compliance with the OSH policy and using appropriate Personal Protective Equipment (PPE) as per listed in HIRARC.</p> <p>Monitoring of health and safety implementation has been conducted into EHS Balanced Scorecard: near miss, LOTO audit, safety inspection, etc. Checklist of general condition inspection (monthly) at River View Estate in 20 October 2015. MSDS, PPE and emergency facilities included in checklist.</p> <p>The policy has been communicated to all employees and contractor dated</p> <ul style="list-style-type: none"> <li>• 17 March 2015: policy of SMK3L</li> <li>• 25 April 2015: Policy of <i>toleransi beragama</i></li> </ul>				
<b>4.7.2</b>	<b>A documented risk assessment shall be available and its implementation shall be recorded.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The production unit has regularly reviewed and update the risk assessment for Occupational Health and Safety (OHS). Risk Assessment is conducted on a yearly basis as reflected in <b>Identification and Evaluation of Occupational Safety and Health (REP-SOP-REP.09-R.09)</b> procedure dated 11<sup>th</sup> August 2015.</p> <p>The documented assessment is available for various working fields i.e. Clinic, Field Operations (spraying, manuring and harvesting), Workshop, Office and other estates environment (road areas). Revision of the risk assessment is conducted according to <b>Accident, Incident, Corrective Action and Prevention (REP-SOP-REP.06-R.05)</b> procedure.</p> <p>An updated HIRARC is available in <b>Identifikasi dan Analisis Bahaya Resiko K3</b> dated on 11<sup>th</sup> August 2016 (River View Mill) and estates.</p>				
<b>4.7.3</b>	<b>Records of Occupational Health and Safety (OHS) program (see 4.8) and Personal Protective Equipment (PPE) training in accordance with the result of hazard identification and risk analysis shall be available to all workers.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>OHS Training Plan is evident in <b>EHS Training Calendar FY2016/2017</b> (20 types of training) which includes training on:</p> <ol style="list-style-type: none"> <li>a. Harvesting Safety</li> </ol>				

	<ul style="list-style-type: none"> <li>b. Confined Space Training</li> <li>c. First aid Kit</li> <li>d. Respiratory Protection</li> <li>e. Fire fighting</li> <li>f. Electrical safety</li> <li>g. Lockout tag out</li> </ul> <p>Record of OHS training is evident in <b>Daftar Hadir</b>, for examples:</p> <ul style="list-style-type: none"> <li>a. Harvesting safety: 26 August 2016</li> <li>b. Training First Aider &amp; TPKD: 25 August 2016</li> <li>c. Training P2K3L Safety Committee: 30 September 2016</li> </ul>						
<b>4.7.4</b>	<b>The responsible person(s) for occupational health and safety shall be identified and there shall be records of periodical meetings on health and safety issues.</b>	<i>Major</i>					
<b>Findings</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">In compliance:</td> <td style="width: 10%;">Yes:</td> <td style="width: 10%; text-align: center;">X</td> <td style="width: 10%;">No:</td> <td style="width: 10%;"></td> </tr> </table>		In compliance:	Yes:	X	No:	
In compliance:	Yes:	X	No:				
<b>Objective evidence:</b>	<p>The responsible person/persons have been identified as environmental and safety committee (Panitia Pembina K3 dan Lingkungan-P2K3L). P2K3L team for Head Office has been approved by Dinsosnakertrans # 44/Naker/Tahun 2015 dated on 11 May 2015. P2K3L of River View Estate has been approved Dinsosnakertrans # 47/Naker/Tahun 2015 dated on 11 May 2015, safety Officer is Rakhmat Hidayat (Kep.2002/M/DJPPK/VII/2011); Victor Hutabarat (Kep.P.2007/M/DJPPK/VIII/2015), Wibowo Kasman (Kep.P.2009/M/DJPPK/X/2015).</p> <p>Regular meeting of environmental and safety committee at River View Mill on 30 September 2016 (16 participants) with agenda:</p> <ul style="list-style-type: none"> <li>• EHS statistic</li> <li>• Incident review</li> <li>• Tracking table (general condition inspection)</li> <li>• Monthly training</li> <li>• Other program.</li> </ul>						
<b>4.7.5</b>	<b>A procedure for emergency and work accident shall be available in Indonesian Language; and the workers, who have attended First Aids training, are available in the working areas.</b>	<i>Minor</i>					
<b>Findings</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">In compliance:</td> <td style="width: 10%;">Yes:</td> <td style="width: 10%; text-align: center;">X</td> <td style="width: 10%;">No:</td> <td style="width: 10%;"></td> </tr> </table>		In compliance:	Yes:	X	No:	
In compliance:	Yes:	X	No:				
<b>Objective evidence:</b>	<p>The production unit has established a procedure to address accident and emergency preparedness requirement as evident in <b>Accident and Emergency Preparedness Procedure (REP-SOP-REP.04-R.07)</b> dated 25 March 2015.</p> <p>The procedure specifies mechanism in handling emergency covering as follows:</p> <ul style="list-style-type: none"> <li>a. Fire occurrence in estate;</li> <li>b. Fire occurrence in buildings;</li> <li>c. Explosion;</li> <li>d. Normal emergency i.e. injury;</li> <li>e. Emergency relating to injury causes by chemicals;</li> <li>f. Road accidents;</li> <li>g. Injury caused by poisonous animals;</li> <li>h. Leakage of chemicals and fuels;</li> <li>i. Leakage of water tank;</li> <li>j. Leakage of CPO in the mill and from the tank;</li> <li>k. Occurrence in riots and bomb threats; and</li> <li>l. Outbreak of plague disease</li> </ul> <p>Accident Records period 2016/2017 was available and verified i.e: medical aid (5 accidents), Medical Aid and Non Serous Injury Fatality. The accident records have been reviewed in regular meeting of environmental and safety committee at River View Mill on 14 October 2016.</p>						
<b>4.7.6</b>	<b>All workers shall be provided with medical care, and covered by accident insurance (see criterion 6.5.3).</b>	<i>Minor</i>					
<b>Findings</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">In compliance:</td> <td style="width: 10%;">Yes:</td> <td style="width: 10%; text-align: center;">X</td> <td style="width: 10%;">No:</td> <td style="width: 10%;"></td> </tr> </table>		In compliance:	Yes:	X	No:	
In compliance:	Yes:	X	No:				



<b>Objective evidence:</b>	All workers were covered within the insurance scheme i.e. Workers Compensation Scheme <i>BPJS Kesehatan</i> and <i>BPJS Kecelakaan</i> . The workers were provided with BPJS card, for examples: Mr. Dedi and Mrs. Septianingsih.				
<b>4.7.7</b>	<b>Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company has recorded Lost Time Accident metrics for 2016/2017 (no lost day). Accident Records period 2016/2017 was available and verified i.e: medical aid (5 accidents), Medical Aid and Non Serous Injury Fatality. The accident records have been reviewed in regular meeting of environmental and safety committee at River View Mill on 14 October 2016.				
<b>Criterion 4.8. All staff, workers, smallholders and contract workers are appropriately trained</b>					
<b>4.8.1</b>	<b>Records of training program related to the aspects of RSPO Principles and Criteria shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The production unit has established a training programme for all staffs and employees in accordance with workers positions and competences. <b>Training Program FY2016/2017</b> is evident during the audit.</p> <p>The training plan includes all areas of work, level and personnel such as:</p> <ol style="list-style-type: none"> <li>a. Personal Protective Equipment Training</li> <li>b. Basic First Aid (LK3)</li> <li>c. Lock Out – Tag Out Training</li> <li>d. Boiler Operator Training</li> <li>e. Emergency Response Plan Training</li> <li>f. Fire Fighting Training</li> <li>g. Hazardous Chemical and Waste Management Training</li> </ol>				
<b>4.8.2</b>	<b>Records of training for each employee shall be maintained.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:		No:	X
<b>Objective evidence:</b>	<p>Records of training conducted for each employee are kept in Training Record File and Personal Folder. Training participants and training material are made available for auditors during the audit. Record of OHS training is evident in <i>Daftar Hadir</i>, for examples:</p> <ol style="list-style-type: none"> <li>a. Harvesting safety: 26 August 2016</li> <li>b. Training First Aider &amp; TPKD: 25 August 2016</li> <li>c. Training P2K3L Safety Committee: 30 September 2016</li> </ol> <p>Lack of evidence that employees have been trained standard of INA-NI RSPO P&amp;C 2013. The company has not trained employees for standard of INA-NI RSPO P&amp;C 2013 endorsed by RSPO Board of Governors (BoG) on 30<sup>th</sup> September 2016.</p>				

<b>Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity</b>					
<b>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 continual improvement.</b>					
<b>5.1.1</b>	<b>Environmental impact assessment document(s) shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT ISK has established a documented impact assessment (<i>Dokumen Pengelolaan dan Pemantauan Lingkungan Hidup - DPPL</i>) dated on 5 Nov 2009 is available, which consists of the following documents</p> <ol style="list-style-type: none"> <li>1. Review impacts of ongoing operations.</li> <li>2. Rencana Pemantauan Lingkungan – Perkebunan dan Pabrik Pengolahan Kelapa Sawit – PT Indo Sawit Kekal</li> <li>3. Rencana Pengelolaan Lingkungan – Perkebunan dan Pabrik Pengolahan Kelapa – PT Indo Sawit Kekal</li> </ol>				

	<p>The DPPL document has been approved by government and the process to get the approval has been followed up through stakeholder consultation in order to identify impacts and develop any mitigation measures.</p> <p>The DPPL also cover to both estates and mill. The environmental impacts identified are land erosion, water pollution, wild life disturbance, fire, social economic and culture and health.</p> <p>The organisation is also implement environmental management system according to ISO 14001:2004. According to the EMS system, the organisation is always update their environmental aspects in every changing of the company operation and activities.</p>																																								
<b>5.1.2</b>	<p><b>Environment management plan document to prevent negative impacts, its implementation report and revision (if the identification of impact requires changes in current company's practices) shall be available. The company's management shall appoint the responsible person(s) for the implementation of the document.</b></p>			<i>Minor</i>																																					
<b>Findings</b>	In compliance:	Yes:	No:	X																																					
<b>Objective evidence:</b>	<p>The management plan as determined on RKL/RPL documents has been implemented and monitored. The company also implements Environmental Management System (EMS) to ensure effective measures to mitigate environmental impacts of all identified significant environmental aspects.</p> <p>The regular reports of implementation environmental management plan (RKL) is remains consistently implemented and reported to government authorities twice a year. Verified during surveillance audit the RKL period report on semester II year 2015 and semester I year 2016, for examples:</p> <ul style="list-style-type: none"> <li>• Fire protection (drill and procurement of fire fighting equipments, warning sign)</li> <li>• Planting trees</li> <li>• Road maintenance (including road spraying)</li> <li>• Reconstruction of protected areas border</li> <li>• Hazardous waste management.</li> </ul> <p>The responsible management team to the environmental management plan has been established i.e. Sustainability Division (33 person involved covering HSL, ASL, and ISK).</p> <p>List of fire fighting equipments in monthly report (September 2016) did not correspond to the actual conditions. Some equipments were not available in store room and the other one are not suitable number, for examples: fire rake, "kepyok api", shovel, etc. <b>Minor CAR 06 was raised</b></p>																																								
<b>5.1.3</b>	<p><b>Environment monitoring plan document, its implementation report, and the corrective plan (if non-conformance arised from the monitoring result) shall be available. This plan is reviewed on two-yearly basis.</b></p>			<i>Minor</i>																																					
<b>Findings</b>	In compliance:	Yes:	X	No:																																					
<b>Objective evidence:</b>	<p>Verified during surveillance audit , the environmental monitoring report (RPL) period report on semester II year 2015 and semester I year 2016. Summary of environmental monitoring described as following:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Parameter</th> <th>Management points</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Semester II 2015</td> <td>Fire</td> <td>All estates and mill</td> <td>No fire within period</td> </tr> <tr> <td>POME</td> <td>WWTP outlet</td> <td>BOD under BML</td> </tr> <tr> <td>Water surface</td> <td>Land Application</td> <td>BOD under BML</td> </tr> <tr> <td>Air emission</td> <td>Boiler stack</td> <td>NO2 &amp; SO2 under BML</td> </tr> <tr> <td rowspan="4">Semester I 2016</td> <td>Vehicle emission</td> <td>22 vehicles</td> <td>CO emission under BML</td> </tr> <tr> <td>Fire</td> <td>All estates and mill</td> <td>No fire within period</td> </tr> <tr> <td>POME</td> <td>WWTP outlet</td> <td>BOD under BML</td> </tr> <tr> <td>Water surface</td> <td>Land Application</td> <td>BOD under BML</td> </tr> <tr> <td rowspan="3"></td> <td>Air emission</td> <td>Boiler stack</td> <td>NO2 &amp; SO2 under BML</td> </tr> <tr> <td>Vehicle emission</td> <td>14 vehicles</td> <td>CO emission under BML</td> </tr> </tbody> </table> <p>Some recommendations are given to management and monitoring plan (RKL/RPL) as follows:</p> <ul style="list-style-type: none"> <li>• Report of RKL-RPL period I 2016 (Jan-Jun 2016) should include a management plan for protecting vegetation in ISK area.</li> <li>• The company should establish sampling plot for vegetation analysis in buffer zone of Rampak River.</li> <li>• Buffer zone of Kebanteng River should be conducted rehabilitation program to restore the forest condition.</li> </ul> <p><b>See Observation 01</b></p>				Period	Parameter	Management points	Result	Semester II 2015	Fire	All estates and mill	No fire within period	POME	WWTP outlet	BOD under BML	Water surface	Land Application	BOD under BML	Air emission	Boiler stack	NO2 & SO2 under BML	Semester I 2016	Vehicle emission	22 vehicles	CO emission under BML	Fire	All estates and mill	No fire within period	POME	WWTP outlet	BOD under BML	Water surface	Land Application	BOD under BML		Air emission	Boiler stack	NO2 & SO2 under BML	Vehicle emission	14 vehicles	CO emission under BML
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<b>Criterion 5.2: The status of rare, threatened or endangered species and other 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 operations managed to best ensure that they are maintained and/or enhanced.</b>					
<b>5.2.1</b>	<b>Record(s) on the results of High Conservation Value (HCV assessment) that includes both the planted area and the relevant wider landscape-level considerations (such as wildlife corridors) shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>High Conservation Value assessment has been done on 2013 in corporation with the university (Bogor Agricultural University – IPB). According to the assessment has been concluded the following HCV areas :</p> <ul style="list-style-type: none"> <li>- HCV 1.2. RTEs species</li> <li>- HCV 1.3 RTEs habitat</li> <li>- HCV 3 Threatened ecosystem</li> </ul> <p>Those RTEs habitat located at riparian of Kebanteng river, Tarahan Batu-Utara river, Bagan Labu river, Suren river, Bagan kajang river, and heat forest (hutan kerangas) amounting of 1.772,24 ha. The RTEs flora species identified such as Ketanggang (<i>Dipterocarpus tempehes</i>), Meruyan (<i>Parashorea lucida</i>) and Belangeran (<i>Shorea belangeran</i>), Kelukup (<i>Shorea lamellata</i>).</p> <p>There are 11 RTEs fauna species identified such as Monyet (<i>Macaca fascicularis</i>), Raja Maninting bird (<i>Alcedo maninting</i>), Biawak (<i>Veranus salvator</i>).</p> <p>According to the assessment to HCV 2, the assessment is also considered to relevant wider landscape-level. The planted area is only 0.081% of the total forest area in Kalimantan. Total conservation areas in PT ISK is 386,44 ha.</p>				
<b>5.2.2</b>	<b>Whererare, threatened or endangered (RTE) species and or other HCVs are present or affected by the plantation and mill operations, an appropriate measures that are expected to maintain or enhance them shall be implemented through a management plan.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>There is a management plan to maintain and/or enhance the identified HCV (RTE species and its habitat). The management plan classified into 11 main topics as following:</p> <ul style="list-style-type: none"> <li>- Inventory</li> <li>- Boundary</li> <li>- Maintenance of boundary</li> <li>- Protecting</li> <li>- Rehabilitation and enrichment planting</li> <li>- Best Agriculture Practice</li> <li>- Prevention of invasive species</li> <li>- Socialization to communities</li> <li>- Training for staff</li> <li>- SOP</li> <li>- Organizing</li> <li>- Coordination with relevance instance</li> </ul> <p>During visit to River View Estate and Lake View Estate, it was observed that some of the HCV area inspected is maintained properly, for examples: warning sign, border maintenance, monitoring of wild animal and vegetation analysis. Monkeys and birds were still seen in the HCV areas (Kebanteng river and Rampak river)</p>				
<b>5.2.3</b>	<b>Program(s) to socialize the status of protected, rare, threatened or endangered (RTE) to all workers shall be available, including records of appropriate sanction disciplinary measures to any individual working for the company who is found to capture, harm, collect or kill these species.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>There are dedicated and trained officers to monitor any plans and activities pertaining to identified conservation areas. The officers in PT. ISK receive training and constant support from assistant of conservation- Acressendo Taman.</p> <p>Based on records year 2016, trainings have been conducted to the dedicated personnel as follows:</p>				

	<ul style="list-style-type: none"> <li>• Awareness of HCV areas dated 12 Nov 2016 at SD HMDC Nursery (493 participants),</li> <li>• Awareness of HCV areas dated 11 Nov 2016 at RVE (100 participants)</li> <li>• Awareness of HCV areas dated 14 Nov 2016 at LVE (95 participants)</li> <li>• Training of HCV assessor (ALS version) dated on 15 Dec 2015 (10 participants)</li> </ul>	
<b>5.2.4</b>	<b>Once the management plan is prepared, continuous monitoring documentation and report regarding the status of the RTE and HCVs are affected by the operations of the plantation and palm oil mill shall be available, and the results of monitoring are to be used to follow-up on the improvement of the management plan.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>Measures and monitoring to maintain and enhance the values has been developed and implemented through the following evidences:</p> <p>Monitoring of riparian through monthly, annually vegetation survey. Checked during audit vegetation survey Oct 2016 where 10 sampling plots (transect) in place to get information related biodiversity index according to Shanon-Weiner Index (H'). According to monitoring report of HCV, H' for vegetation= 4,1398 (83 species) and H' for animal= 3,501 (80 species). Some species of animal and vegetation found during monitoring for examples:</p> <ul style="list-style-type: none"> <li>• Aves: burung tekukur, merbah cerucuk, cinenen kelabu</li> <li>• Mamalia: tupai and tikus</li> <li>• Reptile: kadal and bunglon.</li> <li>• Vegetation: pulai, pengkeladinan, macaranga, laban, garung.</li> </ul> <p>Monthly inspection to HCV using 7 parameters such as HCV boundary checking, presenting encroachment to the HCV areas, collected or killed any RTE species etc.</p> <p>Checked during audit monthly inspection report period 2016 at River View Estate and Lake View Estate noted that no disturbance over all of HCV areas.</p>	
<b>5.2.5</b>	<b>Where HCV areas overlapped with an identified local community's land, there shall be evidence of a negotiated agreement that optimally safeguard their HCVs and the local community's rights.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	There is no HCV 6 in the area and no HCV areas overlapped with local community's land.	
<b>Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</b>		
<b>5.3.1</b>	<b>A documented identified source of all waste and pollution, shall be available.</b>	<i>Major</i>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>Standard Operating Procedures for Management of Waste including of Hazardous and Toxic Waste (<i>Pengelolaan Limbah termasuk Bahan Berbahaya dan Beracun</i>) (HSL-SOP-EHS.32.R-2 dated on 09 April 2013) is available. In summary the documented procedure specifies the following procedures:</p> <ul style="list-style-type: none"> <li>• General Requirements for Waste Management Procedure;</li> <li>• Identification and Segregation of Waste;</li> <li>• Temporary Collection and Storage Area;</li> <li>• Special Requirement for the Management of Non-scheduled Waste;</li> <li>• Special Requirement for the Management of Scheduled Waste;</li> <li>• Landfill;</li> <li>• Emergency Procedure;</li> <li>• Waste Management Inspection and Audit;</li> <li>• Management of Waste Documentation.</li> </ul> <p>The procedures also specifies the identified wastes as follows:</p> <ul style="list-style-type: none"> <li>• Liquid Waste: <ul style="list-style-type: none"> <li>○ Palm Oil Mill Effluent;</li> <li>○ Domestic liquid waste;</li> </ul> </li> <li>• Organic Waste;</li> </ul>	

	<ul style="list-style-type: none"> <li>o Waste derived from mill such as EFB, decanter cake etc.</li> <li>• Non-organic Waste; <ul style="list-style-type: none"> <li>o Recyclable material such as plastic, bottle, glass and paper;</li> <li>o Scrapped iron</li> </ul> </li> <li>• Liquid Scheduled Waste such as oil lubricant, transmission oil etc.</li> <li>• Solid Scheduled Waste; <ul style="list-style-type: none"> <li>o Empty pesticides container;</li> <li>o Oil filter and diesel container;</li> <li>o Used PPEs contaminated with oil;</li> <li>o Battery, thinner container etc;</li> </ul> </li> <li>• Officer waste such as toner, cartridge etc;</li> <li>• Clinical waste.</li> </ul>	
<b>5.3.2</b>	<b>There shall be evidence that all chemicals and their empty containers are disposed of responsibly.</b>	<i>Major</i>
<b>Findings</b>	In compliance: <input type="checkbox"/> Yes: <input checked="" type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>Standard Operating Procedures for Management of Waste including of Hazardous and Toxic Waste (<i>Pengelolaan Limbah termasuk Bahan Berbahaya dan Beracun</i>) (HSL-SOP-EHS.32.R-02) dated on 14 January 2013 is available and documenting all the wastes in estate and the procedures such as storage, reuse and send to the contractor for disposal. As reflected in the document, the above mentioned identified waste is managed and disposed in according to the local laws.</p> <p>License of temporary hazardous waste storage has been approved by bupati ketapang # 391/KLH-B/2014 valid 16 July 2019 for temporary schedule waste store is available for River View, Lake View and the mill. During onsite visit, schedule waste store were well managed with the records, containment and the spill kit.</p> <p>The hazardous waste have been transferred to licensed waste processor company as follows:</p> <ul style="list-style-type: none"> <li>• PT Karya Nusa Bumi Persada (license from KLH # SK.218/MenLHK/Setjen/PSLB.3/3/2016 valid 15 March 2021) for processing used oil and contaminated rags.</li> <li>• PT Tenang Jaya Sejahtera (license from KLH # 50 year 2013 valid 31 Jan 2018) for operating incinerator (medical waste and contaminated rags).</li> <li>• PT PPLI, processing for used jerry cans and used filter.</li> <li>• PT Muhtomas (license from KLH # 119/2013 valid 11 April 2018) for processing used battery.</li> </ul> <p>The company has appointed CV Bank Sampah Indonesia as hazardous waste transporter (license from KLH # S2885/PSLB-VPLB3/2015 and Dirjen Hubdar # SK.7735/AJ.309/DJPD/2015/3301309214BB valid 08 Dec 2016). Some manifest were verified, for examples: ARB 0000319 and ARB 0000320.</p>	
<b>5.3.3</b>	<b>A documented waste management plan to avoid or reduce pollution and its implementation shall be available.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: <input type="checkbox"/> Yes: <input checked="" type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>Procedures for the management of wastes derived from the estates and mill is reflected integrated within the Standard Operating Procedures for Management of Waste including of Hazardous and Toxic Waste (<i>Pengelolaan Limbah termasuk Bahan Berbahaya dan Beracun</i>) (HSL-SOP- EHS.32.R-02) dated on 14 January 2013. The SOP specifies the identification and handling of the waste, management of identified waste and the establishment of the landfills for the disposal of the wastes. In general, the SOP stated that the landfills shall be constructed at the minimal of 300m and 500m distance from the housings and water sources respectively.</p> <p>Verification during a field visit at the line site evidenced that waste separation for organic and inorganic is allocated within the line site area and thus promoting and encouraging recycling among workers at the estate. During the onsite visit, confirmed that the waste separation implemented at the landfill. The landfill is far from the residential and river area.</p> <p>All domestic waste sent to the landfill e.g. land fill at Block G38 (RVE) and Block F66 (LVE). Mill's domestic waste will send to Lake View estate's landfill every 2 weeks.</p> <p>PT ISK has collaborated with Bank Sampah Harapan Berseri Desa Ratu Elok to utilize domestic waste for recycled. According to record of waste domestic waste collecting during Jan-Dec 2015, total collected domestic waste = 13.412 kg and Jan-Mar 2016= 3213.2 kg. However after March 2016, the collector of domestic waste stopped the activity.</p>	
<b>Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimized.</b>		

<b>5.4.1</b>	<b>A plan for improving efficiency of the use of fossil fuels and to optimize renewable energy shall be in place and monitored.</b>	<i>Minor</i>						
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>							
<b>Objective evidence:</b>	<p>In term company's environmental management system as ISO 14001:2004, the company has been established and documented an environmental objective, target and program. There are an environmental objective, target and program regarding efficiency 5% of the use of fossil fuel by 2016 (from the base line 2012) and optimizing 12.5% of the use renewable energy by 2016 (from the base line 2012). The achievement of those objective, target and program are monitored in monthly and annually.</p> <p>The percentage data of optimizing renewable energy as above sourced from total annual energy of turbine generator (renewable energy) and total energy of genset (fossil fuel). The percentage data of reducing fossil fuel as above sourced from total annual diesel fuel usage of generator.</p>							
<b>Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</b>								
<b>5.5.1</b>	<b>Records of land clearing with zero burning shall be available, referring to the ASEAN Policy on Zero Burning (2003) or other recognised techniques based on the existing regulations.</b>	<i>Major</i>						
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>							
<b>Objective evidence:</b>	The company has a commitment in place to prohibit any burning through its No Burning Policy signed by the President Director dated 30 October 2010.							
<b>5.5.2</b>	<b>Where fire has been used for eradication of pest during replanting, the records of the analysis of the use of fire and permit from the authorised agency shall be available.</b>	<i>Minor</i>						
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>							
<b>Objective evidence:</b>	There is no replanting activity during the surveillance audit. Nevertheless, the company has a commitment in place to prohibit any burning through its No Burning Policy signed by the President Director dated 30 October 2010.							
<b>Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases are developed, implemented and monitored.</b>								
<b>5.6.1</b>	<b>Document(s) assessing pollution and emission sources, including gaseous, particles, soot emissions and effluent, shall be available (see Criterion 4.4)</b>	<i>Major</i>						
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>							
<b>Objective evidence:</b>	<p>An assessment of all pollutions and emissions has been conducted periodically through the implementation of the Environmental Management Plan (RKL/RPL), GHG calculation according to ISCC and GHG calculation according to RSPO palm GHG calculator.</p> <p>In term of RKL/RPL specifies the following polluting activities:</p> <ol style="list-style-type: none"> <li>Land erosion</li> <li>Water pollution</li> <li>Fire</li> <li>Wild life disturbance</li> <li>Air emission from boiler stack, genset and vehicles</li> </ol> <p>GHG calculation according to ISCC has been provided since 2014. The GHG assessment according to RSPO palm GHG calculator has been started since 2014 (using basic data 2012, 2013 and 2014). The total GHG emission according to ISCC for River view mill and estate(s) are as following:</p> <table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>GHG value</u></th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>1078.79 kg CO2 eq/Ton CPO</td> </tr> <tr> <td>2015</td> <td>945,69 kg CO2 eq/Ton CPO</td> </tr> </tbody> </table> <p>Currently the company was using ISCC method for GHG calculation. According to specific guidance of INA-NI RSPO 2013 explained that the company should submit to RSPO for endorsement the use an alternative to PalmGHG to demonstrate its equivalence (the implementation period until 31 December 2016 after that to public reporting). <b>See Observation 02</b></p>		<u>Year</u>	<u>GHG value</u>	2014	1078.79 kg CO2 eq/Ton CPO	2015	945,69 kg CO2 eq/Ton CPO
<u>Year</u>	<u>GHG value</u>							
2014	1078.79 kg CO2 eq/Ton CPO							
2015	945,69 kg CO2 eq/Ton CPO							
<b>5.6.2</b>	<b>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plan to reduce or minimize them implemented.</b>	<i>Major</i>						



<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Significant pollutants and GHG emission has been identified within GHG emission calculator. Significant pollutants identified are:</p> <ul style="list-style-type: none"> <li>- Palm Oil Mill Effluent (Palm Oil Mill Effluent)</li> <li>- Fossil diesel consumption</li> </ul> <p>Plan to reduce and minimize emission has been developed and set in documented environmental management objective, target and program.</p> <p>The target is to reduce GHG saving 35% (85 g/MJ berdasarkan RED and BioNarchv) through developing biogas plant (methane capture) at each palm oil mill. According to the time table, biogas plan at PT ISK would be December 2016. Actual saving: 69.93%.</p>				
<b>5.6.3</b>	<b>A monitoring plan and results of regular reporting on emission and pollutants from estate and mill operations using appropriate methods, shall be available.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>A monitoring system in term of RKL/RPL conducted in daily, monthly, 6 monthly. The monitoring report provided per semester. During surveillance audit checked monitoring report for Semester II 2015 and Semester I 2016.</p> <p>Monitoring for GHG emission carries out annually, GHG emission calculation during period 2011 to 2015 checked during audit.</p>				

<b>Principle 6. Responsible consideration of employees and of individuals and communities affected by growers and millers.</b>					
<b>Criterion 6.1. Aspects of plantation and mill management that have social impacts, including replanting, 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 continual improvement.</b>					
<b>6.1.1</b>	<b>A social impact assessment (SIA) including records of meetings shall be documented.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Dedicated social impact document which clearly identifies positive and negative social affects that maybe caused by plantation and mills are available as follows:</p> <ol style="list-style-type: none"> <li>1. Social Impact Assessment (SIA) Document prepared by LINKS (dated November 2010);</li> <li>2. Environmental Impact Assessment (DPPL), approved by Ketapang Regent #410 dated November 5th, 2009 for PT. ISK.</li> </ol> <p>Based on the social impact assessment conducted, the auditing team observed that the SIA is conducted in a participatory manner with relevant stakeholders. In addition, there is also evidence that a socialization programme with local communities is conducted as part of the social impact assessment. There is evidence of regular socialization with local communities.</p>				
<b>6.1.2</b>	<b>There shall be evidence that the assessment has been conducted with the participation of affected parties.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Based on the social impact assessment conducted, the auditing team observed that the SIA is conducted in a participatory manner with relevant stakeholders. In addition, there is also evidence that a socialization programme with local communities is conducted as part of the social impact assessment. There is evidence of regular socialization with local communities.</p>				
<b>6.1.3</b>	<b>Plans for management and monitoring of social impacts to avoid or reduce negative impacts and promote positive ones, based on social impact assessment, through consultation with the affected parties, shall be available, documented and timetabled, including responsibilities for implementation. .</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT. ISK has established its documented Environmental Impact Assessment (Environmental Impact Assessment (DPPL), approved by Ketapang Regent #410 dated November 5th, 2009 for PT. ISK. EIA document analysed environmental impact during activities processes such as biodiversity, water quality, ambient air quality, protected area, erosion and social-economic-culture of local communities. Besides that, the company has conducted regular monitoring and management of</p>				

	social impact, with the participation of local communities in term of Corporate Social Responsibility (CSR). Records of stakeholder consultation with local communities evidenced that there is no complaints received from the local communities regarding the operations of the company.				
<b>6.1.4</b>	<b>The documented plan for management and monitoring of social impacts, shall be reviewed at least on two-yearly basis. If necessary, the plan should be updated. There shall be evidence that the review process includes participation of all affected parties.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>There is evidence of a regular reviewed and scheduled environmental management and monitoring report as per reflected in the following documents:</p> <ol style="list-style-type: none"> <li>The bi-annual environmental management and monitoring plan is formulated and sent to the <i>Dinas Lingkungan Hidup</i> (Environmental Agency). The latest report was sent in August 2015. Last reports that already received by the Environmental agency was environmental monitoring for January – June 2015.</li> <li>A time-bound monitoring plan based on the RPL and RKL is available in both plantations and the mill. E.g. document titled of Matrix of monitoring and measurement (REP-SOP-REP.05-F.01) updated 01 April 2013. This matrix consist of monthly monitoring (waste water, general condition), 3 monthly monitoring (ambient air, noise, water quality), 6 monthly monitoring (flora fauna, emission, drink water) and yearly monitoring (soil quality).</li> </ol>				
<b>6.1.5</b>	<b>Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Social Impact Assessment has covered activities and impacts on KKPA smallholder schemes where PT. ISK has fully managed the area of KKPA smallholder schemes.				
<b>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.</b>					
<b>6.2.1</b>	<b>Communication and consultation procedures shall be documented.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT ISK has established procedure for communication, participation and consultation (REP-SOP-REP.03-R.02). Process flow for complaint and grievances was described clearly in the procedures.</p> <p>PT ISK conducted monthly meeting with local communities to discuss about price information, social issues, CSR, etc. For example, one of the stakeholders meeting discussed on the HCV and fire prevention issue conducted on 16 July 2014 by Lake View estate.</p> <p>Records of communication and consultation with the local communities are available and verified.</p>				
<b>6.2.2</b>	<b>The company shall have official(s) who is responsible for consultation and communications with parties.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Public Affair and Government Liaison Manager has been assigned for consulting and communicating with local communities.				
<b>6.2.3</b>	<b>The company shall have a list of stakeholders, records of communications, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Stakeholder list 2016 are available. The list listed all relevant stakeholders identified within Indonesia especially Kalimantan Barat Region covering the relevant government agencies, relevant NGOs (both social and environmental, neighbouring estates, local communities and contractors, women group, that have direct and indirect impact with the plantation operations of the PT. ISK. Totally those are 226 stakeholders that listed.				
<b>Criterion 6.3. There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.</b>					
<b>6.3.1</b>	<b>The mechanism, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested, as long as that information is supported with adequate initial evidence.</b>				<i>Major</i>



<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT ISK has established open system to receive complaints and to resolve dispute in an effective, timely and appropriate manner, which is accepted by affected parties:</p> <ol style="list-style-type: none"> <li>4. SOP for social problem solving/ land claim resolution (ISK-SOP-PSS/LA.02-R.01)</li> <li>5. SOP for communication, participation and consultation (REP-SOP-REP.03-R.02).</li> <li>6. SOP for land release (ISK-SOP-PSS/LA.01-R.01).</li> </ol> <p>PT ISK has also provided suggestion boxes and all workers can access to Cargill Ethics and Compliance (<a href="http://www.cargillopenlineethicspoint.com">www.cargillopenlineethicspoint.com</a>) to tell complaints.</p>				
<b>6.3.2</b>	<b>There shall be records of process and outcome of dispute resolution.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>There is a proper system in place for handling of complaints from the staff/workers and also local communities through the following documents:</p> <ul style="list-style-type: none"> <li>• Flowchart of the conflict resolution</li> <li>• Land acquisition document</li> </ul> <p>At River View estate, complaints documented in an excel sheet (REP-SOP-REP.03-F.02 Log Komunikasi Eksternal).</p>				
<b>Criterion 6.4. Any negotiations concerning compensation for loss of legal, customary or user 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.</b>					
<b>6.4.1</b>	<b>A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be available, referring to decision of the Constitution Court.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT ISK has established SOP for social problem solving (HSL-SOP-PSS.04-R.00) and SOP for land claim resolution (HSL-SOP-PSS.02-R.00) for the identification and calculation of fair compensation for the loss of legal or customary right of the land, with the involvement of local community representatives and relevant agencies and made publicly available.</p>				
<b>6.4.2</b>	<b>A procedure for calculating and distributing fair compensation shall be established, implemented, monitored and evaluated in a participatory way. Corrective actions are taken as a result of this evaluation.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>PT ISK has established SOP for social problem solving (HSL-SOP-PSS.04-R.00) and SOP for land claim resolution (HSL-SOP-PSS.02-R.00) for the identification and calculation of fair compensation for the loss of legal or customary right of the land, with the involvement of local community representatives and relevant agencies and made publicly available.</p>				
<b>6.4.3</b>	<b>Compensation claims, process and outcome of any negotiated agreements shall be documented, with evidence of the participation of affected parties.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Company has maintain good recods for all land compensation that had been done since the beginning when company commencing the operation. Records checkec on Official Report of Land Compensation dated 6 Febraury 2007.</p> <p>The example of record of land compensation and payment document is available and verified, for example:</p> <ul style="list-style-type: none"> <li>• Agreement letter with Mr. Pintu regarding land acquisition. This document consist negotiations processes and/or the details of compensation settlements.</li> <li>• Agreement with Mr. Uti Ali Sadikin land of 1.21 ha within the River View Estate was acquired and that compensation was paid base on cost agreement made and by all parties involved (company, smallholders and local authorities).</li> </ul>				
<b>Criterion 6.5. Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</b>					
<b>6.5.1</b>	<b>Documentation of pay and conditions for employees based on the existing manpower regulations shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	

<b>Objective evidence:</b>	<p>Types of employment arrangements are temporary worker, apprenticeships and direct hires.</p> <p>The minimum wage is based on <i>Keputusan Gubernur Kalimantan Barat # 861/Disnakertrans/2015</i> dated 19 November 2016 on the <i>penetapan upah minimum kabupaten dan upah minimum sektoral kabupaten ketapang</i> 2016 where the minimum wage for oil palm workers is IDR 2,110,000, - while the reviewed wage in the organization is at IDR 2,110,000.-.</p> <p>For daily worker:</p> <ul style="list-style-type: none"> <li>• 0&lt;1= IDR 80,500</li> <li>• 1&lt;3= IDR 81,500</li> <li>• 3&lt;6= IDR 82,500</li> <li>• 6&lt;9= IDR 83,500</li> <li>• 9&lt;12= IDR 85,500</li> <li>• &gt;12= IDR 85,500</li> </ul> <p>Payment slip (October 2016) for Wawat (Upkeep at River View Estate) was checked IDR 2,308,500,-. Besides that, she got allowance for daily worker (rice allowance). For Permanent Staff got allowances (meal, maid, operation) and religious allowance and annual bonus.</p> <p>PT. Indo Sawit Kekal has established Minimum Wage Policy (dated 1 April 2015), determined by Head of HGA Liga Pangggabean, approval by Nharong Somchit as Presiden Director)</p>				
<b>6.5.2</b>	<b>Collective Labor Agreement/Company Regulation, in accordance with the manpower regulations, shall be available in understandable language; and explained by the management or Labor Union to the workers.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The collaborative labor agreement (CLA) is available and signed on 2 June 2014 valid for 2014 – 2016. The CLA available in Bahasa and detailing as following:</p> <ul style="list-style-type: none"> <li>- Article 14 (working hours)</li> <li>- Article 18 (overtime)</li> <li>- Article 27 (income tax)</li> <li>- Article 74 (deductions)</li> <li>- Article 51 (annual leave)</li> <li>- Article 53 (sickness)</li> <li>- Article 52 (maternity leave)</li> <li>- Article 55 (holiday entitlement)</li> <li>- Article 63 (dismissal)</li> <li>- Article 58-62 (period of notice).</li> </ul>				
<b>6.5.3</b>	<b>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where such public facilities are unavailable or inaccessible.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The company has provided adequate housing and other basic necessities such as that listed below to national standards or above, for examples:</p> <ul style="list-style-type: none"> <li>• adequate housing: for single max 2 personnel/house, for family provided 1 house consisting of bedroom, kitchen, bathroom.</li> <li>• adequate electricity: 450 watt 220 Volt</li> <li>• clean water supplies (availability of clear water all year round)</li> <li>• medical services: Clinic available per each estate and central clinic at General Office.</li> <li>• children education for play group, elementary school and junior high school.</li> <li>• welfare amenities according to list of infrastructure and facilities: guest house, community hall, canteen, mosque, clinic, school bus, sport hall, lactase room and crèche facilities, etc.</li> </ul>				
<b>6.5.4</b>	<b>There shall be demonstrable efforts to improve workers' access to adequate, sufficient and affordable food.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The company has established cooperation for providing basic need and has built store for employees who they want to sell basic need. Besides that, the workers family can go to the market at local village closed from the company.</p> <p>Affordable food (milk) is always given to sprayer, fertilizer, heavy equipment operator, pregnant</p>				

	women. Workers at night shift is gave extra pudding. Every overtime > 3 hours is gave meals (equal 1400 calories).			
<b>Criterion 6.6. The employer respects the rights 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. .</b>				
<b>6.6.1</b>	<b>A record of the company's policy in understandable language recognising freedom of association, shall be available.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	PT ISK has documented company policy recognizing freedom of association according to "Cargill Guiding Principles Handbook" signed by Chairman and Chief Executive Officers (Mr. Greg R. Page) and President and COO (Mr. David W. Maclennan). Besides that, President Director of PT ISK (Mr. Nharong Somchit) has also signed the policy dated on 1 April 2015.  There 2 labours union are <i>Serikat Pekerja</i> (Labour Union) PT HSL and <i>Serikat Pekerja</i> (Labour Union) FOKUS.  The company and workers representative has made Bipartite Body (LKS Bipartit) and approved by Dinsosnakertrans # 43/2015 dated in 4 March 2015.			
<b>6.6.2</b>	<b>Records of meetings with labor unions or workers representatives shall be available.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	LKS Bipartit conducted regular meeting, last meeting dated 28 October 2016 attended by 15 participants with agenda: BPJS, facility, incentive, promotion and medical service. Workers representative from PT ISK were 9 personnel.			
<b>Criterion 6.7. Children are not employed or exploited.</b>				
<b>6.7.1</b>	<b>There shall be documented evidence that minimum age requirements are met.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	Worker age requirement was available on CLA stated that the employee must be more than 18 years old. Review of the list of workers at the estates and mills confirmed no employee less than 18 years old have been hired by the organization.  Based on employees list (Oct 2015), minimum age for each estate, for examples: Irwansyah (Harvester) and Fendi (Harvester) were 18 years old.			
<b>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.</b>				
<b>6.8.1</b>	<b>A company's policy on equal opportunity and treatment for work shall be available and documented.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	PT ISK has documented equal opportunities policy. The policy is listed on point 5 of "Cargill Guiding Principles Handbook" signed by Chairman and Chief Executive Officers Greg R. Page (CEO). It stated that the company avoids any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation union membership, political affiliation or age.			
<b>6.8.2</b>	<b>Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	Based on list of employees (October 2016) and interview result with employees and management note that the company is currently implementing the equal opportunities for workers through the following: <ul style="list-style-type: none"> <li>All workers come from local communities and outside the communities. They are many ethnic groups (Malayans, Javanese, Dayak ethnic, etc);</li> <li>The workers are women and men (office and field);</li> <li>Employment opportunities are provided fairly based on qualification and advertised in local mass media or local government office;</li> <li>Training is given to the workers on a yearly basis covering training relating to their working station, personnel training such as communication skills and safety and health training.;</li> </ul>			

	<ul style="list-style-type: none"> <li>All employees are covered with working insurance; and</li> <li>Termination is conducted based on local laws and is stated in the workers employment agreement and the collective labour agreement (CLA).</li> </ul> <p>Mill Cadet (management trainee program, program assurance, Mill, finance) vacancy has been distributed to Air Upas, Ratu Elok, Manis Mata, Asam Besar dated on 26 June 2015, 12 October 2015. There are 43 local communities applied job vacancy. There are 4 local communities has been recruited.</p>	
<b>6.8.3</b>	<b>Records of evidence that equal opportunity and treatment for work shall be available.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: <input type="checkbox"/> Yes: <input checked="" type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>Procedure for cadet recruitment stated recruitment process: introduction, written test, lateral thinking test, FGD, panel interview and medical check-up. Some employees' records were checked, for examples: Mr. Andri Gunawan (Maintenance Electrician) and Ahim (Tippler Operator). Medical check was conducted at Central clinic.</p> <p>The company has established Procedure for promotion and mutation (HSL-SOP-HRD-05-R.05 dated 01 Sep 2015). During 2016, PT ISK has promoted 20 personnel.</p>	
<b>Criterion 6.9. There is no harassment or abuse in the work place, and reproductive rights are protected.</b>		
<b>6.9.1</b>	<b>A policy to prevent sexual and all other forms of harassment and violence, shall be documented, implemented and communicated to all levels of the workforce.</b>	<i>Major</i>
<b>Findings</b>	In compliance: <input type="checkbox"/> Yes: <input checked="" type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>PT ISK has a documented company policy on sexual harassment and violence. The policy is listed in on point 5 of "Cargill Guiding Principles Handbook" signed by Chairman and Chief Executive Officers Greg R. Page (CEO). It stated that the company prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights.</p> <p>There is women group in the company i.e: Jungle Queen established on 8 July 2010. Function of Jungle Queen is to provide consultation to women workers and housewife in the company regarding the rights and obligations of women workers, health, education, prevention of sexual harassment, etc.</p> <p>Interviewed with Jungle Queen, there was not sexual harassment and violence during 2016.</p>	
<b>6.9.2</b>	<b>A policy to protect the reproductive rights, shall be documented, implemented and communicated to all levels of the workforce.</b>	<i>Major</i>
<b>Findings</b>	In compliance: <input type="checkbox"/> Yes: <input checked="" type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>PT ISK has a documented company policy on the protection of reproductive rights. The policy is listed in on point 5 of "Cargill Guiding Principles Handbook" signed by Chairman and Chief Executive Officers Greg R. Page (CEO). It stated that the company prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights.</p> <p>Interviewed with worker (Nuraniyati – Housing Maid at River View Mill), she was given leave for Maternity according Leave Application Form.</p>	
<b>6.9.3</b>	<b>A specific grievance mechanism which respects anonymity of complainants where requested, and as long as they are supported with adequate information, shall be documented, implemented, and communicated to all workforce.</b>	<i>Minor</i>
<b>Findings</b>	In compliance: <input type="checkbox"/> Yes: <input checked="" type="checkbox"/> X No: <input type="checkbox"/>	
<b>Objective evidence:</b>	<p>PT ISK has established Procedure for <i>Komunikasi, Partisipasi dan Konsultasi</i> REP-SOP-REP.03-R.03 dated 25 March 2015 for handle specific grievance mechanism and provided suggestion boxes for each estate and office and all workers can access to Cargill Ethics and Compliance (<a href="http://www.cargillopenlineethicspoint.com">www.cargillopenlineethicspoint.com</a>) to tell complaints.</p> <p>PT ISK and labour union hold regular meetings (monthly). Minute of meetings are available and verified. The company has responded the grievance according to <i>Rekap Berita Acara Penyelesaian Pekerjaan 2016</i> related worker's accommodation.</p>	
<b>Criterion 6.10. Growers and millers deal fairly and transparently with smallholders and other local businesses.</b>		
<b>6.10.1</b>	<b>Current and past prices paid for Fresh Fruit Bunches (FFB), shall be publicly available.</b>	<i>Minor</i>

<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The governments regularly hold meetings with all plantation companies and local community's cooperative at Ketapang Regency to set the price of FFB. The result of meeting is publicly available. PT ISK paid FFB according to the result of meeting.				
<b>6.10.2</b>	<b>Pricing mechanisms for Fresh Fruit Bunches (FFB) and inputs/services shall be explained and documented (where these are under the control of the mill or plantation).</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Pricing mechanisms for FFB and inputs/services are documented. Staff and supplier check and sort together FFB in field and weighing of FFB input conducted the mill to know quantity of FFB inputs. Contracts, FFB production report and payments are available and verified.				
<b>6.10.3</b>	<b>Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	There is documented evidence that contracts are fair, legal and transparent. Agreed payments made in a timely manner. Interviews with contractors and suppliers conducted to determine if these third parties understand the contractual agreements they enter into and found in order.				
<b>6.10.4</b>	<b>Agreed payments shall be made in a timely manner.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Payments of FFB input are made based on sorting and weighing results. Contracts, FFB production report and payments are available and verified.				
<b>Criterion 6.11. Growers and millers contribute to local sustainable development where appropriate.</b>					
<b>6.11.1</b>	<b>Records of contributions to local development based on the results of consultation with local communities shall be available.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	There is adequate evidence of the company's contribution to the local development through the company's corporate social responsibility covering education, employee opportunity, employment contract (building construction, road construction, and transportation), health facility, etc. Besides that, PT ISK always pay tax and royalties to the government for contributing local development such as land tax, vehicles tax, income tax, etc.				
<b>6.11.2</b>	<b>Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve scheme smallholder productivity.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company has allocated resources (Plasma Manager and staffs) to improve smallholder productivity. They have responsibility to support smallholders through training, benchmarking and other management program to improve their capacity building. Smallholder's oil palm plantations (under scheme smallholder) were fully managed by the company.				
<b>Criterion 6.12. No forms of forced or trafficked labor are used.</b>					
<b>6.12.1</b>	<b>There shall be evidence that no forms of forced or trafficked labor are used.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	The company policy according to respecting the human right is available on "Cargill Guiding Principles Handbook" signed by Chairman and Chief Executive Officers Greg R. Page (CEO). Based on interview with workers that no forms of forced or trafficked labour are used. Example: <ul style="list-style-type: none"> <li>- Company is paid overtime to the workers when they do jobs out of working hours</li> <li>- All workers are signing directly formal working agreement with company which showing no traffick labour. Workers receive some benefits from company such as insurance, housing, etc.</li> </ul>				
<b>6.12.2</b>	<b>It shall be demonstrated that no contract substitution has occurred.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective</b>	No contract substitution has occurred.				

<b>evidence:</b>				
<b>6.12.3</b>	<b>Where migrant/foreign/honorary workers are employed, a special worker policy and procedures and the evidence of implementation shall be available.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	<p>At this moment, there are 3 migrant workers i.e.</p> <ul style="list-style-type: none"> <li>- Nharong Somchit – President Director</li> <li>- Sakthy Subramaniam – Workshop Manager</li> <li>- Shahrizal Hisham – Project Engineer</li> </ul> <p>All from Malaysia. A procedure for migrant workers is documented on “Work Permit Process For Expatriates Policy”. Furthermore, the CLA is also regulating rights and obligation for migrant workers (clause 12).</p>			
<b>Criterion 6.13. Growers and millers respect human rights.</b>				
<b>6.13.1</b>	<b>A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	<p>The company policies according to respecting the human right are available on “Cargill Guiding Principles Handbook” signed by Chairman and Chief Executive Officers Greg R. Page (CEO). The policy has communicated to all levels of the workforce and operations including contracted third parties using pocket book.</p>			

<b>Principle 7: Responsible Development of New Plantings</b>				
<b>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.</b>				
<b>7.1.1</b>	<b>An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented.</b>			<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	<p>The company commissioned the preparation of a DPPL (Dokumen Pengelolaan dan Pemantauan Lingkungan Hidup) in 2008 and received government approval in November 2009. The DPPL was prepared by an accredited AMDAL consultant and included consideration of both negative as well as positive social and environment impacts. The scope of the DPPL included assessment of impacts associated with land development, infrastructure, road access, mill operations and transportation. The DPPL included assessment of the suitability of soils, topography and drainage and analysis of the land cover vegetation. The DPPL assessed the impacts on natural ecosystems and water resources. Although the DPPL did not assess HCVs, the company carried out separate HCV Assessment study in 2011 by an appropriately qualified and experienced team comprising an Ecologist and a social scientist from PT Hatfield and then the HCV document has been updated by IPB in 2013. The HCV Assessment collected additional information from local communities on environmental and social aspects related to their use of resources of the Bagan Kajang development site.</p>			
<b>7.1.2</b>	<b>Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	<p>The company has used information from DPPL, HCV Assessment, and information from stakeholders meeting to prepare a list of social and environment aspects and impacts. This feeds into the company CSR program to plan annual program appropriately.</p>			
<b>7.1.3</b>	<b>Where the development includes an outgrower scheme (skema kemitraan), the impacts of the scheme and the implications of the way it is managed shall be given particular attention.</b>			<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:
<b>Objective evidence:</b>	<p>Cargill also works closely with about 4,300 smallholders in the management of more than 9,700 ha of plasma oil palm plantation in West Kalimantan. Cargill has supported these smallholder farmers by ensuring that estates in West Kalimantan are managed under the KKPA (<i>Kredit Koperasi</i></p>			



	<p><i>Primer untuk Anggota</i>) scheme. This also guarantees that all operational and administrative activities are the same as the Inti/Estate.</p> <p>There is a development program KKPA in PT ISK areas of 2,049.4 ha planted since 2005. This is confirmed with the Estate Manager and interview with the smallholders</p>				
<p><b>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.</b></p>					
7.2.1	<p><b>Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations.</b></p>				Major
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>The company already has a soil maps with scale 1:50,000. Based on the soil map no fragile soil at the company areas. Common soil type at the company areas are: Deep Tropept, Pale Udult, Laterite, SW Entisol, DP Entisol.</p> <p>Based on the company soil map, no peat soil at PT. ISK. However there were sandy soils at the company areas. Management strategy to maintain the sandy soil the company already has an SOP <i>Pengelolaan tanah berpasir</i> # EST-SOP-ASD.42R.00</p>				
7.2.2	<p><b>Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available.</b></p>				Minor
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>The company already has a topographic maps with scale 1:50,000. Based on the topographic map majority flat area.</p> <p>Specific technique that applied at hilly areas are :</p> <ul style="list-style-type: none"> <li>• Front stacking technique, those cross to the slope.</li> <li>• Individual terrace and continues terrace.</li> <li>• Spraying technique conducted by selective weeding, not blanket spraying.</li> </ul>				
<p><b>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.</b></p>					
7.3.1	<p><b>There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).</b></p>				Major
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>Area Statement of PT ISK showed that there are areas planted after November 2005. Guidance for Criterion 7.3 stated that where land has been cleared since November 2005, and without a prior and adequate HCV Assessment, it will be excluded from the RSPO certification programme until an adequate HCV compensation plan has been developed and accepted by the RSPO. See indicator 7.3.4</p> <p><b>Major CAR was raised</b></p> <p>Clearance of finding was conducted on 16 February 2017, the following was noted: PT ISK has submitted LUCA to RSPO, last updated on 19 January 2017. RSPO has reviewed FCL and Calculation of the land cover is slightly different between the company's and the reviewer's. However the RSPO through email dated 6 February 2017 has decided, on case-by-case basis, that PT ISK can continue to be certified with the condition that Cargill is actively in communication with the RSPO to resolve the RaCP. RSPO hoping company can close this case before the next surveillance audit. Auditor consider the email from RSPO is sufficient, however, during this surveillance assessment the non-conformity is closed, but will be further checked during enxt surveillance assessment. If company fail to complete this process on the next surveillance visits, then Major non-conformity will be re-open and auditor will recommend for suspension of certificate.</p> <p><b>Major CAR was closed.</b></p>				
7.3.2	<p><b>Reports of comprehensive HCV assessment, which involves stakeholder consultation and includes record of land-use change since November 2005, shall be available. This HCV assessment shall be conducted prior to any conversion or new planting.</b></p>				Major

<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>High Conservation Value assessment has been done on 2013 in corporation with the university (Bogor Agricultural University – IPB). According to the assessment has been concluded the following HCV areas :</p> <ul style="list-style-type: none"> <li>- HCV 1.2. RTEs species</li> <li>- HCV 1.3 RTEs habitat</li> <li>- HCV 3 Threatened ecosystem</li> </ul> <p>Those RTEs habitat located at riparian of Kebanteng river, Tarahan Batu-Utara river, Bagan Labu river, Suren river, Bagan kajang river, and heat forest (hutan kerangas) amounting of 1.772,24 ha. The RTEs flora species identified such as Ketanggung (<i>Dipterocarpus tempehes</i>), Meruyan (<i>Parashorea lucida</i>) and Belangeran (<i>Shorea belangeran</i>), Kelukup (<i>Shorea lamellata</i>).</p> <p>There are 11 RTEs fauna species identified such as Monyet (<i>Macaca fascicularis</i>), Raja Maninting bird (<i>Alcedo maninting</i>), Biawak (<i>Veranus salvator</i>).</p> <p>According to the assessment to HCV 2, the assessment is also considered to relevant wider landscape-level. The planted area is only 0.081% of the total forest area in Kalimantan. Total conservation areas in PT ISK is 386,44 ha.</p> <p>PT ISK has submitted LUCA to RSPO and the LUCA was completed. PT ISK now is preparing for compensation plan now and still in the process in RSPO compensation team. This will be further checked during next surveillance visits..</p>				
<b>7.3.3</b>	<b>Records of land preparation and clearing dates shall be available.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Record of land preparation and clearing dates in 2005 is available covering of 528.7 ha.				
<b>7.3.4</b>	<b>An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2).</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>Similar to indicator 5.2.2.</p> <p>There is a management plan to maintain and/or enhance the identified HCV (RTE species and its habitat). The management plan classified into 11 main topics as following:</p> <ul style="list-style-type: none"> <li>- Inventory</li> <li>- Boundary</li> <li>- Maintenance of boundary</li> <li>- Protecting</li> <li>- Rehabilitation and enrichment planting</li> <li>- Best Agriculture Practice</li> <li>- Prevention of invasive species</li> <li>- Socialization to communities</li> <li>- Training for staff</li> <li>- SOP</li> <li>- Organizing</li> <li>- Coordination with relevance instance</li> </ul> <p>During visit to River View Estate and Lake View Estate, it was observed that some of the HCV area inspected is maintained properly, for examples: warning sign, border maintenance, monitoring of wild animal and vegetation analysis. Monkeys and birds were still seen in the HCV areas (Kebanteng river and Rampak river)</p>				
<b>7.3.5</b>	<b>Evidence of consultation with the affected community shall be available in order to identify the area required by such community to fulfill its basic needs, by considering the positive and negative changes to the livelihood as a result of plantation operations. Such matters shall be included in the HCV analysis and management plan (see Criteria 5.2).</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	High Conservation Value assessment has been done on 2013 in corporation with the university (Bogor Agricultural University – IPB). The HCV has identified based on consultation with the affected community in District of Kendawangan of Ketapang Regency.				



According to the assessment has been concluded the following HCV areas :

- HCV 1.2. RTEs species
- HCV 1.3 RTEs habitat
- HCV 3 Threatened ecosystem

There is a management plan which has been considered some inputs from stakeholder to maintain and/or enhance the identified HCV (RTE species and its habitat). The management plan classified into 11 main topics as following:

- Inventory
- Boundary
- Maintenance of boundary
- Protecting
- Rehabilitation and enrichment planting
- Best Agriculture Practice
- Prevention of invasive species
- Socialization to communities
- Training for staff
- SOP
- Organizing
- Coordination with relevance instance

During visit to River View Estate and Lake View Estate, it was observed that some of the HCV area inspected is maintained properly, for examples: warning sign, border maintenance, monitoring of wild animal and vegetation analysis. Monkeys and birds were still seen in the HCV areas (Kebanteng river and Rampak river)

**Criterion 7.4: Extensive planting on steep terrain, and/or on marginal and fragile soils, including peat, is avoided.**

<b>7.4.1</b>	<b>Indicative maps showing marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided.</b>	<i>Minor</i>
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<b>Findings</b>	In compliance:	Yes:	X	No:	
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**Objective evidence:** The company already has a soil maps with scale 1:50,000. Based on the soil map, the soil type of the company are qrtz psament and pale udult.

<b>7.4.2</b>	<b>Where limited planting on fragile and marginal soils, including peat, is proposed, a documented plan shall be developed and implemented to protect them without incurring adverse impacts.</b>	<i>Major</i>
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<b>Findings</b>	In compliance:	Yes:	X	No:	
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**Objective evidence:** No peat soil at the company areas. However there were sandy soils at the company areas. Management strategy to maintain the sandy soil the company already has an SOP *Pengelolaan tanah berpasir # EST-SOP-ASD.43R.02*. The procedure has described the management of sandy soil by applying Empty Fruit Bunch (EFB) and solid cake to add organic material to the soil so that the cation exchange rates as well as the ability to store water and nutrient elements in the soil can be increased.

**Criterion 7.5: No new plantings are established on local people’s land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.**

<b>7.5.1</b>	<b>Evidence shall be available that affected local peoples understand they have the right to say ‘yes’ or ‘no’ to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed and ratified by these local peoples (see Criteria 2.2, 2.3, 6.2, 6.4 and 7.6)</b>	<i>Major</i>
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<b>Findings</b>	In compliance:	Yes:	X	No:	
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**Objective evidence:** The NPP document of the company has stated how the owners of the land has agreed to the operations through free, prior and informed consent.

<b>Criterion 7.6: Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>					
<b>7.6.1</b>	<b>Records of identification and assessment of legal, customary and user rights shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	See 7.1.1 All legal rights has been provided in Principle 2 and is stated in the New Development area document.				
<b>7.6.2</b>	<b>A procedure for identifying people entitled to compensation shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	PT ISK has established SOP for social problem solving (HSL-SOP-PSS.04-R.00) and SOP for land claim resolution (HSL-SOP-PSS.02-R.00) for the identification and calculation of fair compensation for the loss of legal or customary right of the land, with the involvement of local community representatives and relevant agencies and made publicly available. Record of land acquisition document is available and verified, for example: Agreement with Mr. Uti Ali Sadikin land of 1.21 ha within the River View Estate.				
<b>7.6.3</b>	<b>Records of calculation system and distribution of fair compensation shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Record of land acquisition and payment document is available and verified, for example: <ul style="list-style-type: none"> <li>Agreement letter with Mr. Pintu regarding land acquisition. This document consist negotiations processes and/or the details of compensation settlements.</li> <li>Agreement with Mr. Uti Ali Sadikin land of 1.21 ha within the River View Estate was acquired and that compensation was paid base on cost agreement made and by all parties involved (company, smallholders and local authorities).</li> </ul>				
<b>7.6.4</b>	<b>Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Record of land acquisition and payment document is available and verified, for example: <ul style="list-style-type: none"> <li>Agreement letter with Mr. Pintu regarding land acquisition. This document consist negotiations processes and/or the details of compensation settlements.</li> <li>Agreement with Mr. Uti Ali Sadikin land of 1.21 ha within the River View Estate was acquired and that compensation was paid base on cost agreement made and by all parties involved (company, smallholders and local authorities).</li> </ul>				
<b>7.6.5</b>	<b>The process and outcome of any compensation claims shall be documented and made available to the affected communities and their representatives.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Record of land acquisition and payment document is available and verified, for example: <ul style="list-style-type: none"> <li>Agreement letter with Mr. Pintu regarding land acquisition. This document consist negotiations processes and/or the details of compensation settlements.</li> <li>Agreement with Mr. Uti Ali Sadikin land of 1.21 ha within the River View Estate was acquired and that compensation was paid base on cost agreement made and by all parties involved (company, smallholders and local authorities).</li> </ul>				
<b>7.6.6</b>	<b>Evidence shall be available that the affected communities and rights holders have access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	All of the above processes and outcomes has been recorded and made publicly available to all stakeholders upon request. The villagers also have a copy of this process relevant with them.				

<b>Criterion 7.7: No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>					
<b>7.7.1</b>	<b>Records of zero burning implementation on land clearing, referring to the ASEAN Policy on zero burning (2003) and recognised techniques based on the existing regulations shall be available.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	See 5.5				
<b>7.7.2</b>	<b>In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN on Zero Burning' 2003, or comparable guidelines in other regions.</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	See 5.5				
<b>Criterion 7.8: New plantation developments are designed to minimize net greenhouse gas emissions.</b>					
<b>7.8.1</b>	<b>The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated.</b>				<i>Major</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	Currently the company was using ISCC method for GHG calculation. According to specific guidance of INA-NI RSPO 2013 explained that the company should submit to RSPO for endorsement the use an alternative to PalmGHG to demonstrate its equivalence (the implementation period until 31 December 2016 after that to public reporting). <b>See Observation 02</b>				
<b>7.8.2</b>	<b>Records of a plan to minimize net GHG emissions shall be available</b>				<i>Minor</i>
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	This is part of the continual improvement of the company. Use of empty shell at the mill, regular checkup on the vehicles, monitoring of pollution and emissions, as well as land application showed the company effort to minimize net GHG emissions.				

<b>Principle 8: Commitment to Continual Improvement in Key Areas of Activity</b>					
<b>Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continual improvement in key operations.</b>					
<b>8.1.1</b>	<b>The action plan for monitoring shall be available, based on a consideration of the social and environmental impacts and routine evaluation of the plantation and mill operations. As a minimum, these shall include, but are not necessarily be limited to:</b>				<i>Major</i>
	<ul style="list-style-type: none"> <li>• Reduction in use of certain chemicals (Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> <li>• Optimising the yield of FFB production (Criterion 4.2)</li> </ul>				
<b>Findings</b>	In compliance:	Yes:	X	No:	
<b>Objective evidence:</b>	<p>The management regularly monitor and review their social and environmental programmes annually to allow demonstrable continuous improvement.</p> <p>PT ISK captures the performance and expenditure in social and environmental aspects through their budget which is reviewed and adjusted annually to cope with changes in requirement.</p> <p>Below are examples of improvement that is done in one of the estates. Similar programme are also done in the other estates.</p> <p>In the RVE, LVE and RVM continuous improvement plan the following are identified:</p> <ul style="list-style-type: none"> <li>• Stop using of Paraquat</li> <li>• Fire Prevention Plan- Built fire monitoring tower</li> </ul>				

- 100% of the POME used for land application
- Priority given to the local communities for employment
- OMOT (one man one tree) activity to regenerate the forest area around the estate (ISK)
- GHG values 945,69 Kg CO<sub>2</sub>eq/Ton CPO saving 59,44 g/MJ Saving target 35%
- Diesel consumption for vehicle= 1,21 Ltr/mt FFB

Besides that, the company has also established Business Plan as follows:

- OER= Target 23%, actual 22.74%
- KER= Target 5%, actual 4.33%.

### 3.1.2 Supply Chain

For supply chain, the PT ISK – River View Palm Oil Mill has decided to use Module E in this assessment. The findings and objective evidence find during the assessment are outlined in the table below. The results for each indicator from each of the operational areas were evaluated to provide an assessment of conformity. A statement is provided for each of the RSPO indicators in order to support the findings of the assessment team.

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

Module E – CPO Mills: Mass Balance						
<b>E.1: Definition</b>						
<b>E.1.1</b>	<b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b>					
<b>E.2: Explanation</b>						
<b>E.2.1</b>	<b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</b>				<b>MAJOR</b>	
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>The actual and projected volume already recorded in the previous audit report and this surveillance report. There was correction during this surveillance report where in accurate database provided by company during previous assessment. Auditor has checked throughout and agreed with correction provided by company. The details are presented in Table 2 and Table 3 of this Public Summary Report.</p> <p>The actual volume sold on 2016 is CPO= 23,505.83 MT and PK= 1500,19 MT. This was not over than its projected as well as not over than volume quota provided in Palm Trace.</p> <p>The company has projected the estimated tonnage of certified CPO and PK products for period June 2016 to May 2017 (Claimed for Certification) i.e CPO= 36,063.60 MT and PK= 8,014.15 MT</p>					
<b>E.2.2</b>	<b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b>				<b>MAJOR</b>	
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	<p>Mr. Yanuar (Commercial staff- Jakarta Office) has responsible for keeping record of transaction in eTrace. During 2016, the company has sold RSPO certified products (16 transactions CPO and 1 transaction PK). Total volume of CPO sold= 23,505.83 MT and PK sold= 1500.19 MT. This was not over than its projected as well as not over than volume quota provided in Palm Trace.</p>					

E.3: Documented Procedures					
E.3.1	<p><b>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</b></p> <p><b>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</b></p> <p><b>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</b></p>				<b>MAJOR</b>
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>The company has updated procedure for implementing RSPO SC i.e: Procedure for implementing RSPO Supply Chain-Mass Balance (REP- SOP-REP.12-R.03 dated 31 Oct 2016). As stated in the procedure, management representative, Head of Department and Mill manager are the person having overall responsibility for the implementation of the requirements.</p>				
E.3.2	<p><b>The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</b></p>				<b>MAJOR</b>
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>In the clause of 4.4 of Procedure for implementing RSPO Supply Chain-Mass Balance stated the procedure to receive certified and non certified FFBs.</p>				
E.4: Purchasing and goods in					
E.4.1	<p><b>The site shall verify and document the volumes of certified and non-certified FFBs received.</b></p>				<b>MAJOR</b>
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>At the moment, the Mill only receives FFB from their own estates which is Lake view, River view estate, Poliplant estates and the KKPAs. All FFBs received recorded in the daily mill production report.</p>				
E.4.2	<p><b>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</b></p>				<b>MAJOR</b>
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>PT ISK is not overproduction of RSPO certified product for period 22 Dec 2015 to 14 Nov 2016.</p>				
E.5: Record keeping					
E.5.1	<p><b>a. The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</b></p> <p><b>b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</b></p> <p><b>c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (ie product can be sold before it is in stock.)</b></p> <p><b>For further details refer to Module C.</b></p>				<b>MAJOR</b>
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>All the records kept are up to date, Company provide mass balance sheets every three month. eg:</p> <ul style="list-style-type: none"> <li>• Daily Mill Production Report</li> <li>• RSPO Supply Chain Training Record dated on 11-11-2016 (13 participants)</li> <li>• Daily FFB Report (Inti /KKPA)</li> <li>• Weigh bridge ticket dispatch (CPO and PK)</li> <li>• Sales Contract</li> <li>• Delivery Order</li> </ul> <p>The company has calculated Mass Balance sales of sustainable ISCC and RSPO period 22 Dec</p>				

	<p>2015 to 14 Nov 2016. All figures are verified and the outgoing certified CPO and PK are not over than it production from the incoming certified of FFB. The delivery of certied CPO an PK were deducted from positive stock.</p> <p>a. Sample of PK certified sold as follows: B/L # 034/SBL-KDN/IX/2016 dated on 26/09/2016, product name= Palm Kernel-MB, QTY= 1,500.19 MT, certificate # 00020 , transaction # TR-2e0b39f5-3665, customer name= PT Musi Mas – KIM1, Shipping Announcement dated on 28-09-2016, Sales Contract # 049/PK/ISK-MM/VIII/2016.</p> <p>b. Sample of CPO certified sold as follows: B/L # 93/LSM-SKM/VIII/2016 dated on 5/8/2016, product name= CPO-MB, QTY= 2,000.47 MT, certificate # 00020, transaction # TR-cf922fae-9042, customer= PT AAJ, Shipping Announcement dated on 9-8-2016, Sales Contract # 144/CPO/ISK-AAJ/VII/2016.</p>						
<b>E.5.2</b>	<p>In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.</p>	<b>MAJOR</b>					
<b>Findings</b>	<table border="1"> <tr> <td>In compliance:</td> <td>Yes:</td> <td>X</td> <td>No:</td> <td></td> </tr> </table>	In compliance:	Yes:	X	No:		
In compliance:	Yes:	X	No:				
<b>Objective evidence:</b>	All the palm kernel from the River View Mill have been sold to customers (PK certified and PK non certified). All records have been documented in Mass Balance Sustainable excel sheet.						

**3.2 Corrective Action Request**

There are total of 0 (nil) Major CAR and 3 (three) Minor CARs were raised. Please refer to the **Appendix A** for the details findings and relevant correction actions have been taken.

**3.3 Noteworthy Positive Components**

- a. High commitment has be shown by the company in implementing the sustainable manner and the consistency of implementation of RSPO standard.
- b. Consistent implementation of good agricultural practices observed in all estates.
- c. High awareness of safety has been shown by the company during the audit.

**3.4 Status of Non-Conformities Previously Identified**

Please refer to **Appendix B** for the previous audit.

**3.5 Issues Raised by Stakeholders and Findings**

A list of stakeholders contacted with detail issue raised is included as **Appendix C**.

#### 4. ACKNOWLEDGEMENT OF ORGANIZATION INTERNAL RESPONSIBILITY

##### 4.1 Conclusion

The audit team concludes that the organization  has  has not established and maintained its management system in line with the RSPO P&C and Supply Chain requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

##### 4.2 Date of Next Surveillance Visit

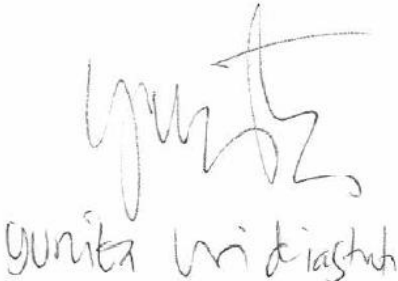

The next surveillance audit is planned between 22 September 2018 and 21 December 2018

##### 4.3 Date of Closing Non-Conformities

Reference Number	Category (Major/Minor)	Issued date	Close out date
01	Major (4.6.11)	13.11.2015	09.05.2016 (by previous CB)
02	Major (7.3)	13.11.2015	09.05.2016 (by previous CB)
03	Major (2.1.1)	17.11.2016	07.12.2017
04	Minor (4.1.3)	17.11.2016	"Open"
05	Minor (4.8.2)	17.11.2016	"Open"
06	Minor (5.1.2)	17.11.2016	"Open"
07	Major (7.3.1)	17.11.2016	16.02.2017 (with concession approval due to over due date)

##### 4.4 Acknowledgement of Internal Responsibility and Formal Sign-off Assessment Findings

PT SGS Indonesia and Client acknowledge and confirms acceptance of the Report contents and including the assessment findings. PT SGS Indonesia and Client accept the responsibility for addressing the opportunities of improvement detailed in this report.

Signed on behalf of PT Indo Sawit Kekal	Signed on behalf of PT SGS Indonesia
 Gurita Widiastuh	 Zaenal Abidin Lead Auditor



## APPENDIX A: CORRECTIVE ACTION REQUEST &amp; OBSERVATION

CAR #	Indicator	CAR Detail					
03	2.1.1. Major	<b>Date Recorded&gt;</b>	17.11.2016	<b>Due Date&gt;</b>	16.01.2017	<b>Date Closed&gt;</b>	07.12.2016
		<b>Normative reference and requirements:</b>					
		2.1.1. Evidence of compliance with relevant legal requirements shall be available.					
		<b>Statement of Non-Conformance:</b>					
		Some permits of Koperasi Perkebunan "Sepakat Sejahtera Lestari" (KKPA program) have expired.					
		<b>Objective Evidence:</b>					
		Some permits of Koperasi Perkebunan "Sepakat Sejahtera Lestari" (KKPA program) have expired as follows: <ul style="list-style-type: none"> <li>- SIUP No: 503/428/SIUP/PK/2009 valid until 10 September 2016.</li> <li>- TDP No. 140520100065 valid until 11 September 2014.</li> <li>- SITU No. 503/338/SITU/KOP/2009 valid until 10 September 2013.</li> </ul>					
		<b>Root cause analysis to be completed by Organization:</b>					
		Lack of monitoring to track the validity of permits by Koperasi Perkebunan "Sepakat Sejahtera Lestari"					
		<b>Corrective Action to be completed by Organization:</b>					
		Send application for extension of those permits (SIUP, TDP and SITU) to relevant government agency					
		<b>Preventative Action to be completed by Organization:</b>					
		Develop legal register to track/monitor validity of relevant permits that are required for Koperasi Perkebunan "Sepakat Sejahtera Lestari"					
		<b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b>					
The company has submitted evidences of updating permits of Koperasi Perkebunan Sepakat Sejahtera Lestari dated on 7 dec 2016 as follows: <ul style="list-style-type: none"> <li>- SIUP No: 503/915/SIUP/Kecil/2016 valid until 1 December 2021.</li> <li>- TDP No. 140520100065 valid until 11 September 2019.</li> <li>- SITU No. 503/764/SITU/KOP/2016 valid until 1 December 2021</li> </ul>							
<b>Major CAR 03 was closed</b>							
04	4.1.3 Minor	<b>Date Recorded&gt;</b>	17.11.2016	<b>Due Date&gt;</b>	16.11.2017	<b>Date Closed&gt;</b>	dd mm yy
		<b>Normative reference and requirements:</b>					
		4.1.3. Records of monitoring and any follow-up actions shall be available.					
		<b>Statement of Non-Conformance:</b>					
		Lack of evidence that internal audit report has been properly followed up by the company related with harvest rotation more than 15 days.					
		<b>Objective Evidence:</b>					
		According to internal audit report in October 2016, a corrective action request has been raised related with harvest interval more than 15 days at block E0D058, E0D 57 and E0D062 (Lake View Estate). The company has provided a corrective action plan to close out the non-conformance however observed in the field at block G58, harvest interval has achieved 35 days.					
		<b>Root cause analysis to be completed by Organization:</b>					
		Lack of manpower available during peak crop period.					

CAR #	Indicator	CAR Detail					
		<b>Corrective Action to be completed by Organization:</b>					
		Provide additional manpower to reduce harvest interval in Lake View Estate.					
		<b>Preventative Action to be completed by Organization:</b>					
		Provide adequate cause analysis and corrective action plan on the internal CAR to improve manpower management during peak crop.					
		<b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b>					
The proposed action plan is accepted. This will be further checked on the next surveillance visits.							
05	4.8.2 Minor	<b>Date Recorded&gt;</b>	17.11.2016	<b>Due Date&gt;</b>	16.11.2017	<b>Date Closed&gt;</b>	dd mm yy
		<b>Normative reference and requirements:</b>					
		4.8.2. Records of training for each employee shall be maintained.					
		<b>Statement of Non-Conformance:</b>					
		Lack of evidence that employees have been trained standard of INA-NI RSPO P&C 2013.					
		<b>Objective Evidence:</b>					
		The company has not trained employees for standard of INA-NI RSPO P&C 2013 endorsed by RSPO Board of Governors (BoG) on 30 <sup>th</sup> September 2016.					
		<b>Root cause analysis to be completed by Organization:</b>					
		Inadequate training program to include all aspects of INA-NI RSPO P&C 2013.					
		<b>Corrective Action to be completed by Organization:</b>					
		Provide training to employees on standard of principles and criteria of INA-NI RSPO P&C 2013.					
		<b>Preventative Action to be completed by Organization:</b>					
		Include INA-NI RSPO P&C 2013 training into company annual training program					
		<b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b>					
The proposed action plan is accepted. This will be further checked on the next surveillance visits.							
06	5.1.2 Minor	<b>Date Recorded&gt;</b>	17.11.2016	<b>Due Date&gt;</b>	16.11.2017	<b>Date Closed&gt;</b>	dd mm yy
		<b>Normative reference and requirements:</b>					
		5.1.2. Environment management plan document to prevent negative impacts, its implementation report and revision (if the identification of impact requires changes in current company's practices) shall be available. The company's management shall appoint the responsible person(s) for the implementation of the document.					
		<b>Statement of Non-Conformance:</b>					
		List of fire fighting equipments in monthly report does not correspond to the actual conditions.					
		<b>Objective Evidence:</b>					
		List of fire fighting equipments in monthly report (September 2016) does not correspond to the actual conditions. Some equipments were not available in store room and the other one are not suitable number, for examples: fire rake, "kepyok api", shovel, etc.					
		<b>Root cause analysis to be completed by Organization:</b>					
		Some items of fire-fighting equipments are stored in separate store.					
		<b>Corrective Action to be completed by Organization:</b>					

CAR #	Indicator	CAR Detail					
		Rectify list of fire-fighting in monthly report in accordance with the actual number of fire equipment in PT. ISK.					
		<b>Preventative Action to be completed by Organization:</b>					
		Gather all fire-fighting equipments in one designated fire equipment storage.					
		<b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b>					
		The proposed action plan is accepted. This will be further checked on the next surveillance visits.					
07	7.3.1 Major	<b>Date Recorded&gt;</b>	17.11.2016	<b>Due Date&gt;</b>	16.01.2017	<b>Date Closed&gt;</b>	16.02.2017
		<b>Normative reference and requirements:</b>					
		7.3.1. There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2).					
		<b>Statement of Non-Conformance:</b>					
		The Land Use Change Analysis and HCV compensation plan are not approved by RSPO.					
		<b>Objective Evidence:</b>					
		Area Statement of PT ISK showed that there are areas planted after November 2005. Guidance for Criterion 7.3 stated that where land has been cleared since November 2005, and without a prior and adequate HCV Assessment, it will be excluded from the RSPO certification programme until an adequate HCV compensation plan has been developed and accepted by the RSPO.					
		<b>Root cause analysis to be completed by Organization:</b>					
		Long process in RSPO secretariat compensation team which affect to the delay of getting approval.					
		<b>Corrective Action to be completed by Organization:</b>					
		Land Use Change Analysis report has been submitted to RSPO in November 28, 2016. Currently, the report is under process of review by RSPO. Company continues to communicating with RSPO until the report meet the expectation. Email sent to RSPO on 19 January 2017.					
		<b>Preventative Action to be completed by Organization:</b>					
		Not necessary at this stage.					
		<b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b>					
		Clearance of finding was conducted on 16 February 2017, the following was noted: PT ISK has submitted LUCA to RSPO, last updated on 19 January 2017. RSPO has reviewed FCL and Calculation of the land cover is slightly different between the company's and the reviewer's. However the RSPO through email dated 6 February 2017 has decided, on case-by-case basis, that PT ISK can continue to be certified with the condition that Cargill is actively in communication with the RSPO to resolve the RaCP. RSPO hoping company can close this case before the next surveillance audit. Auditor consider the email from RSPO is sufficient, however, during this surveillance assessment the non-conformity is closed, but will be further checked during enxt surveillance assessment. If company fail to complete this process on the next surveillance visits, then Major non-conformity will be re-open and auditor will recommend for suspension of certificate. SGS technical team had issued a concension on the delay of CAR Closure according to RSPO email, and allow for company to close the Major non-conformity over than 2 months					
		<b>Major CAR was closed.</b>					

## OBSERVATIONS

OBS #	Indicator	Observation/Opportunity for Improvement					
		Date Recorded>	17.11.2016	Due Date>	Next Surveillance	Date Closed>	dd mm yy
01	2.2.1	<b>Details:</b>					
		<p>At the time of this surveillance assessment, the land title of PT. ISK is still under process since few years back (similar to previous surveillance visits) where the latest process is Letter # 713/9-61/W/2015 on 28 April 2015 from Head of Land Berau Agency of West Kalimantan, according to signing of Risalah Panitia B of PT. ASL and PT. ISK and The latest land title process is Letter from Head of National Land Agency of West Kalimantan # 871/P-61/VII/2016 on 20 June 2016 regarding progress of Hak Guna Usaha (HGU) to BPN for PT. Indo Sawit Kekal.</p> <p>During this surveillance audit, Auditor raising Observation related to the process of getting the land title of PT. ISK. <b>Obsevation was raised</b> because the process has been took quite sometime considering the involvement of the government procedural processes which caused delay until this assessment. Furthermore, it is also apply for some other companies in Indonesia facing same problem (delay to get land title) with similar reasons. There was a discussion through an email with RSPO Secretariat back on 5th October 2015 when SGS Auditor tried to get clarification for same issue in other company where RSPO explaining that RSPO is now conducting internal and external discussion/consultation in finding resolution to this. The objective is aimed at all members to comply with legal requirement but at the same time allowing the certification to continue. RSPO is planning to come out with a clear decision to guide our members in Indonesia. However, it is become auditor concern to check the progress of this completion on the next surveillance visits, with further communication to RSPO Secretariat for any resolution related to this which may have been made.</p>					
02	5.1.2; 5.1.3	Date Recorded>	17.11.2016	Due Date>	Next Surveillance	Date Closed>	dd mm yy
		<b>Details:</b>					
		<p>Some recommendations are given to management and monitoring plan (RKL/RPL) as follows:</p> <ul style="list-style-type: none"> <li>• Report of RKL-RPL period I 2016 (Jan-Jun 2016) should include a management plan for protecting vegetation in ISK area.</li> <li>• The company should establish sampling plot for vegetation analysis in buffer zone of Rampak River.</li> <li>• Buffer zone of Kebanteng River should be conducted rehabilitation program to restore the forest condition.</li> </ul>					
03	5.6.1	Date Recorded>	17.11.2016	Due Date>	Next Surveillance	Date Closed>	dd mm yy
		<b>Details:</b>					
		<p>Currently the company was using ISCC method for GHG calculation. According to specific guidance of INA-NI RSPO 2013 explained that the company should submit to RSPO for endorsement the use an alternative to PalmGHG to demonstrate its equivalence (the implementation period until 31 December 2016 after that to public reporting).</p>					

## APPENDIX B: NON-CONFORMITIES PREVIOUSLY IDENTIFIED

CAR #	Indicator	CAR Detail					
		Date Recorded>	13.11.15	Due Date>	12.01.16	Date Closed>	09.05.16
01	4.6.11 Major	<b>Normative reference and requirements:</b>					
		Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated.					
		<b>Statement of Non-Conformance:</b>					
		No specific annual medical surveillance conducted regularly.					
		<b>Objective Evidence:</b>					
		Based on document review, the latest specific annual medical checkup conducted in 2013. Records of medical checkup were available at <i>Rekapitulasi Hasil Pemeriksaan Kesehatan Tenaga Kerja</i> PT. Harapan Sawit Lestari conducted on 3 – 6 September 2013 for 386 sprayer and manuring workers including PT. HSL, PT. ASL and PT. ISK, where 104 workers indicated that effected by chemicals in very low level.					
		<b>Root cause analysis to be completed by Organization:</b>					
		Reviewed by previous CB (i.e.Sucofindo)					
		<b>Corrective Action to be completed by Organization:</b>					
		Reviewed by previous CB (i.e.Sucofindo)					
		<b>Preventative Action to be completed by Organization:</b>					
		Reviewed by previous CB (i.e.Sucofindo)					
		<b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b>					
		Closed by previous CB (i.e. Sucofindo): The company has conducted medical check up as reported by HIPERKES Provinsi Kalimantan Barat on 15 December 2015. There were indications that some workers affected by chemical and experience hearing deficiency and the company has made some action plans to follow up the result of medical check up.					
02	7.3 Major	<b>Normative reference and requirements:</b>					
		<b>Statement of Non-Conformance:</b>					
		There is no evidence that new planting since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.					
		<b>Objective Evidence:</b>					
		Area Statement of PT ISK showed that there are areas planted after November 2005. Guidance for Criterion 7.3 stated that where land has been cleared since November 2005, and without a prior and adequate HCV Assessment, it will be excluded from the RSPO certification programme until an adequate HCV compensation plan has been developed and accepted by the RSPO. As the company cannot show evidence of HCV compensation plan, CAR is issued.					
		<b>Root cause analysis to be completed by Organization:</b>					
		Reviewed by previous CB (i.e.Sucofindo)					
		<b>Corrective Action to be completed by Organization:</b>					
		Reviewed by previous CB (i.e.Sucofindo)					
		<b>Preventative Action to be completed by Organization:</b>					
		Reviewed by previous CB (i.e.Sucofindo)					

CAR #	Indicator	CAR Detail
		<p><b>Close-out evidence/Planned Actions to be completed by Lead assessor:</b></p> <p>Closed by previous CB (i.e. Sucofindo):  PT. ISK will developed HCV compensation plan based on Land Use Change Analysis and will submit to RSPO. Based on the email of RSPO Technical Director (Salahudin Yaacob) dated 27 May 2016 to Client, here with the statement :</p> <ol style="list-style-type: none"> <li>1. The certification process of the unit shall proceed.</li> <li>2. The completion of the compensation process shall be evaluated at the next surveillance.</li> </ol> <p>Further review by SGS Auditor team:  During this surveillance assessment of certificate transfer, the process of LUCA and RaCP was not fully completed. Therefore SGS Auditor team raised again as non-conformity. The detail of non-conformity, corrective actions, and close out of non-conformity are provided in Appendix A of this audit report.</p>

**APPENDIX C: TIMEBOUND PLAN**

<b>Management Units</b>	<b>Number of Mills and Estates</b>	<b>Location</b>	<b>Target Date</b>
<u>Cargill's existing subsidiary Companies:</u>			
PT. Hindoli – Sungai Lilin and Tanjung Dalam Mills	2 Palm Oil Mills, 3 Estates, 5 Cooperative of scheme smallholders	South Sumatera, Indonesia	Certified 2009
PT. Hindoli – Mukut Mill	1 Palm Oil Mill and 4 Estates including KKPA Smallholder schemes	South Sumatera, Indonesia	Certified 2016
PT. Harapan Sawit lestari – Paku Juang Mill	1 Palm Oil Mill and 4 Estate including KKPA Smallholder scheme	West Kalimantan, Indonesia	Certified 2014
PT. Harapan Sawit lestari – Manis Mata Mill	1 Palm Oil Mill and 4 Estate including KKPA Smallholder scheme	West Kalimantan, Indonesia	Certified 2014
PT. Indo Sawit Kekal – River View Mill	1 Palm Oil Mill and 2 Estates including KKPA smallholder scheme	West Kalimantan, Indonesia	Certified 2014
<u>New Acquisition subsidiary companies under Alpha Capital Limited:</u>			
PT. Poliplant Sejahtera	1 Palm Oil Mill and 1 Estate	West Kalimantan, Indonesia	Certified 2016
PT. Maya Agro Investama	1 Mill and 3 Estates	West Kalimantan, Indonesia	Had gone through Stage-1 audit on 2016 Expected to be certified by end of 2017
PT. Andes Agro Investama	1 Mill and 3 Estates	West Kalimantan, Indonesia	Had gone through Stage-1 audit on 2016 Expected to be certified by end of 2017
PT. Andes Sawit Lestari	3 Estates	West Kalimantan, Indonesia	Had gone through Stage-1 audit on 2016 Expected to be certified by end of 2017
PT. Andes Sawit Mas	3 Estates	West Kalimantan, Indonesia	Had gone through Stage-1 audit on 2016 Expected to be certified by end of 2017



**APPENDIX D: LIST OF STAKEHOLDERS CONTACTED**

<b>Issue raised by Stakeholder</b>	<b>Company Response</b>	<b>Auditor Findings</b>
<p>Women group (Junggle Queen):</p> <p>Consultation with the women group (i.e Junggle Queen) focused on sexual harassment, equal opportunity, discrimination, etc. No issue raised by women group.</p>	<p>Company agreed with comment.</p>	<p>Comments has been considered into the auditor findings in the checklist</p>
<p>Harvesters, sprayers, manurers, Mandores, staff, etc:</p> <p>Consultation was focused on employee welfare, worker contract, accommodation, wage, PPE use, etc. No issue raised by harvester, sprayers, manurers, mandores, staff, etc.</p>	<p>There was no further comment by Company.</p>	<p>Comments has been considered into the auditor findings in the checklist</p>
<p>Labour Union:</p> <p>Consultation was focused on collective labour agreement, employee complaint handling. No issue raised by Labour Union.</p>	<p>There was no further comment by Company.</p>	<p>Comments has been considered into the auditor findings in the checklist</p>
<p>KKPA:</p> <p>Consultation was focused on transparency and conflict resolution, No issue raised by KKPA</p>	<p>There was no further comment by Company.</p>	<p>Comments has been considered into the auditor findings in the checklist</p>
<p>Local Government:</p> <p>Consultation was focused on compliance with regulations (land title, periodic report, community development, etc). Based interview from Local Government, there was no significant issue.</p>	<p>There was no further comment by Company.</p>	<p>Comments has been considered into the auditor findings in the checklist</p>
<p>Stakeholder contacted i.e: Local community at Desa Manis Mata and Desa Air Tarap Kecamatan Manis Mata Kabupaten Ketapang.</p> <p>Issue: CSR program was conducted by Company/PT HSL-PJM i.e.: road maintenance, recruitment of worker.</p>	<p>There was no further comment by Company.</p>	<p>Comments has been considered into the auditor findings in the checklist</p>