

Roundtable on Sustainable Palm Oil Certification

[] Stage 1 [] Stage2 [√] Surveillance-1

Plantation Management/Owner : **MINAMAS Plantation - SIME DARBY**
 Plantation Name : **PT Bhumireksa Nusasejati – Teluk Bakau POM**
 Location : **Subdistrict of Kateman, District of Indragiri Hilir, Province of Riau**

Certificate Code : **MUTU-RSPO/008**
 Date of certificate issue : **11 October 2011**
 Date of expiry of certificate : **11 October 2016**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Checked by	Approved by
ST-2	7-11 February 2011	Aryo Gustomo; Nanang Mualib; Faruk Ahmad Nasir; Marsudi Eko Santoso; Desi Ariyadi Suyamto	Tony Arifiarachman	Tony Arifiarachman
S-1	3-7 September 2012	Octo H. P.N. Nainggolan; Marsudi Eko Santoso; Ibnu Satria Prabudi; Ardiansyah	Taufik Margani	Tony Arifiarachman

Submitted to RSPO on:	Approved by RSPO on:	Approved by Certification Body on:
2 January 2013	-	10 December 2012

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Figure 1. Location Map of PT.BHUMIREKSA NUSASEJATI

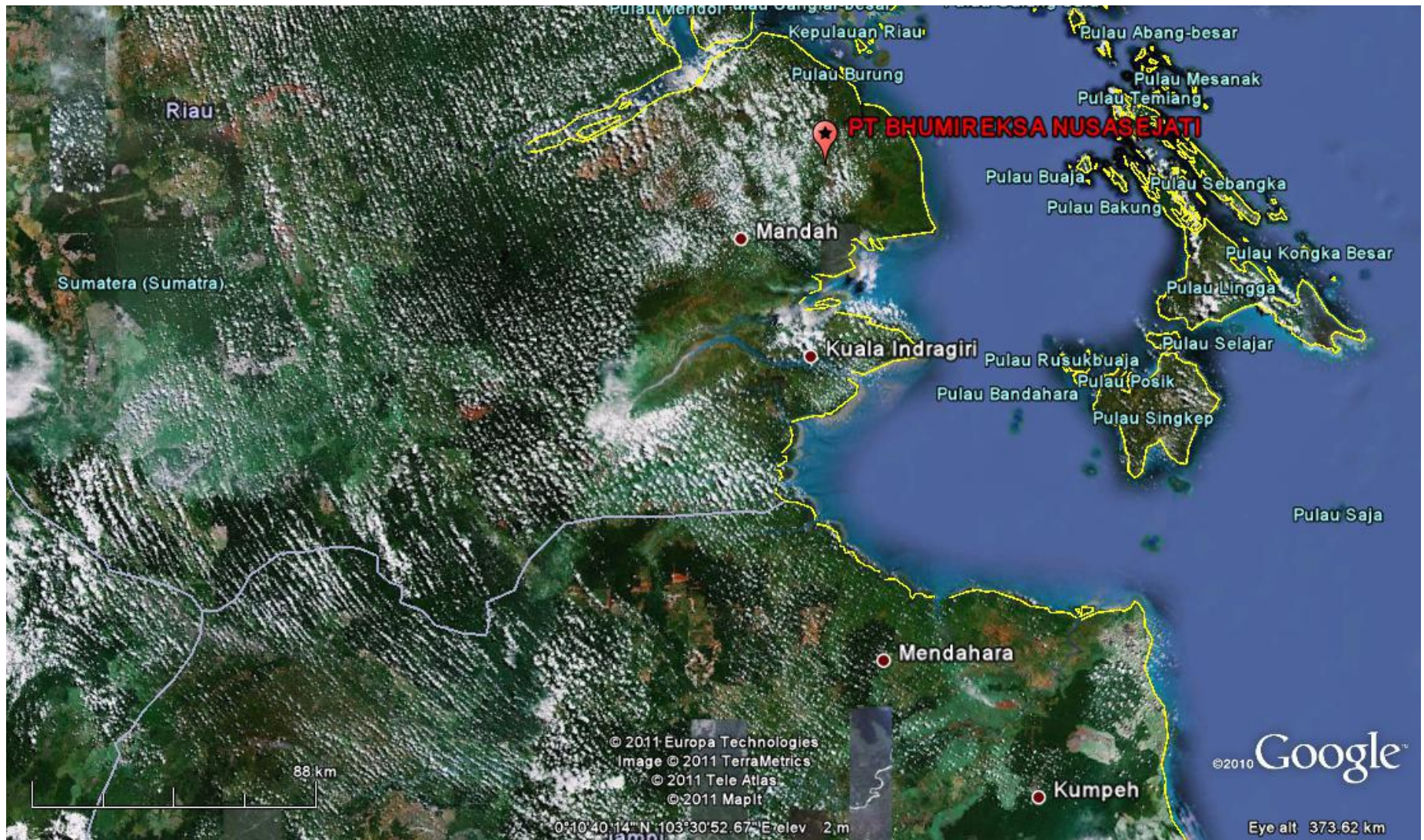
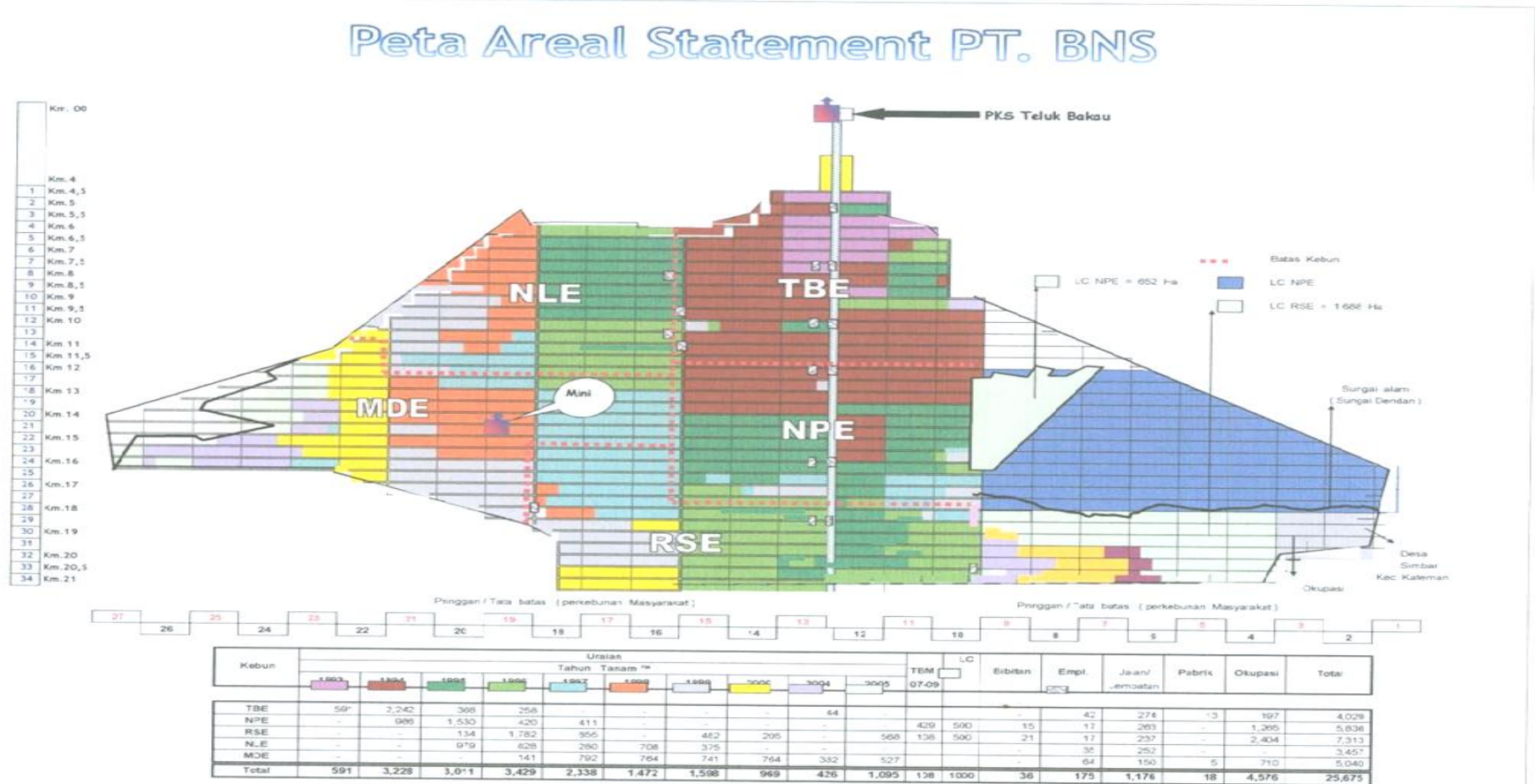


Figure 2. Operational Map of PT.BHUMIREKSA NUSASEJATI



1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	National Interpretation Used	<i>National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011.</i>	
1.2	Organization Information		
1.2.1	Company name	MINAMAS Plantation – SIME DARBY Group	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Company address	The Plaza Lt. 36 JI MH Thamrin Kav. 28-30 Jakarta 10350	
1.2.4	Telephone	+62-21-2992650	
1.2.5	Fax	+62-21-5711652	
1.2.6	E-mail	mohamad.pirabaharan@simedarwin.com	
1.2.7	Web page address	www.simedarwin.com	
1.2.8	Company status	Private	
1.2.9	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM)	
1.2.10	Registered as RSPO member	08 September 2004 Reg. 1-0008-04-000-00	
1.3	Type of Assessment		
1.3.1	Scope of Assessment	Palm oil Mill and Estate	
1.3.2	Type of certificate	Single	
1.3.3	Company names listed in the certificate	PT.Bhumireksa Nusasejati – Teluk Bakau POM	
1.3.4	Number of management unit	<p>1 (one) mill (Teluk Bakau POM) which received FFB supply from 5 (five) estates: Teluk Bakau Estate, Nusa Lestari Estate, Nusa Perkasa Estate, Rotan Semelur Estate, and Mandah Estate.</p> <p>During the first surveillance assessment there was new Mandah Palm Oil Mill has been developed and planned on November 2012 for the first commissioning</p>	
1.4	Locations of Plantations, Mill and Area Statement		
1.4.1	Location of estate		
	Name of Estate(s)	Location	GPS
			Latitude Longitude
	Teluk Bakau Estate	Village of Rotan Semelur, Subdistrict of Kateman, District of Indragiri Hilir, Riau Province	0° 03' 50" - 0° 15'36" N 103° 28' 28" - 103° 40' 56" E
	Nusa Lestari Estate	Subdistrict of Kateman, District of Indragiri Hilir, Riau Province	
	Nusa Perkasa Estate	Subdistrict of Kateman, District of	

		Indragiri Hilir, Riau Province
	Mandah Estate	Subdistrict of Kateman, District of Indragiri Hilir, Riau Province
	Rotan Semelur Estate	Subdistrict of Kateman, District of Indragiri Hilir, Riau Province
1.4.2	Location of Mill	
	Name of Mill	Location
		GPS
		Latitude
		Longitude
	PKS Teluk Bakau	Village of Rotan Semelur, Subdistrict of Kateman, District of Indragiri Hilir, Riau Province
		0° 15' 23.4"
		103° 35' 19.8"
1.4.3	Maps	<i>(Figure 1 & Figure 2)</i>
1.4.4	Country	Indonesia
1.4.5	Region	South East Asia
1.4.6	Tenure	
	<ul style="list-style-type: none"> • Private 	
	<ul style="list-style-type: none"> • State 	<ul style="list-style-type: none"> a. HGU (land title) certificate Number 01 dated 23 May 1996 for 13,900 Ha b. HGU (land title) certificate Number 02 dated 23 May 1996 for 11,762 Ha
	<ul style="list-style-type: none"> • Community 	
1.4.7	Area Statement	
	• Total area	25,662.00 Ha
	• Mature area	18,619.00 Ha
	• Immature area	- Ha
	• Mill	27.00 Ha
	• Infrastructure	1,420.00 Ha
	• Nursery	36.00 Ha
	• Occupation	4,469.00 Ha
	• Others	1,091.00 Ha
	• HCV	1,107.05 Ha
1.5	Description of Supply Base	
1.5.1	Estate(s)	
	Name of Estate(s)	Total Area (Ha)
		Planted Area (Ha)
		FFB (tonnes/year)
		Yield (tonnes/ha/year)
		Supplied to Mill
		FFB (tonnes/year)
		%
	Teluk Bakau	4,032
		3,493
		58,246
		16.7
		58,246
		100
	Rotan Semelur	7,313
		4,107
		69,169
		16.8
		69,169
		100
	Nusa Perkasa	5,836
		3,738
		56,934
		15.2
		56,934
		100
	Nusa Lestari	3,457
		3,170
		46,594
		14.7
		46,594
		100
	Mandah	5,040
		4,111
		65,355
		15.9
		65,355
		100

	Total	25,678	18,619	296,298	15.9	296,298	100		
* Production data September 2011 to August 2012									
1.5.2	Smallholder(s) and others								
	Smallholder(s) Scheme	Member(s)	Location	Total Area (Ha)	FFB (tonnes/year)	Supplied to Mill			
						FFB (tonnes/year)	%		
	-	-	-	-	-	-	-		
<i>BNS, Teluk Bakau POM only receive FFB from its own manage and certified estate.</i>									
1.5.3	Description of Mill								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel		PKO	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Teluk Bakau	60	292,414	65,929	22.55	9,733	3.33	-	-
* Production data September 2011 to August 2012									
1.5.4	Product categories			FFB/CPO/PK/PKO					
1.6	Dates of Plantings and Cycles								
1.6.1	Age profile of planted palms*								
	Planting Year	Hectarage (Ha)							
		Teluk Bakau Estate	Nusa Lestari Estate	Nusa Perkasa Estate	Rotan Semelur Estate	Mandah Estate	TOTAL		
	1993	362					362		
	1994	2,553		986			3,539		
	1995	336	979	1,492	116		2,923		
	1996	242	828	420	1,782	141	3,413		
	1997		280	411	846	842	2,379		
	1998		708			810	1,518		
	1999		375		482	645	1,502		
	2000				205	642	847		
	2004					521	521		
	2005				568	510	1,078		
	2007			429	108		537		
	TOTAL	3,493	3,170	3,738	4,107	4,111	18,619		
1.6.2	New Development area after November 2005			537 Ha					
1.6.3	Planting Cycle			25 Years					
1.7	Tonnage Certified								
1.7.1	Past Annual Claim Certified Product								
	• FFB Production			254,198 Tonnes/year					
	• CPO Production			56,431 Tonnes/year					
	• Palm Kernel (PK) Production			10,167 Tonnes/year					
	• Palm Kernel Oil (PKO) Production			- Tonnes/year					
1.7.2	Claim Certified Tonnage of FFB								

Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)
Teluk Bakau	4,032	3,493	58,246	16.7
Rotan Semelur	7,313	4,107	69,169	16.8
Nusa Perkasa	5,836	3,738	56,934	15.2
Nusa Lestari	3,457	3,170	46,594	14.7
Mandah	5,040	4,111	65,355	15.9
Total	25,678	18,619	296,298	15.9

1.7.3 Claim Certified Tonnage of Palm Product

Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel		PKO	
			Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
Teluk Bakau	60	296,298	66,815.20	22.55	9,866.72	3.33	-	-

1.8 Other Certifications

1.8.1	ISO 9001:2008/ISO 14001: 2004	-
1.8.2	OHSAS 18001:2007	-
1.8.3	HACCP	-
1.8.4	Others	-

1.9 Time Bound Plan for Other Management Units

Sime Darby Plantation, owns and operates 39 mills and 129 estates as supply base in Malaysia which already certified. Sime Darby plantation in Indonesia through Minamas Plantation operates 23 mills and 70 estates which 19 mills already certified until September 2012. Sime Darby has made Presently there are 3 mills and its supply base has completed audited and 1 new mill and its supply base still undergone for certified progress on the Time Bound Plan.

Certification Status (November 2011)	Strategic Operating Unit (SOU)		Keterangan
	Malaysia	Indonesia	
Certified	33	19	
EB Review	6	-	RSPO Executive Board review
Completed Audit	0	4	Completed Audit conducted until July 2012
Total SOUs	39	23	

2.0	ASSESSMENT PROCESS
2.1	Certification Body
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: www.mutucertification.com Email : agri@mutucertification.com
2.2	Lead Assessor and Assessment Team
2.2.1	Assessment Team
ST2	The assessment team comprised: <ol style="list-style-type: none"> 1. Aryo Gustomo (Lead Auditor) 2. Nanang Mualib (Auditor) 3. Faruk Ahmad Nasir (Auditor) 4. Marsudi Eko Santoso (Trainee Auditor) 5. Desi Ariyadi Suyamto (Observer)
S1	<ol style="list-style-type: none"> 1. Octo H.P.N Nainggolan (Lead Auditor). A bachelor of Agriculture, majoring of Social Economics of Agriculture (Agribusiness). He has a working experience since 2004 oil palm Plantation Company in Indonesia. Trainings attended namely: Training of Conservation of Natural and Biological Resources in supporting HCV, Basic Plantation Management Program, Plantation Integrated Pest Management training, Followed the Management System Certification (ISO 9001-2008/SNI 19011-9001:2008), Environment Management System (ISO 14001:2004) , RSPO Lead Auditors Training Course, Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and supply chain certification system training by BM Trada. Currently, he worked at Professional Certification Body. In the assessment activity, he assessed on legal aspect, best practices, environment aspect, social aspect, workers welfare, FFB Processing and supply chain requirement. 2. Marsudi Eko Santoso (Auditor). Bachelor of Agriculture, majoring in Agro technology. Followed the Management System Certification (ISO 9001-2008), Awareness HACCP certification, training of RSPO auditor and training of RSPO Lead Auditor training, ISPO Lead auditor training and distribution quality management process - APMEA. He had involved several time in RSPO certification assessment activities as an auditor. Currently he works for Independent Certification Body. In this surveillance activity, he assessed on Best Practices, Soil and water conservation, Integrated Pest Management and safety and health. 3. Ibnu Satria Prabudi (Auditor). A Bachelor of Agriculture Majoring in Agro-technology, Agriculture Faculty of Instiper Yogyakarta. Currently he has been working with an independent certification agency as auditor. Training he has followed are: Lead Auditor RSPO, Auditor ISPO, Awareness HACCP, Awareness HACCP certification, Awareness SQMS Mc Donald, In House Training Green House Gas and Awareness ISO: 9001. He has followed several audit activities related to certification system of sustainable palm oil (RSPO certification) as observer and Auditor. He has been working with an independent certification body as auditor. In this Surveillance-1 activity he assessed best agronomic practices, Waste management and social. 4. Ardiansyah (Trainee Auditor). Bachelor of Forest Resources Conservation, Department of Forestry, Bogor Agricultural University. He has followed several activities such as preparing EIA document for plantation and plantation forest, assistance in the GAP analysis, and helped draft the HCV document. It has been several times following audit activities related to sustainable palm oil certification system as an auditor. In this Surveillance-1 assessed the environmental aspects, HCV, soil and water conservation.
	Curriculum Vitae (CV) of the auditors are available at PT Mutuagung Lestari Office.
2.3	Assessment Methodology, Assessment Process and Locations of Assessment
2.3.1	Assessment Dates

S1	3 - 7 September 2012
2.3.2	Person days implement assessment on site
S1	Number of auditors : 4 persons Number of days for assessment at site : 5 days Number of working person-days for assessment at site : 20 person days
2.3.3	Summary process of assessment
	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the Bhumireksa Nusasejati, Teluk Bakau POM to the requirements of National Interpretation of the Republic of Indonesia from RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008) and Supply Chain Requirement for CPO Mill.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field check, aiming to observe directly the sufficiency of implementation on site.</p> <p>The assessment process pleased see Appendix 2</p> <p>Improvement from Stage-2 findings were observes by auditors at this surveillance-1 assessment.</p> <p>All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of Surveillance report.</p>
2.3.4	Locations of Assessment
S1	<p>The sampling locations which determined by Audit Team were two estates at Nusa Lestari Estate and Rotan Semelur Estate. The sites selected represent each of operational working area. The sites visited are completely presented as follows:</p> <ol style="list-style-type: none"> 1. Nusa Lestari Estate <ol style="list-style-type: none"> a. Boundary poles number 100, 107 and 112. Observation of boundary poles clearly demarcated and maintained. b. Employee housing. Observation of employee facilities (housing, clean water, etc) and interview with workers family c. Kindergarten. Observation of education facilities for workers children d. Head of BNS Labour Union. Interview of facilities provides by company (housing, clean water, etc), complaint mechanism, payments, labour disputes. e. Block F-006. Observation of integrated pest management by planting beneficial plant and breeding of owl (<i>Tyto alba</i>) and observation of peat management by monitoring of peat soil subsidence f. Gender committee. Interview regarding implementation of sexual harassment policy g. Health clinic. Observation related to clinic waste management, periodic health check and health service to workers. h. Fire fighter secretariat. Interview with chief of fire fighters regarding land fire handling and fire fighting facilities. i. Hazardous waste storage. Observation regarding hazardous waste handling accordance with regulation. 2. Rotan Semelur Estate <ol style="list-style-type: none"> a. Boundary poles number 36, 55 and 70. Observation of boundary poles clearly demarcated and maintained. b. Block D-030. Observation of new development of employee housing c. Hazardous waste storage. Observation regarding hazardous waste handling accordance with regulation. d. Sekolah Dasar 025 (elementary school). Observation of education facility provide by company and interview with school principal. e. Health clinic. Observation related to clinic waste management, periodic health check and health service to workers. f. Block D-032. Observation of harvesting activity and interview with harvesters and mandor (supervisor) regarding best practices, safety working practices, PPE facilities and implementation, payments, social insurance, work accident handling, and right of join the worker union

	<p>g. Block D-033. Interview with contractor workers regarding payments, PPE implementation and social insurance.</p> <p>h. Bock D-033. Observation of peat management by monitoring of peat soil subsidence</p> <p>i. HCV area. Observation of conservation of HCV area (HCV 4).</p> <p>3. Teluk Bakau POM.</p> <p>a. Process station. Observation of FFB processing activity, safety work practices, work accident handling</p> <p>b. Waste water treatment plant. Observation of waste water treatment.</p> <p>c. Hazardous waste storage. Observation regarding hazardous waste handling accordance with regulation.</p> <p>4. Gurah Baru village. Interview with villagers regarding company social responsibility and contribution to local communities' development. HCV conservation area socialization and land acquisition resolution.</p> <p>5. Teluk Bunian Village and Gurah Baru. Interview with villagers regarding Masyarakat Peduli Api organization (fire fighter community). Villagers form by company and community around the plantation which trained for land fire handling.</p>
2.4	Stakeholder Consultation and List of Stakeholders Contacted
2.4.1	Summary of stakeholder consultation process Consultation of stakeholders for BNS was held by public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by visits to Gurah Baru village and interviews with local peoples. Numbers of input from stakeholders were clarified by BNS.
2.4.2	List of stakeholder contacted <i>Please find appendix 3</i>
2.5	Determining Next Visiting
	The next visit (Surveillance 2) will be determined one year after this surveillance-1.

3.0. ASSESSMENT RESULT

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted a Surveillance-1 assessment of PT Bhumireksa Nusasejati – Teluk Bakau POM Operation consisting of 1 (one) mill and 5 (five) oil palm estates. MUTUAGUNG LESTARI found that PT Bhumireksa Nusasejati comply with the requirements of RSPO Principles & Criteria and *National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008*. Therefore MUTUAGUNG LESTARI recommends a certificate of compliance is maintained.

Ref Std.	VERIFICATION RESULT of MUTU-Certification
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY	
1.1 Plantation and Palm Oil Factory have to give adequate information for stakeholders in appropriate language and forms, to ensure the effective participation of stakeholders in decision-making.	
<p>Records of information requests by stakeholders either from government agencies, community or from company’s internal personnel (employees) are contained in the records of information requests stored properly in each estate, but most of the incoming mails are requests for assistance. For example:</p> <ul style="list-style-type: none"> - Letter from Regional Environment Bodies of Indragiri Hilir District No. 660.1/BLH/II/2012/30 dated 25 January 2012 regarding the Establishment of Fire-Caring-Community/<i>Fire Masyarakat Peduli Api</i> (MPA) Group and had been responded by the BNS by coordinating to determine villages of Fire-Caring-Community/<i>Fire Masyarakat Peduli Api</i> (MPA) on 6 February 2012, then on 21 February 2012 a group of Fire-Caring-Community of Teluk Bunian Village was established, held in Gurah Baru Mosque, Sabak Village attended by 25 participants. <p>PT. BNS has set that retention time and information responses are determined for 2 years. Determination of document retention time is contained in the SOP of Records Control (Policy No. 01/PC-BNS/VIII/12 dated 01 August 2012). In the SOP documents, BNS has revised the retention time document according to their importance, such as:</p> <ul style="list-style-type: none"> - The need of audit inspection/assessment for 3 years - The need of reference for 10 years - Law and statues through revision - Request and response of information for 2 years - Company’s policy through revision - Records of land compensation for unlimited time (stored continuously as long as the company is still in operation). <p>(Minor non conformance CAR.2010.02 is closed).</p>	
	Status: Full Compliance
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.	
<p>Company documents available for public such as:</p> <ul style="list-style-type: none"> - Licensing documents such as land legality, Plantation Business Permit, Business Location License, Dock License, Building Construction Permit and License on Processing the Land Use Title. - Environmental Documents such as Main Document of Environmental Management Plan/Environmental Monitoring Plan, EIA, Implementation Reports of Environmental Management Plan/Environmental Monitoring Plan, documents of HCV identification, etc. - Social Document such as Document of Social Impact Assessment, Documents of Program and Realization of CD/CSR, documents of community indictment, etc. 	

Determination of document retention time is contained in the SOP of Records Control (Policy No. 01/PC-BNS/VIII/12 dated 01 August 2012), for example:

- Audit inspection/assessment for 3 years
- References for 10 years
- Law and statues through revision
- Request and response of information for 2 years
- Company's policy through revision
- Records of land compensation for unlimited time (recorded continuously as long as the company is still in operation).

(Minor non-conformance CAR.2010.02 is closed).

Status: Full Compliance

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

Company has already evidence of compliance with applicable legal requirements in plantation, among others:

1. Company has been certified with estate Land Use Title and Mill Building Use Title in accordance with Statute No. 05 year 1960 Jo. Statue No. 40 year 1996 on Land Use Title, Building Use Title and Use Title.
2. Company has managed the peat land for oil palm plantation in accordance with Regulation of Agriculture Ministry No. 14 year 2009.
3. Use of labour with over 18 years of age is in accordance with Statue No. 20 year 1999 on the ratification of ILO convention No.138 regarding the minimum age for work.
4. Company has assigned the expert of Occupational Health and Safety as the secretary of Guiding Committee of Occupational Health and Safety in accordance with Regulation of Labour Ministry No. 4 year 1987 on the Guiding Committee of OHS.
5. Evidence of Reporting Activities Submission every 3 months to the Labour Agency is availabe in accordance with Regulation of Labour Ministry No. 4 year 1987 on the Guiding Committee of OHS.
6. Company has completed OHS License for Transporting and Forklift Operators, for example OHS License on behalf of Agus (License No.: 10.3951/OPF/KK/VII/2010); on behalf of Rusdi (License No.: 10.3952/OPF/KK/VII/2010) in accordance with Regulation of Labour Ministry No. 9 year 2010 on the Transporting and Forklift Operators.
7. Company has provided PPE for workers in accordance with Regulation of Labour Ministry No. 8 year 2010 regarding Personal Protective Equipment (PPE).
8. Company has performed zero-burning land clearing in accordance with Statute No. 18 year 2004 regarding plantation.
9. Company has conducted measurement of subsidence of peat soil to control soil degradation according to Government Regulation No. 150 year 2000.
10. Installation of hazardous material symbols, such as on diesel tank has been in accordance with Regulation of Environmental Ministry No. 3/2008 regarding Symbols of Hazardous waste Material. **(Observation/CFA 2011.39 is closed)**

However, there are several applicable regulations which still have not been complied with, such as:

1. Boiler operator in Teluk Bakau POM has Operator License (SIO) that has been expired, which was not in accordance with Regulation of Labour Ministry No. 1 Year 1988 regarding qualifications of boiler operator.
2. Welders in Teluk Bakau POM does not have requirements as welders according to the Regulation of Labour Ministry No. 2 Year 1982 regarding the qualifications of welders at work.
3. There is a sterilizer certificate that had been expired, for example Sterilizer Certificate No. 1 with a validity period of 29 March 2012 but there is no result of re-examination from relevant agencies found.

(Major nonconformance CAR 2012.01 is raised)

Evidence of efforts to meet the changing regulation has been shown, among other things, the fulfillment of the minimum wage in accordance with Decree of Governor of Riau No. 11 Year 2012 regarding Establishment of Provincial Sectoral Minimum Wage (UMSP) year 2012. BNS has made changes in wage according to the Memorandum of HRM No. 045/HRM-i3/IV/2012 on the increase of wage in 2012.

SOP of Legal Requirement (RSPO/.2/PH) dated 01 August 2011 is available that govern the evaluation of compliance with the relevant regulation on the activities in the Minamas Plantation operation units. The officer in charge are PSD and ESH managers and summary of regulations is reviewed every 6 months by the company representatives. BNS may improve evaluation of the applicable rules and regulations so that new rules are always notified.

(Observation 1 is raised)

Evaluation of regulatory compliance of PT. BNS (updated on 23 August 2012) is available, which is documented and evaluated according to the status of compliance, such as:

1. Fulfillment of President Instruction No. 10 year 2011 regarding the improvement of the management of primary natural forest and peat land.
2. Government Regulation No. 50 year 2012 on the implementation of Occupational Health and Safety Management System (OHSAS).
3. Regulation of Labour Ministry No. 13 year 2011 on the limit value of physics and chemistry factors at work.
4. Decree of Governor of Riau No. 11 year 2012 regarding the Establishment of Provincial Sectoral Minimum Wage (UMSP) year 2012.

Major 2.1.1	Status: See CAR 2012.01 with category Major
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**2.2
The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights**

There is no changes to the legality of land tenure held by BNS during surveillance-1 and it can be proven with 2 Certificates of Land Use Title covering the total area of 25,662 hectares issued by National Land Agency of Indragiri Hilir District, namely: Land Use Title No. 01 covering 13,900 hectares with a validity period of 23 May 1996 to 23 May 2031 and Land Use Title No. 02 covering 11,762 hectares with a validity period of 23 May 1996 to 23 May 2031.

Up to surveillance-1 BNS has had 25 Land Use Title Poles of Teluk Bakau Estate (1,5,10,16,118), Nusa Perkasa Estate (20,25,31), Rotan Semelur Estate (36,42,45,50,55,60,65,67,70), Mandah Estate (77,84,88,95), Nusa Lestari Estate (100,105,107,112). Based on the filed visit, the pole number 100 of NLE and pole number 55 of RSE are in good condition and clearly demarcated.

Memorandum from PSQM Head In Charge on 24 January 2011 explained that the HPUI party of Minamas Plantation will not expand or replant in peat land of PT. Bhumireksa Nusasejati. Based on the field visit and interview with the hamlet villagers (Parit) of Gurah Baru (Artawan and M. Bahtiar), community has received socialization from the company, has understood and and accepted the result of the socialization.

(Minor nonconformance CAR 2010.06 is closed).

There are examples of land acquisition on 12 May 2011 covering an area of 8.13 hectares in Parit Gurah Baru, Teluk Bunian Village, Subdistrict of Pelangiran, District of Indragiri Hilir that have been done without coercion. People who received compensation were Artawan 2.28 hectares and 0.05 hectare, Afdal Darimi 11.848 hectares, 1.95 hectares and 1.748 hectares, Muh. Jam 0.15 hectare, H. Bahtiar 0.05 hectare, and Drs. H. Lukman Hakim 0.05 hectare. The land compensation was for the construction of canal access to location of Mandah POM which operates. Based on the interview with the person who received the grant (Artawan) it is known that they have sold their land without any coercion from the company, even the people find it helpful to have new access to be closer to the city.

There are socialization records of Occupational SOP to the people of Rotan Semelur Village TBE, Pelangiran Subdistrict on 13 August 2012 attended by representatives of the village (Head of Rotan Semelur Village, Secretary of Village, Head of Hamlet,

<p>Chariman of Neighborhood Association). Socialization of SOP on Mechanism of Compensation request of Mandah Estate unit on 15 October 2010 was attended by 16 participants. (Observation/CFA 2011.40 is closed)</p>	
<p>Status: Full Compliance</p>	
<p>2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.</p>	
<p>Based on the analysis of social impact, there are no traditional rights in the working area of PT. BNS. Based on the information given by management of PT. BNS (Bapak Maryono), there are no traditional rights in the working area of PT. BNS. Based on the field visit and interview with people of Gurah Baru Village (Artawan and M. Bahtiar), there are no traditional rights in the working area of PT. BNS</p>	
<p>Status: Full Compliance</p>	
<p>PRINCIPLE #3 Commitment to long-term economic and financial viability</p>	
<p>3.1 There is an implemented management plan that aims to achieve long term economic and financial viability.</p>	
<p>BNS has a company work plan document for short term namely Work Plan of year 2012-2013 which is contained in the distribution of Budget year 2012-2016 for Teluk bakau Estate, Nusa Lestari Estate, Nusa Perkasa Estate, Rotan Semelur Estate, Mandah Estate, and Teluk Bakau POM.</p> <ol style="list-style-type: none"> For Estate management unit there is an operational cost plan that has been ratified in June 2012 and a Memorandum dated 31 July 2012 from Chief Financial officer to the Estate Manager, GM of South Riau and South Sumatera Area Estate, Senior GM of Plantation Operation of Sumatera, Head Plantation Upstream of Indonesia, Head Plantation Operation. Distribution of the work plan include: <ol style="list-style-type: none"> 2012-2016 production forecast, yield production (ton/hectare), administration cost, labour cost, mature upkeep, manuring, harvesting and collection, transportation, etc. For environmental management plan, company has planned to allocate the cost plan include the cost of water supply for the activities of the workers, cost of OHS, RSPO, HCV, AMDAL, etc. For social management plan, the company has planned to allocate the cost plan include the cost for the activities for religious holiday, teacher wages, cost for CSR program and social contribution to the community etc. In Teluk Bakau POM there is an operational cost plan that has been ratified by the Mill Manager, Mill GM, SGM of Plantation Operation Region, Head of Plantation Operation, Upstream Productivity Department. Distribution of the work plan include: <ol style="list-style-type: none"> Forecast mill intake (FFB), CPO extraction, kernel extraction, processing cost, administration cost, training cost, environment cost, health cost, transportation cost, etc. For environmental management cost, the company has planned to allocate the cost plan including the cost of the making, installing, and maintaining OHS and non-OHS sign boards, cost of laboratory analysis services for CPO analysis, waste to an outside party, etc. For social management plan, the company has planned to allocate the cost plan include the cost of contribution to the third parties such as salaries, celebration proposals, OHS socialization cost, RSPO, HCV, Labour Social Assurance (Jamsostek), Safety and Health, etc. <p>Company has implemented the SAP program for financial monitoring. Based on the document observation the company has projected several activities such as production, CPO extraction, palm kernel extraction until the year 2015/2016.</p> <p>BNS has not planned the replanting program for the next 5 years, but the company plans to have replanting program in 2019. The first planting conducted by BNS was in 1993.</p>	
<p>Status: Full Compliance</p>	
<p>PRINCIPLE #4 Use of appropriate best practices by growers and millers</p>	

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

There is not any changes for activities of Agronomy and Operational in the palm oil mill since the implementation of Main Assessment (ST-2) until Surveillance-1 (S-1). However, there are several procedural additions regarding Traceability and Supply Chain according to SOP 021/BNS-SC/06/12 ratified on 2 June 2012 that explains product traceability.

Inspection on the operational activities in the estate and mill is conducted every 6 months, through Plantation Advisor and Mill Advisor activities. For example:

1. Plantation Advisor report No. MINAMAS/NLE/02/2011-12. Date of Visit 13 – 16 June 2012 for Nusa Lestari Estate
2. Plantation Advisor report No. MINAMAS/RSE/02/2011-12. Date of Visit 12 – 16 May 2012 for Rotan Semelur.
3. Plantation Advisor Department Mill Visit Report No. Minamas/TBF/01/2011-12. Date of Visit 22 – 23 May 2012 for Teluk Bakau Factory.

There are reports of operational activities in the Mill and Estate reported every day and recapitulated into the Estate Unit Report every month (Monthly Report), as in July 2012 in NLE and RSE (Compilation updated on 5 August 2012) and Monthly Report of PT. BNS Teluk Bakau POM in the period of July 2011 (Compilation updated on 5 August 2012). All records of operational activities in the Estate and Mill are properly recorded and stored in each office.

Status: Full Compliance

4.2

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

Leaf analysis activity is conducted annually to determine manuring recommendation, for example: Leaf Analysis Report in RSE Block D034 date issued on 23 April 2012, LSU No. RSE-0107-A and Leaf Analysis Report in NLE Block G007 date issued on 23 April 2012: LSU No. NLE-0104-A.

There is a record of soil analysis result conducted by MRC on 23 November – 4 December 2011 in each estate including the result of soil fertility analysis. Report of soil analysis is available in the office of Teluk Bakau Estate. BNS plans to have soil analysis activity every 5 years.

(Minor nonconformance CAR 2010.09 is closed)

There is a Manuring Data (manuring realization based on MRC recommendation) available, for example Manuring Data Year 2011/2012 of Nusa Lestari Estate, as the manuring realization in Block F008 which is in accordance with the recommendation. BNS does not conduct empty fruit bunch application and land application from mill effluent.

Status: Full Compliance

4.3

Practices minimize and control erosion and degradation of soils.

BNS has studied the depth of peat for the whole operational areas and is equipped with map of marginal soil done by MRC on 23 November – 4 December 2011. Available information include the spread width of peat depth, spread width of peat maturity, soil fertility and topography, location of sampling points, mill location, emplacement location for each estate and the whole plantation of PT. BNS.

(Minor non conformance CAR.2010.11 is closed).

Based on the land survey and field visit there are not any areas with particular slope found in the areas of PT. BNS.

There are programs of road access maintenance such as main drain, collection drain and field drain maintenance. Canal maintenance performed not only the cleansing of the impurities (such as water moss) but also planting the canal embankment to prevent erosion from wave of the water transportation (speedboat).

Monitoring the water level in the canal is conducted every day (morning and afternoon) and properly recorded. It is also conducted in all blocks using piezometer. Company has also evaluated water level and peat land subsidence. Based on the result of the evaluation that is conducted every day, the data shows that the height of the water has met the provision that is 50 – 70 cm from the surface.

(Minor non conformance CAR 2010.12 is closed).

Marginal soil management is based on the peat depth survey. The result of the survey shows: 1) the maturity of peat soil is saprik and hemik, peat with appropriate maturity to develop oil palm; 2) substratum layer under the peat is clay, dusty and loam with clay, the substratum layer under the peat is suitable for oil palm development since it is not sand group; 3) soil analysis result result shows that peat has low fertility.

BNS conducts manuring activity for peat land management by increasing doses of rock phosphate fertilizer.

Status: Full Compliance

4.4

Practices maintain the quality and availability of surface and ground water.

PT. BNS has practiced to maintain water quality, as seen in the SOP of Sustainable Plantation Management Manual, which among others contain the protection to the riparian (large river: 100 meters and small river: 50 meters). There is also a warning not to spray the main circles, spaces between rows of tress and roads located on the edge of the main canal (KUT), branch canal (KCB), central ditch and tertiary ditch.

PT. BNS has conducted test on quality of surface water (river) and groundwater (drilled-well) to ensure that the plantation activities does not impact negatively on the environment (water). Based on the field visit and interview with several workers, BNS has sought to keep the flow of the water (canal), for example spraying or manuring is prohibited to the oil palm trees planted on the banks of the canal.

There is an effluent test result in Teluk Bakau POM of BNS since June 2011 – June 2012 which showed that the quality of effluent with BOD₅ parameter discharged into the water does not comply with the quality standard in Decree of Environment Minister No. 51 Year 1995 (maximum BOD₅ of 100 mg/l). Related to the effluent quality standard defined above, BNS has handled WWTP improvement to reduce BOD₅ in order to comply the quality standard provisions started on 28 December 2011 and until the time of surveillance-1 the WWTP improvement has reached 70% completion progress. Auditor will conduct observation in the next visit (surveillance-2) related to the improvement of the WWTP in Teluk Bakau POM which is scheduled to be accomplished in November 2012. **(Observations 2 is raised)**

BNS has monitored the use of water for mill in the document of Water Efficiency. The result of the monitoring showed that water is routinely used every day, but the evaluation and improvement action have not been completed yet to the effectiveness of the water used. **(Observation 3 is raised)**

Status: Compliance with observation.

4.5

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

BNS has made a good IPM program to control pest population in the area of operation. Document of Program and Realization in IPM activities is available, include:

1. Program and Realization of Planting Beneficial plant with the ratio standard of 40 meters/hectare is in accordance with SOP 110/EST-ARM/08 section 16. For example, with the area of 3,169.74 hectares NLE needs Beneficial Plants as many as 126,790 meters. Until the period of 2011/2012 as many as 53,054 meters. Since it does not comply with the SOP so the planting program for the period of 2012/2013 is still available as many as 47,562 meters.
2. Program and realization of the construction of Barn Owl Box with the ratio standard of 1 unit/10 hectares is in accordance with the SOP 110/EST-ARM/08 section 16. For example, with the area of 3,169.74 NLE needs 317 meters of BOB until 2011/2012 as many as 147 pieces, with 34 more BOB remaining (BOB is made of wood so many of them are broken). Since it still does not comply with the SOP so there is a program of making Nest boxes for the period of 2012/2013 as many as 20 pieces.

3. A document of pest predators census (*Tyto alba*) is available, for example: Monitoring Nest Box in Block F006 and F036 are in good condition and there are tyto alba inside them. From field visit result the former prey, egg shells and feathers are found. Record of pest census result, for example: in the census of nettle caterpillar on 3 February 2012 in Block F08, there were nettle caterpillars with attack degree of 1 caterpillar/tree, which was still below the threshold.

BNS has conducted a training for all workers responsible for pest and disease management of oil palm. There is a record of the IPM training available, for example: Training records (attendance list, activity photos and training materials) about Beneficial Plant, Tyto Alba, Nettle Caterpillar and Bagworms (Census, and management) on 20-21 July 2012 at the office of Division I and II of NLE attended by Supervisor I, Maintenance Supervisor and HPT team.

There is a document of Chemicals and Toxicity Pesticide Monitoring of 2011/2012 available which explains types of substance used, pesticide registration number, Acure Oral Toxicity, Unit, Dose/hectare, Liter/hectare or Kg/hectare, LD-50/hectare (Mg/hectare), Active Substance (%), Active Substance/hectare in each estate, for example: Chemical Substance and Pesticide Toxicity Monitoring in NLE: Type of substance (Basta 200 AS), the use of substance: 1,974 liters, the area of application: 9,510, substance/hectare: 0.068 liter/hectare, active substance 20% and active substance/hectare: 0.144 liter.

Status: Full Compliance

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

There is a document on the List of Agrichemical Materials used as herbicides and insecticides and based on the Book of Pesticide Commission published by Agriculture Ministry of Republic of Indonesia edition in 2011(Updated) it is known that all types of pesticide used by the company are registered and authorized by Pesticide Commission, Agriculture Ministry of Republic of Indonesia.

Company has properly recorded the use of pesticide that informs the active substances used, area applied, amount of the use per hectare and the rotation of its use. For example: record of pesticide used in Rotan Semelur Estate; active material of Glyphosate, applied to an area of 1,238 hectare, with a rotation of once a year.

There is a record of chemical use that informs the species targets and the dose used. For example: the use in June 2012 with active herbicide material of Metil Metsulfuron and the dose used with the target species of broadleaf weeds.

Company has conducted identification to the type of waste resulted from the estate and mill operational activities. The result of the field visit in Nusa Lestari Estate (Hazardous Waste Warehouse) showed that hazardous waste management has been conducted properly. The hazardous waste warehouse has been registered and is equipped with PPE (Fire Extinguisher, gloves, mask).

BNS has showed the chemical substances used and there are no types of chemical substances categorized as prohibited and restricted substances. Paraquat has been no longer used since 2008 according to the policy of Head Plantation Operations No. POD-UM-128/X/2008 on Recommendation of Application Substitute for Paraquat Active Substance in the area of Minamas Plantation.

BNS has routinely performed regular medical screening for all workers including spray workers. The medical screening is performed every 6 months. In the period of June 2011 – July 2012 there were 2 medical screenings done by company doctors who were Company Hygiene and Occupational Health certified. Records on the screening showed that there are no chemical spray workers who experience health problems, pregnant or breastfeeding. Result of field visit and interview with the workers showed that all female workers (including spray workers) have understood the company policy of prohibition of the female spray workers to work during pregnancy or breastfeeding.

Status: Full Compliance

4.7

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

Organization has a policy about OHS implementation (dated 31 May 2007 signed by the CEO) to be applied in the Oil Palm Plantation and Palm Oil Mill, which is supported by the Memorandum from CEO on 8 September 2008. The policy of OHS program is elaborated in the Procedure of Guiding committee of OHS Policy No. 711/TQEMS/P2K3/07 regarding Procedures of Occupational Health and Safety (Adiminstration and Management, Guiding Committee of OHS, Accident Reports, Communication and Media of Communication, Personal Protective Equipment (PPE), occupational safety system).

There is also the latest OHS policy available in the form of Guidelines of the Sustainable Plantation Management on the Occupational Health and Policy (Policy No. 724/TQEM-SPMS/09 and OHS Guideliness illustrated with Oil Palm Estate (Policy No. 722/PSQM-PSS/10).

The implementation of the policy include:

1. Minamas has PSQM department in charge of evaluating and implementing the OHS in each company (Assisstant PSQM) and as a region (Sumatera) represented by Manager of ESH (Environment Safety and Health).
2. There is a Guiding Committee of OHS for every unit in each estate and mill that have been ratified by relevant agencies.
3. The company has installed safety signs, slogans, posters related to OHS and has conducted OHS socialization (Safety Briefing) to the workers.
4. All staffs and workers have gained occupational injury insurance in the form of JAMSOSTEK (Labour Social Assurance).
5. Conducting medical screenings for all workers who work at high risk stations. The medical screening is conducted every 6 months. The results of medical screenings are recorded and properly stored at the office of each estate.
6. There is a risk analysis and the handling available for each activity in the palm oil mill and oil palm estate.
7. Having an OHS training program for workers and conducting training for TBF boiler operator. **(Observation/CFA 2011.42 is closed)**
8. Providing and requiring the use of PPE appropriate to the risk of work based on the result of Hazad Identification Risk Assessment Control).
9. First Aid Emergency boxes are available at each location that can easily be accessed. Based on field observation to NLE housing, LSE fuel depot and Teluk Bakau POM, it is found that the Fire Extinguisher tubes used are still in good condition and have been regularly inspected. **(Observation/CFA 2011.43 is closed).**
10. Monitoring and recording occupational accident every month.

The result of field observation showed that every worker has used PPE appropriate to the kind of activities, the OHS facilities and infrastructure are well provided.

Status: Full Compliance

4.8

All staff, workers, smallholders and contractors are appropriately trained.

BNS has a training program for the period of 2012-2013 for staffs and employees (Manager, Senior Assisstant, Assisstant, TQEM, 1st Foreman, Store Clerk, Foreman, Machine Operator, Skill Workers, Harvester, Sprayer, General Worker, Foreign Worker, OSH Coordinator, OSH Committee, ERT/EPT Team, Auxiliary Police, and Contractor) in accordance with the needs and the increased competence.

The training attended by the staffs and employees has been recorded and properly stored by HRM (Human Resources Management) of Pekanbaru in the document of Minamas Plantation Training (for example records of Seminar/Training for Staffs and Employees (Internal) of Nusa Perkasa Estate that contain types of training and equipped with attendance list, minutes of training and

photographs).

The selection of contractors for activities is determined by considering the competence shown in the company profile, employee certificates, Operational License and Work Experience. There are training for local contractors for example harvest and maintenance contractors in accordance with the Program and Schedule of Training of PT. BNS contained in the document of training matrix of PT. BNS.

Status: Full Compliance

PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity

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

BNS already has documents of Environmental Impact Assesment/EIA (SEIA, Social Environment Impact Assessment) authorized by Agriculture Ministry. These documents contain data of air and water quality in the pilot period, environmental impacts that will occur, environmental management efforts and environmental monitoring efforts.

BNS has filed the report of Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) including management and monitoring of impacts on biodiversity (flora and fauna species) regularly to the Environment Bodies of District Indragiri Hilir. **(Minor non conformance CAR 2010.23 is closed)**

BNS is now constructing a new Palm Oil Mill in its operational area namely Mandah POM which is planned to launch at the end of the year 2012. BNS already has documents of Environmental Management Efforts (UKL) and Environmental Monitoring Efforts (UPL). The construction plan of new Palm Oil Mill (Mandah POM) with the capacity of 45 tons/hour and the documents have been approved by the Head of Environment, Mining And Energy Agency of Indragiri Hilir District. **(Observation 4 is raised)**

Status: Full Compliance

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

BNS already conducted identification of High Conservation Value (HCV), which were performed by Indonesia Sustainable Oil Palm Foundation (Yasbi) in October 2010. The identification result showed Potential HCV 1 covering 1,047.80 hectares, HCV 3 covering 1,038.37 hectares, HCV 4 covering 525.91 hectares and HCV 6 covering 0.55 hectare. 125 species of flora (3 of them are protected), 55 species of fauna recorded consist of 6 species of mammals, 8 species of reptiles were also found.

The HCV identification result showed that BNS has involved the government (for example Environmental Ministry/Regional Environment Impact Control Agency, Forestry Ministry/Forestry Agency) and relevant non-governmental organization (environmental and social) in compiling the High Conservation Value (HCV) areas.

BNS has conducted identification of depth of peat in the operational area which were performed by MRC (Minamas Research Center) and it is found that most of the peat area is over 3 meters in depth and BNS has set the management plan of the peat area by monitoring the subsidence in the peat surface. BNS has also planned to maintain the water level of 50-70 cm from the surface.

BNS has identified and added kinds of endangered animals such as *Felis bengalensis* and *Felis viverrinus* categorized in appendix I (CTES). Pangolin (*Manis javanicus*) is categorized in Rare animals according to IUCN. **(Minor non conformance CAR 2010.24 is closed)**

BNS has shown a reference No. 021/SK-YASBI/X/2012 dated 12 October 2012 regarding the result of HCV identification by PT. BNS and a peer review has been conducted. There is a map of HCV location in the appropriate scale. **(Major non conformance CAR 2011.44 is closed)**

The result of document review and field visit in Block B035 RSE and occupied areas identified as area of HCV 1,3 and 4, there is evidence of HCV location marking in the field in the form of HCV signboard.

(Minor non conformance CAR 2010.25 is closed).

BNS has taken several steps to protect rare or endangered animals, or HCV habitats by monitoring fauna and flora in BNS area by the HCV special officers who do some patrols and monitor the condition of the rare animals; and the installation of prohibition signboards of hunting protected animals and of electrocuting fish. BNS also formed Fire-Caring-Community/ Masyarakat Peduli Api (MPA) in Penjuru Village and Teluk Bunian Village to monitor and to control situation if fire occurs in BNS area including HCV areas. BNS has conducted socialization to all employees and community around the company about animals that should be protected by holding meetings and displaying posters and signboards. **(Minor non conformance CAR 2010.26 is closed)**

BNS already has an environment team that include trained HCV officers and HCV observers. The company also has conducted HCV training attended by managers, assistants and foremen. The HCV training is performed by HCV consultant (Aksenta).

Status: Full Compliance

5.3

Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.

The company has conducted identification to the sources of waste which generated from mills and estate operational activities. Some information such as the name of the generated waste, the source of waste, pollution potency, impacts and prevention recommendations can be obtained from this identification document.

The results of field observations at oil storage warehouse at Mandah Estate shown the making of shelter (second containment) in order to anticipate the direct exposition of oil spill to the ground. **(CFA/observations 2011.45 is closed)**

Based on the results of field visit at Nusa Lestari Estate and Rotan Semulur Estate, it was known that the company has implemented the management of waste in accordance with the results of the sources of waste identification. For example: The company has located all Hazardous waste at Hazardous Waste Landfill that has obtained license from the relevant authorities.

For clinical waste, its management has been carried out by collecting and storing it at Hazardous waste Landfill. For example, the minutes of the handover of used clinical waste of Nusa Lestari Estate Clinic on 29 February 2012 to the NLE Hazardous waste Landfill as much as 6,900 gram is available. The evidence records of the handover of Hazardous waste management report document to the relevant authorities is also available. For example: The Receipt of the handover of Hazardous waste Storage Report Document to the Local Environment Body of Indragiri Hilir District on 01 August 2012 for for the 1st and 2nd quarter of year 2012.

(Minor non conformance CAR.2010.29 is closed)

BNS has conducted the monitoring of the types of the waste which generated from mills and estates operational activities. For estate area, the company has conducted the monitoring of waste management (according to the type of waste that has been identified) and it has been reported to the relevant authorities every 3 months.

Status: Full Compliance

5.4

Efficiency of energy use and use of renewable energy is maximized.

Based on the use of energy on June 2012, which was 14.62 kWh/Ton of FFB, it was known that there is improvement of the usage efficiency compared to May 2012 which was 19.91 kWh/Ton of FFb was existed. For Teluk Bakau POM, BNS has given the provision of free electricity to the community around the mill since 2004. BNS has performed the the monitoring of the use of renewable energy and its analysis.

BNS has conducted the monitoring of diesel fuel usage for generators every month and the data of diesel fuel usage in year 2011/2012 is available, such as the analysis of diesel fuel usage on June 2012 which was 1.77 liter/ton of FFB. The use of diesel fuel

can be minimized by optimizing the use of all fibers and shells produced by Teluk Bakau Palm Oil Mill (POM) as boiler fuel.	
Status: Full Compliance	
5.5	
Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.	
<p>BNS has policies of not conducting any burning for new land opening and replanting activities in accordance with the SOP of land opening which is applicable at Minamas Plantation.</p> <p>Sustainable Plantation Management Guideline Policy No. 724/TQE-SPMS/09 point 5.7.2 regarding the Zero Burning Techniques and the Company's policy listed on the Manual reference of Oil Palm Agronomy Part 4: Land Preparation (Land Application) Point 3.1.b</p> <p>Records of Zero Burning is available, among others: Work Agreement Letter with PT. Cipta Karya Panebalindo (Contractor for tearing down oil palm stump) with WAL No. 005/BNS-NPE/07/2008 and the payment receipt of the work of tearing down oil palm stump on 18 May 2009 at Division V NPE covering 103.8 ha.</p> <p>PT. BNS has had the procedure of land fire handling which covers the preventive, curative action and administration activities. Map of fire-prone area of PT. Bhumireksa Nusa Sejati with fire-prone areas (TBE = 240 Ha, NLE=130 Ha, NPE = 450 Ha, RSE = 350 Ha, MDE=200 Ha) is available.</p> <p>(Minor non conformance CAR 2010.31 is closed).</p> <p>BNS has performed the monitoring of fire at its operational areas which conducted by the appointed and trained officers, in addition to that, BNS has formed the Fire-Caring-Community (MPA) at each village around the company aiming of assisting the observation and control if there is a fire either at the area of BNS estate or community area.</p> <p>Records of fire monitoring is available and listed properly at each estate in the form of written report every month.</p> <p>Records of Land Fire Emergency Response Training, such as: Firefighter Simulation/Training at NLE on 20 March 2012, equipped with photos of activity and attended by 18 participants. List of participants and Minutes of training were equipped as well and the activities of Emergency response simulation in case of fire, flood and earth quake at RSE housing complex on 13 August 2012 which was attended by 15 participants (list of participants is available), equipped with photos of activity.</p> <p>ThemMap of fire-prone areas of PT. Bhumireksa Nusa Sejati with fire-prone areas (TBE = 240 Ha, NLE=130 Ha, NPE = 450 Ha, RSE = 350 ha, MDE=200 Ha) is available.</p> <p>Firefighter team is available at each estate, for example: NLE Firefighter team consists of 3 Firefighting teams with 12 firefighters and 3 group leaders. Based on field observations at NLE and RSE, it was known that fire land infrastructures and facilities are available and well-functioned (water machine, hose, nozzle, firefighter uniform, mask, helmet).</p>	
Status: Full Compliance	
5.6	
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	
<p>BNS has implemented and monitored the activities of reducing pollution and emissions, such as:</p> <ol style="list-style-type: none"> 1. Keeping the generator engine performance in order to run preventive maintenance. 2. The planting of trees around the area of WWTP that serves to reduce odor. 3. Improvement of WWTP to reduce waste water pollution which is discharged into the water to meet the required quality standard. 	

4. Keeping the generator engine performance to run preventive maintenance.

Teluk Bakau POM has conducted the monitoring of pollution and emission air quality every 6 (six) months, for example the availability of the records of Air and Ambient quality monitoring results on 25 May 2012, where the testing was done by the third party (Environment Quality Testing Laboratory, BINALAB) which showed that those tested parameters were in accordance with the quality standard and valid regulations.

Teluk Bakau POM has conducted proper monitoring of smoke concentration level which was generated from boiler using *Smoke Density Meter* tool (**CFA/observation CAR 2011.46 is closed**).

Records of effluent management which informs the volume of effluent which generated from palm oil mills, and volume of effluent which discharged into the river after being treated by the process of aerob and anaerob through 11 effluent ponds circulation (1 cooling pond, 6 anaerobic ponds, 3 aerobic ponds and 1 sedimentation pond) were made and well-stored. BNS regularly checks and monitors the quality of effluent each month.

Status: Full Compliance

PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills

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

Document of social and environment impact analysis prepared by the third party is available. The preparation of this document involved all parties including the community.

The management of social impacts has been stated in the Environment Monitoring Plan/Environment Management Plan of PT. BNS, which among others including to prevent and handle the community restlessness and social jealousy (social management) which was done through the recruitment of employees from communities around PT. BNS; as the efforts to monitor the community restlessness (social impact management) were done through direct monitoring to the condition of the community. Detailed CD and CSR programs, the provision of public infrastructures and facilities are available. (**Minor non conformance CAR.2010.33 is closed**)

Revision of Environment Monitoring Plan/Environment Management Plan in year 2006 which has been approved by the Head of Environment, Mining and Energy Agency of Indragiri Hilir District is available.

BNS has routinely conducted the reporting of Environment Monitoring Plan/Environment Management Plan to the Environment Body of Indragiri Hilir District every 6 months.

There was no smallholders scheme at PT. BNS.

Status: Full Compliance

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.

BNS has owned the procedure of Communication and Consultation with communities (RSPO/6.2/KKM) on 01 July 2012. The company has also conducted the socialization towards this SOP changes to the surrounding communities on 13 August 2012 which was attended by 13 residents, records of meeting and socialization was recorded and stored properly.

The data of PT. BNS' Stakeholders which includes Stakeholders of government, NGO, Institutions related to Oil palm Estate

Management, community leaders, suppliers and costumers, partner contractors, Shools, Hospitals, Insurance and Banking is available. Recapitulation of the requests and responses letters which was compiled in the Book of Government Agencies/Stakeholders Information Requests and Responses is available. Most of the incoming letters is a request of assistance. In addition, the company has also been able to show the records of the minutes of consultation meeting with Penjuru Village community. In that meeting there were some points of agreement between the community and the company, namely:

1. Procedures for submitting complaints to the company.
2. Any help given by the company such as food, qurban animal and others is delivered through the head of the village.
3. Providing opportunities for communités around the estate to work as employee or to become a contract worker in the company.

The company has appointed a special officer who is in charge of performing consultation and communication with the community on behalf of Mr. Erianto with a memorandum from the GM of Riau Selatan Estate and South Sumatera on 26 May 2012 letter No. 120/RSS-pod/V/2012 regarding the assignment as the officer of communication and relation with the community.

Status: Full Compliance

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

The community complaints handling procedure (RSPO/6.3/PKM) and employee complaints handling procedure which therein has included a consensus for identification and calculation of land rights compensation and the involvement of the community representative and other institutions.

Requests and responses are recorded in the Book of Government Agencies/Stakeholders Information Requests and Responses. The physical evidence was compiled in the List of External Incoming Letter. Sample of Information Request Letter was a letter sent by PT. Sumatera Multi Indah No. 62/SMI/BNS-TBE/IX/2010 on 21 September 2010 regarding the Payment Proof Request of Income Tax 23 year 2009 (TBE). Most of the incoming mails are requests for assistance, such as Information Requests and Responses Document of NPE which 100% are requests for assistance. The Incoming/Outgoing letter Register is available.

There is evidence of land acquisition completion until the year of 2010 (For example; The Indemnity Original File on 1 August 2003 at the area of 255 Ha at Dendan II sub village, Simbar village, Kateman District) which includes the minutes of the community's arable land acquisition along with its supplement which was signed by parties of PT. BNS, Community Leaders, NGOs and aknowledged by goverment officials (Head of subvillage, Head of the village and Head of the District), A joint statement letter with communities who have arable lands, proof (receipt) of compensation handover, Statement of each landowner's rights recognition, results of crop inventory and other businesses as well as existing buildings, Letter of recognition of each landowner rights and documentation of compensation implementation. (photos of landowners who receive the compensation).

Status: Full Compliance

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

The conflict resolution mechanism is set out in the Occupied Land Acquisition No. 343/PSD-OKUP/11 which was legalized on 23 February 2012 describing the procedures and steps in resolving the land acquisition (described using flow chart).

Records of identification to parties who receive compensation are available and well documented. For example Statement Letter, Proof of Receipt, Results of plant/business/building inventory, rights recognition letter along with its photos. All standard documents in the occupied land acquisition process were made into Compensation Book and stored (filed) by the 'Department of Legal &

Corporate.

Based on interviews with the Gurah Baru sub village (Parit) communities, it was known that the agreement of land compensation for the development of Canal Access road to the location of Mandah POM has been accepted and agreed by both company and community.

There are records of land compensation to the communities on 12 May 2011 at the area of 8.13 Ha at Parit Gurah Baru, Teluk Bunian village, Pelangiran Sub district, Indragiri Hilir District regarding the development of Canal Access Road to the location of Mandah estate that will be operated and equipped with SKGR (Certificate of Compensation) and Minutes of Compensation between the company and the land owner.

Status: Full Compliance

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

BNS has shown the list of employees payroll in accordance with the applicable regulations and meet the standards of Local Minimum Wage (Decree of Riau Governor No. 11 year 2012). Policy on salaries and premiums received by employees has been known by the employees. Based on the interview with the employees, it was known that salaries and premiums given by the company have been in accordance with the applicable regulations.

There are two types of company rules applied at BNS, which are the Company's Regulations set by BKS-PPS (Cooperation Agency – Sumatera Plantations Company) with central board of Indonesian Workers Union (SPSI) division of Agriculture and Plantation in Indonesia (valid since 10 July 2010 until 09 July 2012) and based on explanation from HRM staff, it was known that the preparation of the new Collective Labour Agreement (CLA) was still in process and based on Article 25 paragraph 3 states that if at the end of CLA, the new CLA has not been set yet, then the old CLA continues to be fully applicable until the new CLA is published. As for Staff (managerial) the Collective Labour Agreement of Minamas Plantation is used as agreed between the parties of Minamas Plantation and Bipartite Cooperation Institution and the Head of each company's SP PP (40 companies) which has been signed by related parties on 7 June 2012 in accordance with the Decree of the General Director of Industrial Relationship Development and Labour Social Assurance, Decree No. 98/PHIJSK – PKKAD/PKB/VI/2012 on 19 June 2012. It is valid since 24 February 2012 until 23 February 2014.

BNS provides adequate facilities for employees including: Residential facilities for each employee, there are 5 units of Elementary School (Dwimas Sejati Private Elementary School), Teluk Bakau Estate Private Elementary School, Nusa Lestari Estate Private Elementary School, Mandah Estate Private Elementary School, Rotan Semelur Estate Private Elementary School, 1 unit of Junior High School (Dwimas Sejati Junior High School), 6 units of Kindergarten; Health facilities: there are 5 polyclinics, 1 Central Polyclinic (for hospital ward) and 1 estate doctor, transportation facilities, canoe (school boat), transportation for employee: 25 boats; praying facilities: there are 15 mosques and 1 church. Clean Water facilities: the company provides rainwater tanks and surface water with a volume of 500 liters in each tank at each house. Based on the result of field visits, it was known that each housing complex has already been equipped with water tanks and surface water (peat water). Drilling wells for the workers clean water fulfillment are available, for example at RSE block D30 use pipeline system.

There's an Work Agreement Letter between the company and the contractor (No. 016/RSE/LKL/III/2011) Article 2.6 which states that if a worker experiences any accident, it will become the responsibility of the second party (contractor) and article 2.7 states that the second party must provide the Personal Protective Equipment (PPE) and comply with SOP (especially related to OHS).

Based on the results of field observation at Block D 33 and interviews with the harvest workers (Harvest Contractor WAL No. 016/RSE/LKL/III/2011), it was known that the harvest contractor workers have been equipped with complete PPEs, adequate

<p>knowledge and skills as harvester and the company has provided Health Insurance, Occupational Accident Benefit and Death Benefit Program.</p>	
<p>Status: Full Compliance</p>	
<p>6.6 The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>	
<p>Company's policy concerning the freedom of joining a union listed on the guideline of SOP Management of Sustainable Plantation Management Guideline Policy No. 724/TQEM-SPMS/09 on 27 August 2010, Chapter Policies and Objectives Sub Chapter Indonesia Upstream Plantation Policy regarding Social Policies page 13 Point 5 explaining that the company is expected to respect the rights of all employees to form and join the Workers Union according to their choice and to perform cooperative negotiations.</p> <p>Based on results of interview with the Head of Indonesian Workers Union of NLE, it was known that the Indonesian Workers Union always performs meetings either internally or bi-partially with the company and records of the workers union's meetings were properly stored. Records of Indonesian Workers Union is available. For example: Meeting of NLE's Indonesian Workers Union on 09 July 2012 which discussed the plan of Iedul Fitri holiday.</p>	
<p>Status: Full Compliance</p>	
<p>6.7 Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education program. Children are not exposed to hazardous working conditions.</p>	
<p>BNS' policy concerning the child protection which is Policy No. POD/UM/052/III/2012 issued by the Head of Plantation regarding the prohibition of under age children employment is available.</p> <p>Records of the implementation of workers age requirements shown at the job vacancy announcement board which among others includes: requirements of lathe operator, which is 19-25 years old of age. Based on observations to BNS' workers and employees documents, it was known that there are no workers who are under the age of 18. Based on interviews with board of workers union at NLE, BNS didn't perform recruitment of workers under 18 years old.</p>	
<p>Status: Full Compliance</p>	
<p>6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>	
<p>There is BNS' policy regarding equal treatment and opportunities in employment vacancy in the form of Sustainable Plantation Management Guideline SOP No. 724/TQEM-SPMS/09 on 27 August 2010, which among others lists that all staff/employess should be treated properly and fairly in matters related to the hiring, advancement, job decriptions and condition, regardless of race, degree, ethnic, sex, skin color, imperfection (disability), sexual orientation, organization membership, political views, religion and age.</p> <p>Records of evidence of the provision of equal treatment and opportunities can be see on job vacancy information that does not require sex, race, caste, nationality, religion and gender.</p>	
<p>Status: Full Compliance</p>	
<p>6.9 Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.</p>	
<p>It is included in the Management SOP of Sustainable Plantation Management Guideline. Policy No. 724/TQEM-SPMS/09 Chapter Policies and Objectives Sub Chapter Indonesian Upstream Plantation Policy regarding Social Policies page 4 which is developing and implementing policies to protect women workers from crime and sexual harassment and protecting rights that are related to reproduction. The company's policies on the protection of reproductive rights were socialized by placing the policies on bulletin</p>	

boards of each estate and mill and set forth in the SOP of Sustainable Plantation Management Guideline and these documents are located at each Estate and Mill.

The evidence of the implementation of sexual harassment prevention policy can be seen through the action of facilitating the women workers with the establishment of Gender Committee in each estate. Through this organization, the right of women workers such as getting proper treatment in the family, not being abused, reproductive rights, and the empowerment of women workers have become the work program of this gender committee. The document of gender committee organizational structure is available

Based on field visits at Rotan Semelur Estate and Nusa Lestari Estate and interviews with women workers, it was known that all women workers have understood the existence of company's policy that protects the women workers' rights and socialization has been conducted by BNS management and the board of BNS' Gender Committee. **(CFA/observations 2010.36 is closed)**

The handling of specific complaints such as complaints on women issues can be addressed through Gender Committee and if the complaint or grievance of the women problems can't be resolved by the Gender Committee, it can be reported to the company representative, in this case is the Assistant and Manager.

Status: Full Compliance

6.10

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

Not applicable. BNS does not deal with smallholders and outgrowers.

N/A

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Records that shows the contribution of BNS to regional development are available, among others:

- a. The provision of 24 hours electricity every day for communities around Teluk Bakau POM as many as 96 families in nearby villages (Parit Sabar Menanti, parit Sabar Menunggu, Parit Tenaga Muda) since year 2003.
- b. The provision of students crossing bridge at Gurah Baru subvillage on 2 May 2012 as much as IDR. 1,500,000,-
- c. BNS provides health assistance in the form of free medical care to surrounding communities.
- d. BNS provides educational assistance of free school and free transportation to communities around the estate.
- e. Proof of tax/retribution payment year 2011 (Land and Building Tax, Income Tax, VAT, Local Government retribution).
Provision of Undergraduate Scholarship Program (Bachelor Degree and Diploma) Minamas Sime Darby 2012 for the children of employees and communities around the company operation units at 28 Universities in Indonesia.
- f. Supervision of jobs to local communities in the form of a job as contractor, such as the communities at Tagaraja village, Kateman Subdistrict for Raking Job.

(Minor non conformance CAR 2010.37 is closed)

The document of Management Plan Program of Social Impact Management (SIA) at PT. BNS and CSR Program & Community Development of PT. BNS period of 2012/2013 is available, and it was implemented based on the community's needs, such as:

- a. Community Empowerment Programs such Fire-caring-community, selection of local contractors, etc.
- b. Education such as scholarship programs, internships, assistance of teachers, assistance of libraries, assistance of computers, etc.
- c. Economics/improvement of community's facilities, such as the bridge construction at Desa Rotan Semelur, provision of electricity, etc.

d. Health, such as routine check-up and treatment for the community, cleft lip surgery, mass circumcision, etc.	
Status: Full Compliance	
PRINCIPLE #7 Responsible development of new plantings	
7.1	
A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	
<p>PT. BNS has done the study of EIA , HCV and Social Impact Analysis that covers the whole area of PT. BNS. There is involvement of the community in the preparation of this document. PT. BNS has conducted new planting after the year 2007 – 2009 covering 429 Ha at Nusa Perkasa Estate (NPE) and 108 Ha at Rotan Semulur Estate. Evidence of community involvement in that new planting in the form of land acquisition completion is available.</p> <p>Plans on reducing negative impacts contained in the management plan matrix is available. The management of negative impacts are: 1) changes in soil properties, 2) the potency of land fires, 3) the decrease of river water quality and Social conflict/restlessness. The operational procedure of negative impact management for changes of soil properties, decrease of river water quality and social conflict/restlessness is available.</p> <p>(Minor non conformance CAR.2010.23 is closed)</p> <p>No smallholders scheme at PT. BNS</p>	
Status: Full Compliance	
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.	
<p>Records of the analysis results of Semi Detailed Land in year 2012 and Report of Peat Depth Survey are available. Based on results of survey, it was known: 1) The maturity of peat soil is saprik and hermik, peat with this certain maturity is appropriate for oil palm growth; 2) Substratum layer under peat soil is clay, dusty and loam with clay, substratum layer under that peat is suitable for the growth of oil palm because it is not group of sand; and 3) Result of peat soil analysis indicates that peat soil has low fertility thus recommendation of manuring to increase fertility is determined. (Minor non conformance CAR 2010.38 is closed)</p>	
Status: Full Compliance	
7.3	
New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	
<p>The new expansion area since November 2005 has covered an area of 449.59 Ha, and based on the results of documents and observations reviews, there was no new expansion area (since November 2005) revealed in the areas that have been identified as HCV.</p> <p>Plan Map and realization of land clearing/replanting which refers to the identification of HCV are available.</p> <p>Based on HCV identification, it was known that BNS has involved the government (For example Environmental Ministry/Regional Environmental Impact Control Agency, Forestry Department/Forestry Agency) and NGOs of related fields (Social and Environment) in the preparation of High Conservation Value Area (HCV).</p> <p>BNS has conducted the identification of peat depth at its operational area which was done by MRC (Minamas Research Center), from this identification, it was known that most of the peat has over 3 m depth and BNS has made the management plan of peat area through the monitoring of the decrease the of peat surface and water management handling to maintain water levels at 50-70 cm of the soil surface.</p>	

BNS has identified and added types of endangered species such as *Felis bengalensis* and *Felis viverrinus* which are categorized into appendix I (CTES). Pangolin (*Manis javanicus*) is categorized into Rare animals based on IUCN. **(Minor non conformance CAR 2010.24 is closed)**

Based on results of document reviews and field visits to Block B035 RSE and occupied areas identified as HCV 1, 3 and 4, there were marking evidence at HCV location in the fields in the form of HCV signboards. **(Minor non conformance CAR 2010.25 is closed).**

Status: Full Compliance

7.4

Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.

Based on the results of Soil surveys and fields visits, there were no areas with certain slope found at PT. BNS area.

BNS has performed studies of peat depth for its whole operational areas and it equipped with marginal land map done by the MRC on 23 November – 4 December 2011. The available information are peat depth distribution area, peat maturity level distribution area, topography and soil fertility, location of sampling points, location of mills, location of emplasment for each estate and all estates of PT. BNS.

(Minor non conformance CAR.2010.11 is closed)

Status: Full Compliance

7.5

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

PT. BNS had had the EIA document which among others contains the affected social and environment aspects, source of impact, benchmark, environment management goals, environment management efforts, environment management location, environment management period, and environment management funding at each stage of activity. HCV document and Social Impact Analysis, which in the preparation involved many parties including the community are available.

The records of the socialization of plantation business opening can be seen from the minutes of the community's cultivated land acquisition which is located at the Land Use Title of PT. BNS.

Records of compensation agreement such as: the acquisition of the community's cultivated land at Dendan II Sub village, Sungai Simbar village, Kateman District, Indragiri Hilir District on 12 June 2007 which among others lists the number of land owner, space, number of lodge and compensation. (please see criteria 6.4)

Status: Full Compliance

7.6

Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.

Based on information from the management of PT. BNS and the village's community, it was known that there's no rights on land based on customary rights as well as the results of interview with Parit Gurah Baru's community (Artawan and M. Bahtiar) stated there are no customary rights. (Please see criteria 6.4).

Records of identification to parties who receive the compensation are available and well-documented. For example statement letter, proof of receipt, building/business/plant inventory results, Letter of recognition and its photos is available. All standard documents in the process of occupational land acquisition were made into Compensation Book and stored (filed) by the Legal & Corporate Department.

<p>Communities who lose access and rights of land which used for the Mandah POM development are given opportunity to benefit from the plantation development, such as the availability of transportation access that connects the village with the city area and the access to school becomes closer.</p>	
<p>Status: Full Compliance</p>	
<p>7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</p>	
<p>BNS has a policy of not conducting any burning for the new land opening and replanting activities in accordance with the land opening SOP which is applicable at Minamas Plantation.</p> <p>Sustainable Plantation Management Guideline Policy No. 724/TQE-SPMS/09 point 5.7.2 regarding Zero Burning techniques and company's policy listed on the Manual Reference of Oil Palm Agronomy Chapter 4: Land Preparation (Land Application) Point 3.1.b. Records of Zero Burning includes: Work Agreement Letter with PT. Cipta Karya Panebalindo (Oil palm stump unloading work contractor) with WAL No. 005/BNS-NPE/07/2008 and Receipt of the work of tearing down oil palm stump on 18 May 2009 for such activities at Division V NPE on the area of 103.8 ha is available.</p> <p>There's a fire-prone areas map of PT. Bhumireksa Nusa Sejati with fire-prone areas (TBE = 240 Ha, NLE=130 Ha, NPE = 450 Ha, RSE = 350 ha, MDE=200 Ha). Based on observations, BNS has implemented steps of land fire handling properly.</p>	
<p>Status: Full Compliance</p>	
<p>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</p>	
<p>8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</p>	
<p>BNS has owned the implementation and monitoring action plan in estates and mills activities which listed on Environment Management Plan/Environment Monitoring Plan period January – December 2011 and there are also sustainable improvement plans set out in Mill Advisor and Plantation Advisor visits which describes plans to reduce or mitigation of identified negative impacts, such as</p> <ul style="list-style-type: none"> - Reduction of solid waste such as fiber which previously were stored for sale will be used entirely as boiler fuel for processing activities at mills. - Maintain healthy working environment by conducting routine medical check-up to all employees every year. - Provide opportunities of procurement contract and transport services to the local communities to improve their economy. - Management and monitoring of air and noise quality is sustainably conducted every 6 months in collaboration with relevant agencies. - Planting certain trees that capable to adsorb water at riparian area of PT. BNS location to re-develop it as HCV area. <p>BNS has shown evidence of efforts to follow up non-conformances found during stage-2 assessment. The results of the verification by the MUTU auditor to those non-conformances, such as the monitoring and management activities of impacts on biodiversity (Flora and Fauna Species) which were inserted into Environment Monitoring Plan/Environment Management Plan period 1 year 2012.</p>	
<p>Status: Full Compliance</p>	

3.2. Summary of Assessment Report of Supply Chain

Clause	CPO Mills Mass Balance Model Requirements
1	Documented Procedures
1.1	<p>The facility 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:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements.</p> <p>b) The name 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 facilities procedures for the implementation of this standard.</p>
	<p>a) The SOP of Teluk Bakau Mill refers to the Palm Oil Technical Guideline 1,2 and administration that appropriates to Memorandum of Head Plantation Operation No.POD-UM-154/VII/2010 on 26 July 2010, among others include:</p> <ul style="list-style-type: none"> • Fruit receipt No. 110/POD-FAC/07, Boiling (sterilization) No. 110/POD-FAC/07, Striping No. 110/POD-FAC/07, Stirring (digesting) No. 110/POD-FAC/07, Compression (pressing) No. 110/POD-FAC/07, purification (clarification) No. 110/POD-FAC/07, Station of seed and Fiber No. 110/POD-FAC/07, Kernel Station No. 110/POD-FAC/07, palm oil Stockpiling No. 110/POD-FAC/07. • Teluk Bakau POM has owned the Supply Chain SOP No. 021/BNS-SC/06/12 which was legalized on 2 June 2012 by the Chairman of SOU 18, Manager of POM and ESH Manager which describes the implemented product traceability form is <i>Mass Balance</i>. <p>b) Officers responsible for the implementation of this requirement are:</p> <ul style="list-style-type: none"> - The Factory Manager of Teluk Bakau POM who stores and maintains all documents and records of the use of all raw materials, and supporting facilities used in the production process and the quality of final product. - Plantation Sustainable Quality Management (PSQM) Assistant who checks the quality of FFB at POM and makes daily recapitulation. - Laboratory Assistant who performs the analysis and testing of the quality of raw materials and products at all production stages at Teluk Bakau POM. - Assistant/ Senior Assistant/ Bulking Manager is responsible for the transportation of CPO and PKO products from mill to bulking station.
	Full Compliance
1.2	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>
	<p>The company has owned the mechanism of fruit receipt by requiring drivers to indicate the Fruit Delivery Letter from each estate and fruit contractor. The Fruit Delivery Letter explains the source of fruit and its quality.</p> <p>The Palm Oil Mill SOP was legalized by the Mill Controller on December 2011 which covers the SOP of Weighbridge station, loading ramp, Boiler station, tripler and Tresher, digester station, press station, oil room station, depericarper station, Nut Cracker station, Silo Kernel, CPO dispatch, Palm Kernel Dispatch, Boiler House and Power plant.</p> <p>Teluk Bakau POM, BNS doesnt have the documentation procedure of FFB receipt and processing which separates the RSPO certified products and uncertified products, however all FFBs processed by BNS were generated from certified smallholders.</p>
	Full Compliance

2	Purchasing and goods in
2.1	
The facility shall verify and document the volumes of certified and non-certified FFBs received.	
Teluk Bakau POM, BNS has show the documentation of acceptance for FFB certified and noncertified RSPO, however at Teluk Bakau POM processing hundred percent of FFB from BNS certified estates and does not receive any FFBs from another source.	
Full Compliance	
2.2	
The facility shall inform the CB immediately if there is a projected overproduction.	
Teluk Bakau POM, BNS is capable to recognize and claim the certified products during a year, amounted to 172,093 ton of CPO product and 35,107 ton of Palm Kernel at period of 11 October 2011 until 10 October 2012. When the surveillance audit was conducted, total of CPO and Kernel produced by Angsana POM since 11 October 2011 until 2 September 2012 was 33,602 ton of CPO and 7,434 ton of Palm Kernel. Up to the time of Surveillance audit, the production of CPO and Kernel which claimed as certified products by Teluk Bakau POM-BNS has not exceeded those projected, however the management of Teluk Bakau POM-BNS is committed to provide information to Mutuagung Lestari if there are CPO and Palm Kernel production that exceeds those projected. Teluk Bakau POM – BNS, Minamas Plantation did not sale the RSPO certified products which are CSPO and CSPK through <i>Green Palm nor UTZ</i> .	
Full Compliance	
3	Record keeping
3.1	
The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	
<i>Complete records and reports can be demonstrated by the company listed in the document:</i>	
All records and reports have been completely created and stored by the company. The document storage system is in the form of soft copy of System Application Program (SAP), Sime-Weight Program for FFB, CPO and Kernel weighing, and FFBGS (Fresh Fruit Bunch Grading System) to determine the quality of FFB that's going to be processed, as for the hard copy (print out) documents were stored in the administration room of Teluk Bakau POM. Teluk Bakau POM has owned the Production Daily Reports document that describes the records of all aspects such as the in and processed FFB, the results of CPO quality and capacity, the results of Kernel quality and Capacity, CPO and Kernel delivery, and CPO and Kernel Production Stock.	
Full Compliance	
3.2	
Retention times for all records and reports shall be at least five (5) years.	
Teluk Bakau POM, BNS has established the minimum retention time of 5 years and shown the records related to the records of FFB receipt to oil storage at storage tanks such as Daily reports, incoming and processed FFB, Mill Utilization, Results of CPO quality and capacity, Quality of oil in the storage tank, CPO and kernel delivery data (delivery order) and Process Control Report document retention time is fixed at 5 years. There's evidence of documents stored 5 years ago, such as:	
1. Fruit Delivery Letter Number at Nusa Lestari Estate and weighing ticket number 024707 on 9 January 2003 that explains the date of harvest, FFB was from Nusa Lestari estate, Division II with a total of 1,001 bunches, FFB of 4,310 kg in weight, the vehicle's number and legalization of weight bridge officer.	

2.	The Delivery Letter of Palm Kernel on 18 June 2007 which explains the contract number, net weight of 2,000 kg, dirt, supplier, and product names.
	Full Compliance
3.3	<p>(a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>(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.</p> <p>(c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.</p>
	<p>BNS has owned the Summary of Production and Dispatch Record for Month. Describing the fruit received data, Rainfall, Oil (Produced oil, Extraction Rate, Technical Specification (FFA), process hours, Throughputs, weight per cage), Kernel (Produced, Extraction Rate, Technical Specification (Moisture, Dirt and shell), Dispatched oil, stock oil, Dispatch kernel, Stock kernel and Ready stock, however BNS has not been able to show the records documents and to balance the RSPO certified FFB for the delivery of CPO and Palm Kernel for every 3 months.</p> <p>Teluk Bakau POM – BNS, Minamas Plantation did not sale the RSPO certified products which are CSPO and CSPK through <i>Green Palm nor UTZ</i>.</p>
	Full Compliance
3.4	<p>The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.</p>
	<p>Teluk Bakau POM, BNS has shown the Sales Contract Document.</p> <ol style="list-style-type: none"> CPO product with Sales Contract No. 00116/BNS/KTR-MKS/LOK/VII/2012 on 27 July 2012 which explained the trading name which is CPO (Crude Palm Oil) with Free Fatty Acid (As Palmitic) quality with maximum 5%, Moisture and 0.5% impurity and maximum quantity 3,200,000 kg. Palm Kernel product, Sales Contract No. 00069/BNS/KTR-IKS/LOK/VIII/2012 on 27 August 2012 which explained the trading name which is Palm Kernel, product quantity, with Moisture quality, Impurity and Sales dirt maximum of 16%. <p>Based on document observation, it was known that the Mass Balance supply chain system and that the sold products are RSPO certified products are not explained in the Sales Contract document, however Teluk Bakau POM-BNS, Minamas Plantation did not sale the RSPO certified products which are CSPO and CSPK through <i>Green Palm nor UTZ</i>.</p>
	Full Compliance
3.5	<p>In cases where a mill outsources activities to an independent 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>
	<p>Teluk Bakau POM, BNS only performs selling of Palm Kernel to third parties and doesn't cooperate with the Kernel Crushing Plant manager.</p>
	Full Compliance
4	Sales and goods out
4.1	<p>The facility shall ensure that all sales invoices issued for RSPO palm oil delivered include the following information:</p> <ol style="list-style-type: none"> The name and address of the buyer The date on which the invoice was issued

<p>(c) A description of the product (d) The quantity of the product delivered (e) Reference to related transport documentation</p>	
<p>Teluk Bakau POM, BNS has ensured all issued invoices of palm oil delivery contain the necessary information for example Invoice No. 00222/BNS/VII/2012 for CPO product which explains:</p> <p>a) Name of Buyer i.e. PT. Synergy Oil Nusantara which is located at Jalan Raya Pelabuhan Kabil KM.12.5 Kabil, Batam, Riau-29400. b) Invoice was issued on 28 July 2012. c) Description of product; Crude Palm Oil, but doesn't explain the type of RSPO certified products. d) number of delivered product was 3,188,727 Kg. e) The agreed delivery and transportation which was CPO in Bulk where buyers take from the specified bulking station.</p>	
	Full Compliance
5	Training
<p>5.1 The facility shall specify and provides the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	
<p>Teluk Bakau POM, BNS has conducted the RSPO Supply Chain System Certification training on 30 July 2012 in Nusa Lestari Estate office which was presented by the Plantation Sustainability Quality Management department (ESH Manager) and attended by 18 Estate and Mil staff.</p>	
	Full Compliance
6	Claims
<p>6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.</p>	
<p>Teluk Bakau POM, BNS has not been able to show the use of claims to support the RSPO certified palm oil in accordance with RSPO Guidelines for Communication and Claims stated in Sales Contract, Delivery Order and Invoice, however Teluk Bakau POM-BNS, Minamas Plantation did not sale the RSPO certified products which are CSPO and CSPK through <i>Green Palm nor UTZ</i>.</p>	
	Full Compliance

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
S1	BNS has logo and certificate approval/permit from Mutu.	√
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
S1	The Company does not use the logo both on-product and off-product within the scope of PT.Bhumireksa Nusasejati.	√
3.	Implementation of Certificate and Logo is not used on product	X or√
S1	The Company does not use the logo both on-product and off-product within the scope of PT.Bhumireksa Nusasejati.	√
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
S1	The Company does not use the logo both on-product and off-product within the scope of PT.Bhumireksa Nusasejati.	√

3.4 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.

During the first surveillance assessment all the Stage-2 findings were closed and 1 (one) nonconformities were assigned against Major Compliance indicator and 4 (four) opportunities for improvement were identified. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in this section. The company prepared a corrective action that was reviewed and accepted by MUTU and corrective actions taken to close all non-conformities shall be verified during next assessment.

3.4.1 Identification of Findings, Corrective Actions and Observations at Stage-2 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2010.02	Major 1.1.3 Major 1.2.2	Records Retention Time. The retention time of request and response information related to stakeholders including the legal documents, social and environment has not been established.	Estate and Mill	Minor	Surveillance -1	The establishment of the information request/response records retention time.	The organization has established the retention time of records for all documents (such as legal documents and information request records) which is one year but it needs to be reviewed adjusted to the type and level of importance of each document. 04 September 2012 The company has the revision of the document retention time determination based on its needs and importance. For example: - The need of audit inspection/assessment for 3	Closed	04 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> years. - Reference needs for 10 years. - Law and statues up to revision. - Information request and response for 2 years. - The company's policy up to revision. - The land compensation records for unlimited time (continually stored as long the mill is still in operation) 		
2010.06	Major 2.2.3	<p>Progress of land conflict resolution.</p> <p>Identification of occupied land (Land conflict) has been carried out, which is divided into land conflicts that have been resolved and those that have not. For land conflicts that have not been resolved, the organization has not been able to show the resolution progress with conflicts resolution process that can be accepted by all parties, For example: at Rotan Semelur Estate (RSE), there was findings of a land conflict which was</p>	Estate	Minor	Surveillance -1	<p>The establishment of land conflicts resolution for unresolved occupational land.</p> <p>Provide evidence of conflict resolution process that can be accepted by all parties including its progress.</p>	<p>Auditor Team Verification at the time of Main Assessment: In the working area of PT. BNS, there were still 5,069 Ha occupied areas (At RSE, MDE and NPE) found. Related to this matter, the Auditor Team has not found adequate information of the implementation of resolution efforts that can be accepted by all parties.</p> <p>The company has to provide resolution progress that can be</p>	Closed With Observation	06 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		not yet resolved at area of 2,433.71 Ha, including ± 30 Ha area that belongs to the Late Mr. Nurung (Mr. Agus) family.					<p>accepted by all parties on unresolved occupied land</p> <p>18 April 2011. The company has provided formal testimony records that showed a meeting between the Company and the local community on 24 March 2011. The results of that meeting concluded that BNS will not open the land where local communities have occupied it at BNS work area, and the local community will not interfere BNS area by improving the area up to present. This meeting involves all parties including BNS management, local community and the Head of the village.</p> <p>03 September 2012. Based on interviews with the community of Gurah Baru Sub village (Arthawan and H. Bachtiar) regarding the socialization of company policy</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							that the company will not open the land where local people have occupied in the BNS work area, so the community approved the policy.		
2010.09	Minor 4.2.1	Soil Analysis. BNS has not been able to show the results of soil analysis.	Estate	Minor	Surveillance -1	BNS should be able to show the results of soil analysis	BNS has shown the records of soil analysis at the area planned for new plants, but it has not been completed with sufficient scale maps, as for mature plants area, the activity of soil analysis has not been conducted. 06 September 2012. There are records of soil analysis year 2012 conducted by Minamas Research Center (MRC) on 23 November - 4 December 2011 was done in all areas of PT. BNS describing the peat soil chemical characteristic in all PT. BNS work areas.	Closed	06 Sept 2012
2010.11	Minor 4.3.1; 7.4	The marginal land information availability. BNS has not been able to show the information of marginal land.	Estate	Minor	Surveillance -1	The organization should provide information related to soil condition especially land with marginal characteristic.	The organization has not conducted the detailed or semi-detailed soil survey activities so that the information of marginal land location described in	Closed	04 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>sufficient map is not available.</p> <p>04 September 2012 PT. BNS has shown the peat depth (marginal land) survey document year 2012 conducted by Minamas Research Centre (MRC) which shows the information of marginal land.</p>		
2010.12	Minor 4.3.4	<p>Measurement of surface water level BNS has conducted the daily monitoring of surface water level at each estate, for example: PT. BNS KUT water level monitoring document, March 2010. However, the evaluation related to the subsidence in peat soil surface has not been conducted.</p>	Estate	Minor	Surveillance -1	<p>The organization should perform the evaluation of the results of surface water level measurement and make efforts to maintain the surface water level at the average of 60 cm (range 50-75 cm)</p>	<p>The organization has conducted the monitoring of water surface level and subsidence of peat soil surface regularly. However, the auditor team assessed that the number of surface peat subsidence monitoring points still didn't represent the overall area and evaluation of the monitoring of surface water level to the peat surface subsidence has not been conducted yet.</p> <p>04 September 2012 PT. BNS has added the number of peat soil subsidence monitoring point at each block (1</p>	Closed	04 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							unit) and evaluation has been conducted.		
2010.23	5.1 Major 7.1.1, 8.1	Environment Impact Analysis The environment impact analysis documnt is available in the form of Environment Monitoring Plan/Environment Management Plan which was approved by the Head of Environment, Mining and Energy Agency, but the substance does not include the impact management on biodiversity (flora and fauna species); and POM development plan at Mandah Estate.	Estate and Mill	Minor	Surveillance -1	The company should revise the Environment monitoring Plan/Environment Management Plan document with the consideration of impact on biodiversity, the construction plan of new POM at Mandah Estate and reporting its implementation regularly to the relevant authorities.	BNS has conducted the Environment Monitoring and Management activities and has also filed reports which has been delivered to the relevant authorities on a regular basis, however there has been no evidence of the existence of monitoring and management activities of the impact on biodiversity included in the Environment Monitoring Plan/Environment Management Plan. 04 September 2012. BNS has demonstrated the activities of monitoring and management of impacts on biodiversity (Flora and Fauna species) listed in the report of Environment Monitoring Plan/Environment Management Plan period 1 year 2012.	Closed	04 Sept 2012
2010.	5.2; 7.3	Identification of protected species	Estate	Minor	Survei	The orgaization should rewiew the	06 September 2012	Closed	06 Sept

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
24		<p>and HCV. Protected Species and High Conservation Value area (HCV) have been identified and defined, but it's doesn't entirely refer to the Guideline of High Conservation Value Identification in Indonesia, among others: (1) not yet involving the government at the time of public consultation (for example: The Environmental Ministry/Bapedalda).</p>			Ilance -1	results of HCV identification as refer to the Guideline of HCV Identification in Indonesia;	Based on the HCV identification, it was known that inside the company, it has shown the involvement of government (such as the Environmental ministry/Bapedalda, Forestry Ministry/Forestry Agency) and NGOs of related fields (Social and Environment) in the preparation of High Conservation Value (HCV) area.		2012
2010.25	Major 5.2.2; Major 7.3.2	<p>HCV Area Delineation. The organization has not consistently performed the delineation of HCV area that have been identified in the work area of BNS. For example: There was no findings of identity and boundary marking in areas that have been set as HCV 4, Dendan River riparian area.</p>		Minor	Surveillance -1	The organization should conduct the physical delineation of the entire area that has been set as HCV area.	<p>There has been evidence of the marking of HCV location at the fields in the form of signboards, however boundary marking has not been done to all HCV locations. For example HCV 1, 3 and 4 at Dendan River area and Occupied area.</p> <p>06 September 2012 Based on the document review and field visits to Block B035 RSE and occupied area that have been identified as HCV 1, 3 and 4 area, there was evidence of the HCV location marking at the fields in the form</p>	Closed	06 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							of HCV signboard.		
2010.26	Minor 5.2.1	<p>Socialization of the protected species. BNS has installed a number of warning signs to ban hunting in order to protect rare and protected species and high conservation value (for example in POM; block E-11 Km 17 NPE for HCV 1; etc), but did not specifically detail what kind of species and what regulation governs them, and there is no evidence that the publication and socialization have been conducted to the employees and surrounding community on how to handle it.</p>		Minor	Surveillance -1	Organization needs to socialize the presence of the protected animals and the regulation that governs them to all employees and surrounding community, either directly or indirectly (through posters and warning signs installed in the work area of BNS)	<p>Company has installed posters and warning signs equipped with the relevant regulation. However, there is still no sufficient evidence about the socialization regarding the presence of the protected animals to all employees and community.</p> <p>06 September 2012 Result of field observation and interview with the villagers of Gurah Baru, Parit Lima, and with the harvest workers of RSE showed that the company has conducted socialization (for example: on 4 August 2012) to all employees and surrounding community regarding the presence of the protected animals.</p>	Closed	06 Sept 2012
2010.29	Minor 5.3.1	<p>Hazardous Waste Management Hazardous waste in the landfill has not been recorded according to the format of the balance sheet in the</p>		Minor	Surveillance -1	Recording the hazardous waste according to the format of hazardous waste balance sheet (permission from Environmental	Recording of hazardous waste in Hazardous Waste landfill of Teluk Bakau POM and in the estate (for example MDE) has	Closed	04 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		<p>Hazardous Waste Landfill licensing from Environmental Ministry and has not been reported regularly to the relevant institution every 3 months. Clinical Hazardous Waste management has not been fully maintained in accordance with applicable regulation (Government Regulation 18/1999 and Government regulation 85/1999), namely the evidence of records of clinical hazardous waste, waste delivery to the licensed hospital.</p>				<p>Ministry) and regular reporting to relevant institution.</p> <p>Recording and managing clinical hazardous waste in compliance with the regulation.</p>	<p>been in accordance with the format of hazardous waste balance sheet contained in the license issued by relevant institution. Hazardous waste monitoring that has been conducted by PT. BNS in the Mill and Estate has not been reported to relevant institution.</p> <p>Clinical hazardous waste has been stored in the hazardous waste warehouse (for example in MDE), however, the evidence of the clinical hazardous waste delivery to the licensed hospital has not been provided yet.</p> <p>04 September 2012. Company has conducted management of clinical waste by collecting and storing them in Hazardous Waste Landfill. There is a minute records available on the handover of consumable polyclinic material waste of Nusa Lestari Estate dated 29 February 2012 to the Hazardous</p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>Waste Landfill of NLE in the amount of 6,900 grams.</p> <p>There is also a record evidence on the handover of hazardous waste management report document to the relevant institution. For example, document receipt of the Report of Hazardous Waste Storage to the District Environmental Bodies of Indragiri Hilir District dated 01 August 2012 for 1st and 2nd Quarter of the year 2012.</p>		
2010.31	Major 5.5.3	<p>Procedures of Land Fire Emergency Response.</p> <p>Company already has procedures of land fire management that include preventive action (prevention) and curative (action). However, to refine the procedures, they need to be complemented with the stages of identifying and mapping the areas that considered to be fire-prone, and determining frequency of supervision in accordance with the level of proneness.</p>	Estate	Minor	Surveillance -1	Fire handling procedures should be revised to include procedures of identification, mapping and system of patrol	<p>There is neither any evidence of improved procedures for handling land fires nor identification map of fire-prone area provided. However, in the field, the stages of handling fire have been implemented adequately.</p> <p>07 September 2012.</p> <p>There is a map of fire-prone area of PT. Bhumireksa Nusa Sejati (TBE = 240 Ha, NLE=130</p>	Closed	07 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2010.33	6.1	<p>Environmental Management Plan-Environmental Monitoring Plan Report.</p> <p>Report of environmental management and monitoring were compiled and reported to the relevant institutions (Report of the 2nd Semester year 2009), but the report has not yet fully described BNS activities that have social impact to the environmental issues, access to employment and the increase of household incomes along with the follow-up.</p>		Minor	Surveillance -1	Managing and monitoring the social impacts periodically covering environmental issues, access to employment and the increase of community income, and evaluation to be followed up.	<p>Ha, NPE=450 Ha, RSE=350 Ha, MDE=200 Ha).</p> <p>Report of Environmental Management Plan-Environmental Monitoring Plan is compiled periodically but has not described in detail the social impact caused by the operations of PT. BNS, and there is no enough evidence that shows any reports on social impact management and monitoring based on the result of social impact analysis.</p> <p>07 September 2012 PT. BNS has completed the RKL/RPL Report of semester I year 2012 by describing the activities that have social impact including community restlessness that discuss Management and Monitoring: welfare of the community and employees, and social jealousy. There are also detailed CD and CSR programs, the provision of</p>	Closed With Observation	

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							public facilities and infrastructure.		
2010.36	6.9	<p>Policy of Women's Reproductive Rights Protection.</p> <p>Organizational policies of reproductive rights protection need to be clarified to be documented and communicated.</p>	Estate and Mill	CFA	Surveillance -1	Completing the organizational policies of reproductive rights production, documented and discussed.	<p>Organization has documented the policies of reproductive rights protection and prevention from sexual harassment, and also has socialized the policies to all employees. However, from the interview with 6 female workers in RSE, 5 of them still does not know the policies so the socialization is considered less effective.</p> <p>06 September 2012</p> <p>The result of field visit and interview in RSE Block B033 showed that all female workers have acknowledged the company policies regarding women's reproductive rights protection.</p>	Closed	06 Sept 2012
2010.37	6.11	<p>CSR Program</p> <p>CSR Program conducted by the organization is primarily concerned with the assistance to the local community and has been recorded,</p>	Estate and Mill	Minor	Surveillance -1	Identifying community needs that are participatory and transparent and is planned annually.	CD/CSR program that is related to local development has not been based on identifying the needs of the community even it has been planned annually.	Closed	06 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		but the program related to the local development has not been based on the community needs and is still not scheduled every year.					<p>06 September 2012</p> <p>Based on the interview of Gurah Baru villagers, PT. BNS has identified the needs of the community for CSR program such as free education for the community.</p>		
2010.38	7.2	<p>Suitability of peat land.</p> <p>Company has not provided records of land suitability for peat soil as a result of land survey and as a basis for the implementation of plantation development based on the land suitability, including the compliance with Regulation of Agriculture Ministry 14 year 2009 regarding the use of peat land for oil palm plantation.</p>		Minor	Surveillance -1	Providing the recording of land suitability that covers the whole information of land survey. For example: the climate, type of soil, soil fertility, depth of peat, drainage, etc.	<p>There is a survey result on the feasibility of the peat in the areas planned for new planting. However, the information provided does not include information of soil fertility, depth of ground water, drainage and topography, and are not presented properly in a map.</p> <p>07 September 2012.</p> <p>Soil analysis is performed every 5 years. There is a recording of analysis result of Semi Detal Soil in 2012 and Report of Depth of Peat Survey. Based on the result of soil analysis, PT. BNS has peat soil and slope class of Flat equipped with Monthly Rainfall Data in the period until</p>	Closed	07 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							July 2012.		
2011.39	Major 2.1.1	<p>The Compliance with the Regulation.</p> <p>It is proven that the company's activities have not been in accordance with applicable regulation, for example:</p> <p>1. Regulation of Environmental Ministry No. 3 Year 2008 on the installation of Hazardous Waste symbols. There are no hazardous waste symbols in the chemical warehouse and no fuel in the mill area.</p>	Estate and Mill	CFA	Surveillance -1		<p>07 September 2012.</p> <p>Result of field visit to Hazardous Waste and Hazardous Material Warehouse in NLE, RSE and TBF showed that the company has equipped the warehouse with the hazardous waste and hazardous material symbols referring to the Regulation of Environmental Ministry No. 3 year 2008.</p>	Closed	07 Sept 2012
2011.40	Minor 2.2.2	<p>Mechanism of Conflict Management.</p> <p>There is a mechanism of conflict management available but the socialization was only done in TBF.</p>	Estate	CFA	Surveillance -1		<p>03 September 2012.</p> <p>BNS has shown socialization recording of Occupational SOP to the people of Rotan Semelur Village TBE, Pelangiran Subdistrict on 13 August 2012, which was attended by representatives of the village (Head of Rotan Semelur Village, secretary of village, head of sub village and chairman of neighborhood association).</p>	Closed	03 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							SOP socialization of Compensation Demand Mechanism in Mandah Estate unit on 15 October 2010 was attended by 16 participants.		
2011.41	Minor 4.4.2	Records of mill effluent monitoring. Recording of the mill effluent monitoring conducted once a month cannot be presented completely. For example, monitoring record of BOD in July, September, October and December 2010.	Mill	CFA	Surveillance -1		05 September 2012. Teluk Bakau POM of PT. BNS has presented the documentation of Effluent Monitoring Report which was conducted by Public Work Agency, Indragiri Hilir District, Riau Province. The results from June 2011 to July 2012 are available and properly documented.	Closed	05 Sept 2012
2011.42	Minor 4.7.4	Occupational Health and Safety License. Based on the realization of external training program of TBF, there are 2 boiler operators having expired OHS license.	Mill	CFA	Surveillance -1		05 September 2012. TBF has trained a boiler operator in Teluk Bakau POM (Mr. Hasan)	Closed	05 Sept 2012
2011.43	Minor 4.7.6	Fire Extinguisher (APAR) Tube. Company already has adequate fire extinguisher tubes and performs periodic inspection. However, based on the field visit, there has not been		CFA	Surveillance -1		06 September 2012. Based on the field observation to NLE housing, LSE fuel warehouse and Teluk Bakau POM, it is known that the APAR	Closed	06 Sept 2012

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		enough evidence of the expiration period of each APAR tube owned by the company. It is recommended to complete information of the toxic expiration period for each toxic tube owned by the company.					tubes used are still in good condition and have been regularly inspected.		
2011.44	Major 5.2.1	HCV Assessment. Company has developed an HCV assessment. However, there is not enough evidence that peer-review has been conducted and the map in the document has not been presented in adequate scale as required in Indonesia HCV Toolkit.		CFA	Surveillance -1		16 October 2012 BNS has shown a reference No. 021/SK-YASBI/X/2012 dated 12 October 2012 regarding result of HCV identification of PT. BNS. A peer-review has been conducted and the map of HCV location has been presented in adequate scale.	Closed	16 October 2012
2011.45	Major 5.3.2	Oil Waste Pollution. There is no Second Containment found to accommodate the spills or oil in case of leakage as what happened to Mandah Estate. Company should construct Second Containment to anticipate the oil leakage in MDE warehouse.		CFA	Surveillance -1		06 September 2012. BNS has done improvement to anticipate the oil leakage by making a Second Containment in MDE warehouse.	Closed	06 Sept 2012
2011.46	Major 5.6.2	Smoke Density Meter Records. Recording from the smoke density meter tool cannot be completely presented.		CFA	Surveillance -1	It is highly recommended to present and keep all smoke density meter records completely.	Teluk Bakau POM of PT. BNS has shown records of Smoke Density Meter completely.	Closed	06 Sept 2012

3.4.2 Identification of Findings, Corrective Actions and Observations at Surveillance-1 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2012.01	Major 2.1.1	<p>Regulatory Compliance.</p> <p>BNS has not yet fully complied with the applicable regulation, such as:</p> <ol style="list-style-type: none"> Boiler operators in Teluk Bakau POM has expired Operator Licenses (SIO), which was not in accordance with Regulation of Labour Ministry No. 1 year 1988 regarding the qualification of boiler operator. Welders in Teluk Bakau POM do not meet the requirements as welders in accordance with Regulation of Labour Ministry No. 2 Year 1982 regarding qualifications of welder at work. There is a sterilizer certificate that had been expired, for example Sterilizer Certificate No. 1 with a validity period of 29 March 2012 but there is no result of re-examination from relevant institution found. 	POM	Major	7 November 2012	<p>4 November 2012.</p> <ol style="list-style-type: none"> BNS has shown a certificate of Boiler Operator License Renewal of Teluk Bakau POM on 4 October No. 296/AP/K3/X/12 to the relevant institution. <p>4 November 2012.</p> <ol style="list-style-type: none"> BNS has conducted Certification training for Welders on 17-20 October 2012 for all workers. Records evidence of the training (attendance of the participants, training materials) is available. <p>18 September 2012.</p> <ol style="list-style-type: none"> BNS has performed inspection and extended the license for sterilizer No.1 in Teluk Bakau POM. 	Based on the evidence given, BNS has shown improvement on the regulatory compliance.	Closed	5 November 2012

3.4.3 Opportunity for Improvement (observations)

No	Ref Std	Descriptions
1	Major 2.1.3	BNS can improve the evaluation to the applicable rules and regulations so that the new regulations always remain unknown.
2	Minor 4.4.2	The auditors will conduct observation on the next visit concerning the improvement techniques of WWTP in Teluk Bakau POM to reduce the BOD parameter discharged into the water that is scheduled to be accomplished in January 2013.
3	Minor 4.4.3	BNS has conducted water use monitoring in Teluk Bakau POM, however the company needs to complete the evaluation and improvement action to the efficiency of the water use.
4	Minor 5.1.3	BNS has to complete the authorisation of Environment Management Efforts-Environment Monitoring Efforts to the scope of Mandah POM.

3.4.4 Noteworthy Positive Components

No	Ref Std	Descriptions
1	1.1	BNS presents data and information reasonably well.
2	Minor 4.7.6	BNS completes the OHS facilities and infrastructure such as PPE for all workers.
3	Major 6.5.1	BNS provides salaries in accordance with government regulation
4	6.11	BNS carried out the community development program to high school student around the plantation to continue the education through Minamas Plantation scholarship every year.

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>(Chairman of SPSI)</p> <ul style="list-style-type: none"> Company has provided salaries in accordance with Regional Minimum Wage. Company conducts meetings with Indonesian Workers Union (SPSI). Employees' complaints have been resolved by the company through Indonesian Workers Union (SPSI). Company has been concerned with the welfare of the employees. 	<ul style="list-style-type: none"> Company has provided salaries in accordance with Regional Minimum Wage. Company has indeed conducted meetings with the Indonesian Workers Union (SPSI). Company has resolved employees' problems through Indonesian Workers Union (SPSI). Company provides adequate facilities and infrastructures that support welfare of the employees. 	<ul style="list-style-type: none"> Company has provided salaries in accordance with Regional Minimum Wage. See Criteria 6.5. Company permits Indonesian Workers Union (SPSI) personnels to attend external activities. There are recordings of Indonesian Workers Union meetings available. For example: meeting of SPSI NLE on 9 July 2012 which discussed schedule of Idul Fitri holiday feast. Result of field observation showed that company has provided several facilities and infrastructures, such as: permanent housing, education facilities, daycare, places of worship, School Booth, etc. See 6.5.
<p>Indragiri Hilir District Plantation Agency.</p> <ul style="list-style-type: none"> BNS has reported the plantation business periodically every six month 	<ul style="list-style-type: none"> BNS has committed to report the plantation business regularly 	<ul style="list-style-type: none"> BNS has reported the plantation business regularly
<p>Indragiri Hilir District Environmental agency</p> <ul style="list-style-type: none"> Teluk Bakau POM, BNS has to manage and improving the waste water treatment plant in order of high BOD level not complies with the quality standard. 	<ul style="list-style-type: none"> BNS has handled WWTP improvement to reduce BOD₅ in order to comply the quality standard provisions started on 28 December 2011 and until the time of surveillance-1 the WWTP improvement has reached 70% completion progress 	<ul style="list-style-type: none"> Auditor will conduct observation in the next visit (surveillance-2) related to the improvement of the WWTP in Teluk Bakau POM which is scheduled to be accomplished in November 2012

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.

Signed on behalf of:

Head of PSQM
Minamas Plantation



Mohamad Pirabaharan
07/November/2012

Mutuagung Lestari
Lead Auditor



Octo HPN Nainggolan
07/November/2012

Appendix 1. List of Stakeholder Contacted in the surveillance-1 Process

No	Institution/NGO/Community	Address	Phone/Email	Form of Contact	Date of Contact
1	Artawan (Gurah Baru villager)	Parit Gurah Baru	-	-	-
2	M.Bahtiar (Gurah Baru villager)	Parit Gurah Baru	-	-	-
3	Head of BNS worker union	Teluk Bakau Estate	-	-	-
4	Gender Committe	Nusa Lestari Estate	-	-	-
5	Head of National Land Agency, Indragiri Hilir District	Indragiri Hilir District	-	-	-
6	Head of Indragiri Hilir District Social, Labor and Transmigration Agency	Indragiri Hilir District	-	-	-
7	Head of Indragiri Hilir District Plantation Agency	Indragiri Hilir District	-	-	-
8	Head of Indragiri Hilir District Environmental Agency	Indragiri Hilir District	-	-	-

Appendix 2. Assessment Program

DATE	3 – 7 September 2012
TIME	PROCESSES / CLAUSES TO BE AUDITED
<u>Monday, 3.September.2012</u> 06.30 - 14.00 14.30 - 15.00 15.00 - 17.00	Jakarta – BNS (Teluk Bakau Estate) Opening Meeting at BNS Office <u>Document Observations, in e.g.</u> <ul style="list-style-type: none"> Principal 1 (Information request & Response) Principal 2 (Fulfilment of Regulation, Land Tenure, Community Agreement.) Principal 3 (Company Working Plan and Replanting program) Principal 4 (Operational records of Harvesting, Spraying, Upkeep, Fertiliser Application, IPM, Buffer Zones, Terracing, Stores, Workshop, etc)
<u>Tuesday, 4.September.2012</u> 08.00 - 12.00 14.00 – 17.00	<ul style="list-style-type: none"> Observation of Initial Assessment Finding improvements Physical Inspection and interviews at Teluk Bakau POM Mill processing, Effluent treatment, chemical storage, Safety and health procedure, interview contractors, etc. Supply Chain verification for CPO Mill <u>Document Observations, in e.g.</u> <ul style="list-style-type: none"> Principal 5 (Environment report, HCV area) Principal 6 (Worker Contracts, Pay & Conditions, External Stakeholders Communications, Labor welfare and facilities, local contributions)
<u>Wednesday, 5.September.2012</u> 08.00 - 12.00 14.00 – 17.00	<u>Physical Inspection and interviews at Nusa Lestari Estate</u> <ul style="list-style-type: none"> Harvesting, Spraying, Upkeep, Fertiliser Application, Buffer Zones, Terracing, Stores, Workshop, etc.. Inspect Housing, health facilities, Interview of Residents, Clinic Staff, Office Staff, Interview External Stakeholders (Local Community) <u>Document Observations, in e.g.</u> <ul style="list-style-type: none"> Principal 7 (new planting or replanting implementation) Principal 8 (Continuous Improvement)
<u>Thursday, 6.September.2012</u> 08.00 - 12.00 14.00 – 17.00	<u>Physical Inspection and interviews at Rotan Semelur Estate</u> <ul style="list-style-type: none"> Harvesting, Spraying, Upkeep, Fertiliser Application, Buffer Zones, Terracing, Stores, Workshop, etc.. Inspect Housing, health facilities, Interview of Residents, Clinic Staff, Office Staff, Interview External Stakeholders (Local Community)
<u>Friday, 7.September.2012</u> 08.00 - 10.00 11.00 – 15.00	Closing Meeting BNS - Jakarta

Appendix 3. Glossary

AMDAL / SEIA	:	Analisis Mengenai Dampak Lingkungan (<i>Social and Environmental Impact Assessment</i>)
APD / PPE	:	Alat Pelindungan Diri (<i>Personal Protection Equipment</i>)
B3	:	Bahan Beracun and Berbahaya (<i>Hazardous Material Waste</i>)
BKSDA	:	Balai Konservasi Sumberdaya Alam (<i>Natural Resources Conservation Agency</i>)
BOD	:	Biological Oxygen Demand
BPN	:	Badan Pertanahan Nasional (<i>National Land Agency</i>)
BTG	:	Batas Tingkat Getaran (<i>Vibration Level Standard</i>)
CPO	:	Crude Palm Oil
EFB	:	Empty Fruit Bunch
ESH / K3	:	Environment, Safety and Health
HCV	:	High Conservation Value (Nilai Konservasi Tinggi)
HGU	:	Hak Guna Usaha. (<i>Land Use Permit</i>)
HIRARC	:	Hazard Identification Risk Assessment and Risk Control
IUP	:	Izin Usaha Perkebunan. (<i>Plantation Business License</i>)
IPAL / WWTP	:	Instalasi Penyaluran Air Limbah (<i>Wastewater Treatment Plant</i>)
JAMSOSTEK	:	Jaminan Sosial Tenaga Kerja (<i>Social Assurance of Labor</i>)
K3 / OHS	:	Keselamatan and Kesehatan Kerja. (<i>Occupational Health and safety</i>)
MNE	:	Mandah Estate
MRC	:	Minamas Research Centre
NAB	:	Nilai Ambang Batas (<i>Noise Intensity</i>)
NLE	:	Nusa Lestari Estate
NPE	:	Nusa Perkasa Estate
OER	:	Oil Extraction Rate
P2K3	:	Panitia Pelaksana Keselamatan and Kesehatan Kerja (<i>Occupational Safety and Health Committee</i>)
P&C	:	Principle and Criteria
PHT / IPM	:	Pengendalian Hama Terpadu (<i>Integrated Pest Management</i>)
PK	:	Palm Kernel
PKO	:	Palm Kernel Oil
POM / PKS	:	Palm Oil Mill (<i>Pabrik Kelapa Sawit</i>)
PSD	:	Plantation Services Departement
PSQM	:	Plantation Sustainability and Quality Management
RKL/RPL	:	Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan (<i>Environmental Management Plan/ Environment Monitoring Plan</i>)
RSE	:	Rotan Semelur Estate
RSPO	:	Roundtable on Sustainable Palm Oil
SOP	:	Standart Operating Procedure
SOU	:	Strategic Operation Unit
TBE	:	Teluk Bakau Estate
TBS / FFB	:	Tandan Buah Segar (<i>Fresh Fruit Bunches</i>)
UKL/UPL	:	Upaya Kelola Lingkungan/ Upaya Pemantauan Lingkungan (<i>Environmental Management Efforts/ Environmental Monitoring Efforts</i>)