

Attn:

Benny Tjoeng, President Director, PT PP London Sumatra Tbk
Muhammad Waras, Group Head of Sustainability

PT PP London Sumatra Indonesia Tbk
Prudential Tower 15th Floor
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2 November 2018

Dear Sirs,

Complaints Panel's Decision on PT PP London Sumatra Indonesia Tbk

Reference is made to the Complaint filed by Rainforest Action Network (RAN), Organisasi Penguatan dan Pengembangan Usaha-usaha Kerakyatan (OPPUK) and International Labour Rights Forum (ILRF) against PT PP London Sumatra Indonesia Tbk (PT Lonsum) on 11 October 2016, and subsequent investigation, emanating from the allegations contained in the Complainant's report titled *"The Human Cost of Conflict Palm Oil: Indofood, PepsiCo's Hidden Link to Worker Exploitation in Indonesia"*, which included the following:

- i. an independent verification visit carried out from 4 – 7 June 2018 involving the following PT Lonsum sites (mill and estates) based on Terms of Reference as agreed by the parties to the Complaint:
 - a. **Begerpang Palm Oil Mill**
 - b. **Begerpang Estate**
 - c. **Sei Merah Estate**
 - d. **Rambong Sialang Estate**
- ii. an independent verification report pursuant to the aforementioned independent verification visit, in respect of which the parties had been given the opportunity to duly review and respond with submissions.

Having considered the facts of the case and all documents contained in the Complaints Record, the Complaints Panel hereby decides as follows:

No.	Findings	Breaches/Non-compliances	CP's Directives (Corrective Actions)
A.	Working Conditions and Pay		
1.	Overtime work at the mill for some workers during peak crop season exceeds 3 hours a day or 14 hours in a working week. Location: Mill	This is a breach of RSPO P&C 6.5.2. It further amounts to a violation of Indonesian labour law which is a breach of P&C 2.1.1.	1. The Company to immediately audit its current overtime requirements and scales and subsequently revise its operational guidelines to ensure compliance with

			<p>national legal requirements.</p> <ol style="list-style-type: none"> 2. Ensure that overtime is always optional and voluntary, and workers are given one day off in seven, in accordance with Indonesian labour laws. If mandatory overtime is necessary, the Company should ensure that it is likewise in accordance with law. 3. Company to ensure that the workers have adequate information on conditions related to overtime, including adequate information regarding the health implications or hazards of excessive work hours. <p>Time frame for action: 6 months</p>
2.	<p>Inadequate documentation and erroneous computation of pay.</p> <ol style="list-style-type: none"> a. This is especially pertaining to deductions and the itemisation of remuneration as well as computation of take-home (nett) pay. b. There also exist discrepancies in payslips and month end salary reports. The discrepancies in data ranged between -4.5% to 45% of the pay computed. c. Inconsistencies also exist in PHL contracts as some were stamped by the labour service district office while others were not; some were missing dates, etc. 	<p>While there exists documentation, it is considered inadequate due to the errors as well as the inconsistencies found in the computing system and related documents. This amounts to a breach of RSPO P&C 6.5.1.</p>	<ol style="list-style-type: none"> 1. A complete review of the accounting system for computing workers' salaries is necessary to address the discrepancies in computation. 2. Management to ensure that any discrepancy in pay due to miscalculation is paid back to workers concerned. 3. Management to disseminate adequate information on company policies, practices and operations to all levels of workers, specifically those related to wages, deductions and contracts; 4. Accurate and reliable pay and time records should be kept on site and accessible

	<p>d. The computing system is also found to be inadequate due to the inconsistencies and errors found in the documents, including the workers' payslips.</p> <p>Location: All estates</p>		<p>to workers in case they want to cross reference with their personal records.</p> <p>Time frame for action: 6 months</p>
<p>3.</p>	<p>Health and social security</p> <p>a. While all workers are covered by health insurance provided by Social Insurance Administration Organization - Healthcare (<i>BPJS Kesehatan</i>) and the <i>BPJS Kesehatan</i> (1%) is deducted from employees' wages, it is however found that almost all casual workers (<i>Pekerja Harian Lepas – PHL</i>) have not received the <i>BPJS Kesehatan</i> membership card.</p> <p>This has resulted in the inability of the workers to access the <i>BPJS Kesehatan's</i> facility beyond the ambit of the health clinics within the company's premise.</p> <p>b. All casual (PHL) workers also receive work accident insurance facility.</p> <p>c. Casual (PHL) workers also have access to the retirement savings (<i>Jaminan Hari Tua/JHT</i>) by the (Social Insurance Administration Organization)-Employment (<i>BPJS Ketenagakerjaan</i>).</p> <p>Nonetheless, while the wages are deducted, a number of casual (PHL) workers have not received their JHT balance</p>	<p>This contributes to a breach of RSPO P&C 6.5 related to specific conditions of work to be met.</p>	<p>1. The company to address the gaps noted in the disbursement of <i>BPJS Kesehatan</i> Membership Card and <i>BPJS Ketenagakerjaan</i> Membership Card; check the status of BJPS deductions as workers claim that they are not receiving JHT Balance Reports; and address the confusing computation of BJPS deductions for employees as stated on the payslips of workers, amongst others;</p> <p>2. Company to also ensure that PHL workers are given their <i>BPJS Kesehatan</i> and <i>BPJS Ketenagakerjaan</i> membership cards and, where possible, to ensure that those who were not re-hired are able to withdraw their JHT saving.</p> <p>Time frame for action: 3 months</p>

	<p>report and on many occasions, PHL workers who were not re-hired the following year have difficulty withdrawing their JHT savings. This is due to the fact that most PHL workers do not receive <i>BPJS Kesehatan</i> and <i>BPJS Ketenagakerjaan</i> membership cards.</p> <p>Location: All estates</p>		
<p>4.</p>	<p>There still exist ambiguities in the formulation of harvesting quotas and premiums.</p> <p>a. Work on holidays and after working hours are not always considered overtime but considered on the basis of premium rates. This is despite the finding that the overtime benefits outweigh those of premiums. There is no evidence nor justification from the company to state otherwise.</p> <p>b. The quota is still considered too high by some harvesters.</p> <p>c. Policy requiring the harvesters to pick up the loose (<i>brondolan</i>) fruit and the imposition of a penalty for uncollected '<i>brondolan</i>' fruit is applied.</p> <p>This indirectly puts pressure on harvesters to bring in their family members, including children to meet the quota (<i>see F. below</i>).</p> <p>Location: All estates</p>	<p>The lack of clarity contributes to a breach of RSPO P&C 6.5 related to specific conditions of work to be met.</p>	<ol style="list-style-type: none"> 1. The company, in consultation with union representatives, to review its premium system as well as overtime work, to guarantee compliance to national regulations. This shall include: <ul style="list-style-type: none"> - To review the provisions on harvesters' production targets (quota); - To clearly compute the justification of quotas and premiums as enshrined in the Sumatera Planters Association (<i>Badan Kerjasama Perusahaan Perkebunan – BKP PPS</i>), e.g. the basis for the calculation of premium per FFB and loose fruit; - To review methods of formulation of quotas and premiums to ensure compliance to national regulations, in that they are not paid in piece rate in lieu of the legally mandated minimum wage. 2. Any revisions to the above to be clearly disseminated to the relevant employees and union representatives.

			Time frame for action: 6 months
5.	<p>Minimum wage requirement for permanent workers are met.</p> <p>Nonetheless, it is found that minimum wage does not necessarily constitute a decent living wage as workers find it insufficient to cover childcare, children's education and social obligations, amongst others.</p>	<p>The Company has met the national legal and industry minimum wage for permanent workers.</p> <p>However, the Company may be challenged for not meeting RSPO Principles and Criteria (P&C) 6.5 which requires that <i>"Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages"</i>;</p>	<ol style="list-style-type: none"> 1. Conduct a review of the current demands from the workers related to decent living conditions and develop specific benchmarks to ensure they meet the national decent living (<i>kebutuhan hidup layak</i>) requirements; 2. The company, at the minimum, to take cognisance of the workers requests and endeavour to support the workers through CSR initiatives. <p>Note: RSPO is in the midst of developing the guidelines and benchmark to determine decent living wage. Once this P&C requirement is adopted it will take effect and the Company is to ensure compliance. Secretariat will be able to provide the necessary technical assistance.</p> <p>Time frame for action: 6 months to complete the review and, subsequently, to determine the next course of phased action following the adoption of the RSPO guidelines on decent living wages.</p>
B.	Non-permanent Workers (Casual Workers)		
6.	<p>Casual workers (<i>Pekerja Harian Lepas - PHL</i>), whose nature of work is continuous rather than seasonal, are found in the estates.</p>	<p>This amounts to a violation of Indonesian employment and transmigration laws</p>	<ol style="list-style-type: none"> 1. The company shall undertake a full legal and operational audit and review of its current employment contract

	<p>a. It is found that casual workers comprise at least one quarter to one third of the workforce in all the estates.</p> <p>b. They have further exceeded the legal requirement of 20 days of work for three consecutive months.</p> <p>c. The company's current practice to monitor and limit casual workers (PHL workers) from working more than 20 days in a month, demonstrates that the company is cognisant of the fact that there are PHL workers in the estates whose nature of work is continuous, i.e. uninterrupted jobs that are not confined by a timeframe and are part of production process (palm oil production), hence their work is not seasonal.</p> <p>Location: Estates <i>Note:</i> No workers with PHL status are found in the Begerpang Palm Oil Mill.</p>	<p>which is a breach of RSPO P&C 2.1.</p>	<p>practices/processes/policies/procedures regarding casual workers to ensure full compliance with national laws and the P & C.</p> <p>2. Develop, standardise, and implement written protocols and procedures for the management of casual workers that is in adherence with domestic legal requirements;</p> <p>3. Develop a mechanism to ensure that casual workers whose work is continuous, forms part of the core business, and are working beyond their three (3) months contracts have opportunities, in accordance with domestic legal requirements, to be promoted to a more permanent position.</p> <p>Time frame for action: 6 months</p>
<p>7.</p>	<p>Casual workers' (PHL) wages are less than the designated minimum wage.</p> <p>This is due to the fact that the casual workers work for a maximum of 19 - 20 days per month but their daily wages are calculated from minimum wage divided by 25 days. Since they are not employed for more than 20 days, they are not able to meet the minimum wage standard.</p> <p>Location: All estates</p>	<p>While this does not explicitly amount to a breach of RSPO Principles and Criteria (P&C) 6.5.2 and 2.1.1, the company to ensure that it does not violate Indonesian laws on employment, transmigration, minimum wage and labour.</p>	<p>1. The Company and labour union/s shall review the type of work to be undertaken by casual (PHL) workers based on the government regulations and should set out appropriate work requirements for casual (PHL) workers.</p> <p>Time frame for action: 6 months</p>

<p>8.</p>	<p>Lack of transparency, equal opportunity and fairness in job placement.</p> <p>a. The company has conducted several promotions to upgrade casual (PHL) and temporary workers (<i>Perjanjian Kerja Waktu Tertentu – PKWT</i> or Limited/Specific Time Employment Contract) to permanent workers in all its estates and mill.</p> <p>Nonetheless, there exist differential recruiting and promotion practices. Issues with transparency and ambiguity in job placement are systemic throughout PT. Lonsum’s estates which were part of the independent verification.</p> <p>b. This is due to the systemic ambiguities in the selection, recruitment or conversion of casual (PHL) workers and temporary (PKWT) to permanent (<i>Syarat Kerja Umum - SKU</i>) workers.</p> <p>These ambiguities include:</p> <ul style="list-style-type: none"> - Criteria for promotion to permanent (SKU) worker is unclear; - Systemic inconsistencies in promotion of casual (PHL) workers to permanent (SKU) workers across the estates, including for the same categories of work; - Age discrimination as there’s evidence to indicate that several casual (PHL) workers aged 35 years and above have yet to be promoted as 	<p>While the company’s efforts to upgrade casual workers to permanent workers is acknowledged, lack of a publicly available equal opportunity policy that clearly provides the needed identification of what would constitute seasonal and regular/core activities in the estates, may amount to a breach of RSPO P&C 6.8.1.</p> <p>This further amounts to a violation of Indonesian laws and legal requirements on discrimination in respect of employment; transparency, equal opportunity and fairness in job placement which is a breach of RSPO P&C 2.1.</p>	<p>1. The company to take immediate steps in eliminating discrimination in selection, recruitment and promotion of its workers by establishing and implementing transparent and clear promotion criteria and amending the related operational guidelines accordingly to ensure that workers are hired, selected, recruited and promoted on the basis of skills, capabilities, qualities and medical fitness required for the job;</p> <p>2. Information on criteria for selection, recruitment and promotion to be made transparent and disseminated to all levels and categories of workers.</p> <p>Time frame for action: 3 months</p>
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	<p>permanent workers, some of whom have worked between 8 – 9 years.</p> <p>Location: All estates</p>		
9.	<p>Failure to upgrade five security personnel from casual worker status to PKWT or SKU status although they have worked more than 21 days for three consecutive months.</p> <p>Location: Sei Merah Estate</p>	<p>This is a breach of RSPO P&C 6.8 due to the discriminatory practices related to promotion.</p> <p>This further amounts to a violation of Indonesian legal requirements on work agreements for a specific period of time. which is a breach of RSPO P&C 2.1.</p>	<p>1. The Company to immediately review this situation and, if the workers meet the applicable requirements, to promote the remaining security personnel to permanent worker status.</p> <p>Time frame for action: 3 months</p>
10	<p>No effective grievance mechanism for PHL workers which is open to all affected parties and that which resolves disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers.</p> <p>a. Further, PHL workers have no rights to representation in local unions, specifically in SPSI (<i>Serikat Pekerja Seluruh Indonesia</i> - Confederation of All Indonesian Workers' Union), and because of their precarious status, refrain from channelling their grievances to the management for fear of reprisal as the current grievance mechanism does not ensure anonymity of complainants and whistleblowers.</p> <p>Location: All estates and mill</p>	<p>Lack of an effective grievance mechanism for PHL workers is a breach of RSPO P&C 6.3.1 and 6.9.3.</p>	<p>The company should take immediate steps to address the gaps found in the grievance mechanism for PHL workers by adopting specific policies, including on protection of whistleblowers, and by:</p> <p>(a) instituting a mechanism that enables resolution of disputes and grievances in an effective, timely and appropriate manner, ensuring anonymity and confidentiality of workers who lodge complaints;</p> <p>(b) ensuring that all grievances, including anonymous ones, are received, investigated and addressed; and</p> <p>(c) that channels for grievance reporting are effectively communicated to workers.</p> <p>Time frame for action: 6 months</p>

C. Freedom of Association		
11	<p>Incidences of intimidation of union representatives have occurred and are prevalent at the mill.</p> <p>This includes undermining of union (either as an entity or individual union members) either by company or rival labour union in the form of verbal intimidation, work alteration and threats denying promotion to permanent employment.</p> <p>Location: Mill</p>	<p>This is a breach of RSPO P&C 6.6 due to the failure of the company in respecting the rights of workers to form and join trade unions of their choice.</p> <p>This further amounts to a violation of Indonesian legal requirements on the right to organise, join trade unions and on collective bargaining, which is a breach of RSPO P&C 2.1.</p>

1. The Company to conduct an immediate investigation into the allegations of intimidation, work alteration and threats against union representations. Results of the related process, results of the investigation, and actions instituted against the perpetrators to be submitted to RSPO no later than **30 days** from the date of the decision.
2. In accordance with the RSPO Policy on Human Rights Defenders, Whistleblowers, Complainants and Community Spokespersons (HRDs) (September 2018), the Company to:
 - Develop an internal policy to prevent reprisals against HRDs and protect HRDs who submit a complaint in good faith;
 - Establish an internal mechanism to prevent threats by senior employees against individuals and respond to complaints against any alleged threats or violence committed by the company or its affiliates. The internal mechanism is to provide for safe,

			<p>secure, confidential or anonymous reporting.</p> <p>3. The Company to immediately instruct all staff or management at the mill and estates to refrain from conducting any activities which can be deemed as intimidation and infringement of workers' rights to freedom of association by establishing and implementing strict rules that distinguish work discipline from intimidation of freedom of association. This instruction to be posted clearly in the workplaces.</p> <p>4. The Company to develop and implement a comprehensive and regular training programme for all management, staff and workers on the HRD policy and related mechanisms.</p> <p>Time frame for action: 6 months</p>
12	<p>Estate or mill management are not directly involved in the negotiations related to the collective bargaining agreement.</p> <p>a. All negotiations of the collective bargaining agreement occur at the national level between the national union (SPSI) and the highest authorities in PT. Lonsum as a member of <i>Badan Kerja Sama</i></p>	<p>This is a breach of RSPO P&C 6.6 due to the failure of the company in respecting the rights of workers to be part of collective bargaining process.</p> <p>This further amounts to a violation of Indonesian legal requirements on the right to organise, join trade unions and on collective bargaining,</p>	<p>1. Regular meetings at the mill and estate levels (Bipartite Forum) between the management and registered labour unions should be periodically organized to address any issues which arise within the company. The Bipartite Forum should have its minutes of meetings documented and disseminated to relevant personnel.</p>

	<p><i>Perusahaan Perkebunan Sumatera (BKS-PPS).</i></p> <p>b. This is further exacerbated as PHL workers are not part of the negotiations.</p> <p>Location: Mill and estate</p>	<p>which is a breach of RSPO P&C 2.1.</p> <p>It is further stated in the RSPO P&C 6.6 that in situations where the right of freedom of association and collective bargaining are restricted under the law, the employer is to facilitate parallel means of independent and free association and bargaining for all such personnel.</p>	<p>2. The issues and recommendations identified through these meetings should be placed on the agenda of the regular review and amendments to the collective bargaining agreement.</p> <p>3. Ensure that the collective bargaining agreement complies with Indonesian labour laws and the RSPO Principles and Criteria.</p> <p>Time frame for action: Ongoing</p>
13	<p>Issuance of additional Human Resources (HR) Internal Memorandums to fill the regulatory void caused by the lack of provisions in the Collective Labour (Bargaining) Agreement.</p> <p>Location: All estates and mill</p>	<p>This amounts to a violation of Indonesian law which prohibits companies from replacing the collective labour agreement with their own rules and regulations as long as there is a trade/ labour union in the company and to further avoid undermining or replacing regulations already contained in the existing collective labour agreement. Thus, this is a breach of RSPO P&C 2.1.</p>	<p>1. The Company, in close consultation with the labour union(s), to immediately formulate a derivative Collective Labour Agreement specific to the company or estate/mill level to fill the regulatory void which was not covered in the <i>BKS-PPS</i> Mother Collective Labour Agreement. This derivative of the Collective Labour Agreement can be made in a simple form and only negotiate matters that need to be detailed at the company/workplace level.</p> <p>2. Any derivative Collective Labour Agreement is to comply with Indonesian labour laws, especially as regards working hours, overtime, day off and menstrual leave, amongst others.</p> <p>Time frame for action: 6 months</p>

D. Status of Women Workers			
14	<p>Gender based discrimination is prevalent as female workers do not receive equal job benefits as men.</p> <p>a. Wages for female employees are less than male employees because the basic salary is computed as basic pay and employee rice allowance.</p> <p>b. Unlike the male workers, female permanent (SKU) and temporary workers (PKWT – Fixed Term Employment Contract) are not entitled to the rice allowance for spouse and dependents.</p> <p>Location: All estates and mill</p>	<p>This is a breach of RSPO P&C 6.8.2 due to the discriminatory practices.</p> <p>This further amounts to a violation of Indonesian legal requirements such as equal remuneration for work of equal value, and discrimination in respect to employment and occupation, which is a breach of RSPO P&C 2.1.</p>	<p>1. The company to review and, relatedly, amend any discriminatory policies relating to female workers, including parity on wages, health facilities, reproductive rights, and other forms of employment benefits.</p> <p>Time frame for action: 6months</p>
15	<p>Female staff members and female SKU workers are not entitled to health benefits for their spouses and children, as accorded to the male workers.</p> <p>They are only able to access health benefits for dependents upon the death of a spouse or if the husband is unable to earn an income, and this is to be supported with a letter from the subdistrict official.</p> <p>Location: Mill and estate</p>	<p>This is a breach of RSPO P&C 6.8.2 due to the discriminatory practices.</p> <p>This further amounts to a violation of Indonesian legal requirements such as non discriminatory labour provisions, which is a breach of RSPO P&C 2.1.</p>	<p>1. The company, as an equal opportunities employer to promote gender equality in ensuring that workers' benefits are applied consistently regardless of sex or gender.</p> <p>Time frame for action: 6 months</p>
16	<p>Women workers are denied their reproductive rights.</p> <p>a. Female PHL workers are not entitled to menstrual leave and maternity leave;</p> <p>b. Female SKU workers are not able to access their right to the 2 days menstrual leave per month due to the</p>	<p>This is a breach of RSPO P&C 6.8.2 due to the discriminatory practices.</p> <p>This further amounts to a violation of Indonesian legal requirements on menstrual and maternity leave,</p>	<p>1. Ensure that the implementation of menstrual leave is in line with the domestic law and does not create unnecessary burden or discriminatory practices against women.</p>

	<p>indignity experienced having to undergo intrusive procedure of having to show evidence of menstruation (bleeding) at the company clinic.</p> <p>Location: Mill and estate</p>	<p>which is a breach of RSPO P&C 2.1.</p>	<p>Time frame for action: With immediate effect.</p>
17	<p>Lack of affirmative action in promoting equal opportunity for women workers.</p> <p>Most women workers occupy rank and file positions.</p> <p>Location: Mill and estates.</p>	<p>This has the potential of not meeting the P&C 6.8.1 requirements on adoption of an equal opportunity policy.</p>	<p>1. The Company to institute an affirmative action policy to promote the participation and employment of women at senior or management levels.</p> <p>Time frame for action: Company to revert with specific timeline for action.</p>
18	<p>While it is noted that there is a Gender Committee, it is found that there are gaps in mechanisms to address complaints related to sexual harassment.</p> <p>Notwithstanding a lack of clear evidence of sexual harassment, it is noted that the female workers are reluctant to report such incidences to the Gender Committee.</p> <p>Location: Mill and estates.</p>	<p>This has the potential of not meeting the P&C 6.9.1 and related Specific Guidance on sexual harassment policy and establishment of a gender committee.</p>	<p>1. The company to review and develop a sexual harassment and anti-discrimination policy with clear reporting and redress mechanisms that would ensure women workers are able to access appropriate protection and related remedies.</p> <p>2. The company to address gaps and strengthen the role of the Gender Committee, e.g. by improving its outreach to more female workers and constructively involving them in the Gender Committee by eliciting their opinions and suggestions, and providing further support to the Gender Committee to address issues of equality, anti-discrimination and the handling of sexual harassment cases, and</p>

			<p>other issues that are related to women’s human rights.</p> <p>3. The Gender Committee to also be empowered with adequate powers, training and budget in promoting and protecting the rights of women workers.</p> <p>4. Provide worker awareness training or orientation on these revised anti-discrimination and abuse policies, procedures and mechanisms.</p> <p>Time frame for action: 6 months in developing the policies. The company to revert with related training plan.</p>
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No breaches were found in relation to the issues below. Nonetheless, the following are recommended to further strengthen compliance to RSPO standards and requirements:

E. Occupational Health and Safety			
19	<p>Adequate health and safety policy and operating procedures.</p> <p>a. The company has demonstrated adherence to relevant government regulations related to Occupational Health and Safety via its (i) <i>Sistem Manajemen Keselamatan dan Kesehatan Kerja/SMK3</i> and (ii) through the document titled, “<i>Pedoman Kebijakan Management Berkelanjutan</i>” dated 12 September 2014 which is the Management Guidance</p>	<p>No existing non-compliance of RSPO P&C 4.7.1 in relation to documented health and safety policy and operating manuals and procedures.</p> <p>No existing non-compliance of RSPO P&C 4.6.5 in relation to training and handling of pesticides.</p>	<p>Note: The recommendations on 19 – 22 are inter-related.</p> <p>1. The medical test reports to be monitored for accumulative changes in the Cholinesterase levels for high risk occupation workers, especially workers whose results are on the higher side of the normal range. If medical tests find that the worker needs treatment and/or is unfit for employment, the company should cover the</p>

	<p>on applicable policies, including health and safety.</p> <p>b. This commitment is contained in internal policies for strict compliance with the provision on Personal Protective Equipment (PPE) for all workers in accordance with their type of work and operationalised through health and safety manuals.</p> <p>c. This commitment is also stated in the Collective Labour Agreement (PKB (2015-2017)).</p> <p>d. It is also found that only trained workers are allowed to and are performing agrochemical spraying job with the complete PPEs issued to them. Adequate training records and certificates on pesticide handling are available and further corroborated by workers interviewed in all 3 estates.</p>		<p>cost of treatment and full disability costs.</p> <p>2. The company shall keep records of the acknowledgement of receipt of medical test. These should be complete with dates, some of which are missing for Rambong Sialang and Sei Merah Estates.</p> <p>3. The company must fully comply with the need for periodical distribution of PPE and work equipment (WE) to all workers, including PHL workers, free of charge.</p> <p>4. The company must ensure adequate record-keeping of all PPEs issued to each worker from each work category. The record-keeping should be streamlined for all estates and the mill and should indicate the exact type of PPE issued for each worker according to their respective work category.</p>
20	<p>The Company has completely phased out usage of paraquat in all 3 estates since March 2018.</p> <p>a. Paraquat has been gradually replaced with Glufosinate-Ammonium SL150 (Kenbast 150SL) (Class II – WHO Recommended Classification of Pesticides by Hazards and Guidelines to Classification 2009).</p> <p>b. The Company also has adequate health and safety policy and operating manuals and procedures which</p>	<p>No existing non-compliance of RSPO P&C 4.6 in relation to use of paraquat.</p>	<p>Time frame for action: Ongoing</p>

	adheres to the government regulation on periodical medical tests for workers.		
21	Periodical medical screenings are conducted in adherence to government regulation for specific categories of employees and the test results are conveyed to the relevant workers since March 2018.	No existing non-compliance of RSPO P&C 2.1 and 4.6.5 in relation to periodical medical screening for workers.	
22	<p>Despite the clear policies and operating guidelines, and overall corroboration by workers on adherence to said policies, evidence still demonstrate inadequate disbursement and usage of PPEs.</p> <p>a. Data from the inventory of the PPE is still inadequate and does not entirely demonstrate that all workers are given access to PPE at all times and at the company's cost rather than then personal cost of the workers.</p> <p>b. Workers have alleged that the management has asked the workers to report that they receive the full range of PPE twice a year and since 2016. Nonetheless, the visual observations indicate that most of the PPE are very new and signify the workers were issued the PPEs recently.</p> <p>Location: Rambong Sialang Estate</p>	<p>There is potential non-compliance to RSPO P&C 4.7.3 on inadequate disbursement and usage of PPE.</p> <p>Further, it is also potentially non-complaint to RSPO P&C 2.1 as it has the probability of violating Indonesian laws and regulations on provision of Personal Protective Equipment to the workers/labourers free of charge.</p>	
F.	Child Labour		
23	No evidence was found of child labour or the exploitation of children in work.	No existing non-compliance of RSPO P&C 6.7 in relation to child labour.	It is noted there are no specific breaches. Nonetheless, the following are recommended to further

	<p>The management has adequately disseminated the policy on the prohibition on bringing informal workers, including children into the estates.</p> <p>Nonetheless, there is still the indirect pressure on harvesters to bring in family members, including children, if the company's policy in determining production targets is still too high and if the policy requiring the harvesters to pick related to penalty for uncollected 'brondolan' (loose) fruit is still applied.</p> <p>Location: All estates</p>		<p>strengthen compliance to RSPO standards and requirements:</p> <ol style="list-style-type: none"> 1. That the company enhances its engagement and awareness-raising with workers so as not to involve family members in estate work. 2. The company needs to facilitate activities for workers' children, provide child care facilities, and ensure access to secondary schools for children on the plantation. <p>Time frame for action: Ongoing</p>
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In addition, the Complaints Panel directs the following:

1. PT Lonsum to provide an updated Action Plan, with clear milestones and a timeline for implementation, incorporating the above corrective and recommended action plans, as minimum, within 30 days of this decision;
2. The above corrective actions to be implemented by PT Lonsum with immediate effect and to be completed no later than 6 months from the date of this decision. PT Lonsum to submit quarterly updates, from the date of this decision, for the next six (6) months, on the progress of the implementation of the corrective actions;
3. Pursuant to Section 4.12.6 of the RSPO Certification Systems for Principles and Criteria (June 2017), and given the grave and methodical nature of the breaches which violate core ILO principles (discrimination at work; threats or intimidation; freedom of association and the right to collective bargaining), the Secretariat to instruct the Certification Body, with immediate effect to **suspend the certificate of Begerpang Palm Oil Mill and its supply bases**. The lifting of the suspension of the certification is conditional on PT Lonsum fulfilling the Complaints Panel's directive above on implementation of the corrective actions. The Secretariat is to verify the same by an audit conducted by the Certification Body, following the receipt of the 2nd quarterly report;
4. Pursuant to Section 5.9 and 12.7 of the Complaints and Appeals Procedures (2017) (CAP), the relevant Certification Bodies are to conduct a Special Audit of all other certified units of PT Lonsum, within 3 months. They are to pay particular attention to the breaches identified in this decision letter. The Certification Bodies, in consultation with the Secretariat, to impose appropriate sanctions in the event it is found that the breaches are cross cutting and/or recurring in the respective sites;

5. Pursuant to Section 1.2.3, Annex 2, Service and License Agreement (2015), the Accreditation Services International GmbH (ASI) to conduct compliance audits of the Certification Bodies related to the certification of PT Lonsum sites. The compliance audits are to be conducted no later than 6 months after the date of this decision.

Pursuant to Section 12.7 of the RSPO Complaints and Appeals Procedures 2017 (CAP), the Secretariat shall oversee and monitor the putting into effect of the Complaints Panel's directives contained herein. In the event that non-compliance with any part of this decision is established, appropriate sanctions shall be imposed by the Complaints Panel pursuant to Section 12.9 of CAP, which may include a direction to suspend or terminate PT Lonsum's membership.

Any Party to this Complaint, who wishes to appeal against this decision, shall have the right to submit a notice of appeal, no later than sixty (60) working days from the date of this decision.

In line with RSPO Code of Conduct we call on PT Lonsum to act in good faith in implementing the above decision of the Complaints Panel.

Thank you.

Yours truly,



Henry Barlow

Chairperson of the RSPO Complaints Panel

Copy:

- i) Rainforest Action Network (RAN);
- ii) Organisasi Penguatan dan Pengembangan Usaha-usaha Kerakyatan (OPPUK); and
- iii) International Labour Rights Forum (ILRF)