



...making excellence a habit.™

PUBLIC SUMMARY REPORT

RSPO INITIAL CERTIFICATION ASSESSMENT

PT Agro Indomas – Terawan Mill and its supply base

Located in Central Kalimantan Province INDONESIA

Report Author:

Aryo Gustomo – revised on August 2012

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
3 Lim Teck Kim Road #10-02
Genting Centre Building
SINGAPORE 088934
Tel +65 6270 0777
Fax +65 6270 2777
Aryo Gustomo : aryo.gustomo@bsigroup.com
www.bsigroup.sg

PT BSI Group Indonesia
Menara Bidakara 2, 17th Floor Unit 5
Jl. Jend. Gatot Subroto Kav. 71-73
Komplek Bidakara, Pancoran
Jakarta Selatan 12870 - INDONESIA
Tel +62 21 8379 3174 - 77
Fax +62 21 8379 3287

TABLE of CONTENTS

Page No

SUMMARY	1
LIST OF ABBREVIATIONS USED	1
1.0 SCOPE OF SURVEILLANCE ASSESSMENT	1-4
1.1 Identity of Certification Unit	1
1.2 Production Volume	1
1.3 Certification Details	2
1.4 Description of Fruit Supply Base and Supply Chain	2
1.5 Other Certifications held	2
1.6 Organizational Information/Contact Person.....	2
2.0 ASSESSMENT PROCESS	5-6
2.1 Certification Body	5
2.2 Qualifications of the Lead Assessor and Assessment Team.....	5
2.3 Assessment Methodology, Programme, Site Visits.....	5
2.4 Stakeholder Consultation	5
2.5 Date of Next Surveillance Visit	6
3.0 ASSESSMENT FINDINGS	6-21
3.1 Summary of Findings	6
3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions.....	21
3.3 Status of Nonconformities (Major and Minor) Previously Identified (Initial Certification Assessment)	22
3.4 Issues Raised by Stakeholders	22
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	23
4.1 Date of next Surveillance Visit	23
4.2 Sign-off of Initial Certification Assessment Findings	23

LIST of TABLES

1	Mill GPS Locations	1
2a	Production Tonnages produced.....	2
2b	Volume claimed for certification	2
3	Estate FFB Tonnages Processed	2
4	Estates and Areas Planted	2

LIST of FIGURES

1&2	Location Maps.....	3 - 4
-----	--------------------	-------

List of Appendices

A	Supply Chain Certification Audits
B	RSPO Certificate Details
C	Initial Certification Assessment Programme
D	Corrective Action Plan of Initial Certification Assessment findings
E	List of Stakeholders Contacted

SUMMARY

BSi has conducted the Initial Certification Assessment of PT Agro Indomas – Terawan Mill and its supply base, located in Central Kalimantan Province, Indonesia operations comprising one mill, three oil palm estates, support services and infrastructure. BSi concludes that PT Agro Indomas operations comply with the RSPO requirements [RSPO P&C NI-INAWG 2008; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance]

BSI RECOMMENDS THAT PT AGRO INDOMAS – TERAWAN MILL AND ITS SUPPLY BASE BE APPROVED AS A PRODUCER OF RSPO CERTIFIED SUSTAINABLE PALM OIL.

ABBREVIATIONS USED

AMDAL	Analisis Mengenai Dampak Lingkungan (Environmental Impact Assessment)
B3	Hazardous Chemical Waste Store
BPLHD	Provincial Environmental Agency
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Authority)
CD	Community Development
CLA	Collective Labour Agreement
COD	Chemical Oxygen Demand
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
EM	Estate Manager
EMS	Environmental Management System
ERT	Endangered, Rare and Threatened
ESIA	Environmental Social Impact Assessment
FFB	Fresh Fruit Bunch
GMO	General Managers Office
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land title for commercial use)
HO	Head Office
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Organization for Standardization
ISPO	Indonesia Sustainable Palm Oil
IUCN	International Union for Conservation of Nature
IUP	Izin Usaha Perkebunan (Plantation Licence)
LPE	Lampasa Estate
MSDS	Material Safety Data Sheet
NGO	Non-Government Organisation
NKT	Nilai Konservasi Tinggi (HCV)
OHS	Occupational Health and Safety
PKB	Perjanjian Kerja Bersama (Collective Labour Agreement)
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PT AI	PT Agro Indomas
QMS	Quality Management System
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)

RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SEIA	Social & Environmental Impact Assessment
SEL	Studi Evaluasi Lingkungan (Environmental Evaluation Study)
SEMDAL	Studi Evaluasi Mengenai Dampak Lingkungan (Environmental Impact Evaluation Study).
SOP	Standard Operation Procedure
TLE	Teluk Ulin Estate
TRE	Terawan Estate
TRM	Terawan palm oil Mill
UKL-UPL	Upaya Pengelolaan Lingkungan - Upaya Pemantauan Lingkungan (Environment Management and Monitoring Measures)

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 Identity of Certification Unit

The AGRO INDOMAS Mill and Estates are located in Central Kalimantan Province, Indonesia (Figure 1). The GPS location of the mill is shown in Table 1 (Figure 1). The scope of Certification covers 1 (one) unit of Palm Oil Mill [i.e. Terawan Mill] and 3 (three) estates [i.e. Terawan Estate, Lampasa Estate, and Teluk Ulin Estate], and 1 (one) unit of Lampasa plasma project.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
Terawan (60 mt/hr)	112° 22' 25.00" E	2° 33' 35.91" S

1.2 Production Volume

The estimated tonnages reported for the Initial Certificate and the previous actual production are detailed in Table 2a and Table 2b. It should be noted that the Actual tonnages are for a year from the date of Initial Certification on 15 March 2011 to 14 March 2012. The projected tonnages for the 2012–2013 period of the Certificate are based on the annual budget of three yearly basis.

Table 2a: Total volume tonnages produced

Terawan Mill	Total 2011-2012 (mt)	Actual	Total Projected produced 2012-2013 (mt)
CPO		50,394	69,703
PK		10,677	16,177

Table 2b: Total volume claimed for certification

Terawan Mill	Actual 2011-2012 (mt)	Projected for 2012-2013 (mt)	Claimed for Certification
CPO	45,950		62,225
PK	9,603		14,516

1.3 Certification details

PT Agro Indomas RSPO Membership No: 1-0029-06-000-00

BSI RSPO Certificate No: SPO 586145

Initial Certification Assessment: 15 - 17/03/2012

Date of Certification: 18/09/2012

1.4 Description of Supply Base and Supply Chain

During 2011/2012 financial year the FFB processed at Terawan Mill is mainly sourced from the 3 (three) Estates: Terawan Estate, Teluk Ulin Estate and Lampasa Estate; and Lampasa Plasma Project, beside that the mill also sourced from other estates at the company and other adjacent estate in the same holding, as well as outgrowers. As for the projected of 2012/2013 financial year, Terawan Mill will maintain the FFB process sourced from Terawan Estate, Teluk Ulin Estate, Lampasa Estate and Lampasa Plasma, other adjacent estates in the same holding, and outgrowers. Thus, Terawan Mill is using Supply Chain Mass Balance system. The FFB production of Terawan Mill is listed in Table 3.

Table 3. Estate FFB Tonnages Processed

Source	Actual Production 2011 - 2012	Projected 2012 - 2013
Terawan Mill		
1. Terawan Estate	69,639	91,987
2. Lampasa Estate	62,654	92,588
3. Teluk Ulin Estate	74,071	90,726
4. Sungai Rungau Estate	22	0
5. Sungai Purun Estate	31	0
6. Lampasa Plasma	941	1,200
Sub Total	207,358	276,501
7. Adjacent company estates*	18,730	33,100
8. Other company estate*	4,376	3,600
9. Outgrowers*	224	0
Sub Total	23,330	36,700
Grand Total	227,297	313,200

* The production from the adjacent company estates and outgrowers is excluded from the Certificate of PT Agro Indomas – Terawan Mill.

The hectare statement for the company owned Estates and Plasma - that supply FFB to Terawan Mill are shown in Table 4.

Table 4: Estates and Areas Planted (as at Feb 2012)

Estate	Mature (ha)	Immature (ha)
1. Terawan Estate	3,283	37
2. Lampasa Estate	3,225	11
3. Teluk Ulin Estate	3,097	9
4. Lampasa Plasma	60	0
TOTAL	9,665	57

1.5 Other Certifications Held

PT Agro Indomas has achieved ISO 14001 and OHSAS 18001 for its Palm Oil Mill and Estates.

1.6 Organisational Information / Contact Person

PT Agro Indomas is wholly owned by the Good Hope Asia Holdings.

PT Agro Indomas

Menara Global, 16th Floor,

Jl. Jend. Gatot Subroto Kav. 27

Jakarta 12950.

Phone +62 2152892260

INDONESIA

Contact Person: Yohannes Izmi Ryan
Head of Environment, Health & Safety

Phone: +62 2152892260

Email: yohannesr@goodhope-id.com

Website: <http://www.goodhopeasia.com>

Inclusion of Small holders

During the audit of Agro Indomas operations, the audit team became aware of the effort and resources that Agro Indomas had committed to the RSPO implementation for its smallholders. In particular, Agro Indomas had initiated RSPO awareness for smallholders back in 2011. Agro Indomas worked closely with the smallholder representatives in the development of the area. Smallholders are under obligation or contract to supply to the mill and also are associated to the company through geography and logistics. Agro Indomas has a defined list of all their smallholders and ascertained each of their location and status. This is compiled into a Company database. Agro Indomas has agreed to collect the fruits from these defined smallholders which are fully managed by Company Estates. BSi examined in detail the smallholder survey database and concluded that the information showed that the majority of smallholders- conformed with the relevant Indicators of the RSPO P&C INA-NIWG: May 2008.

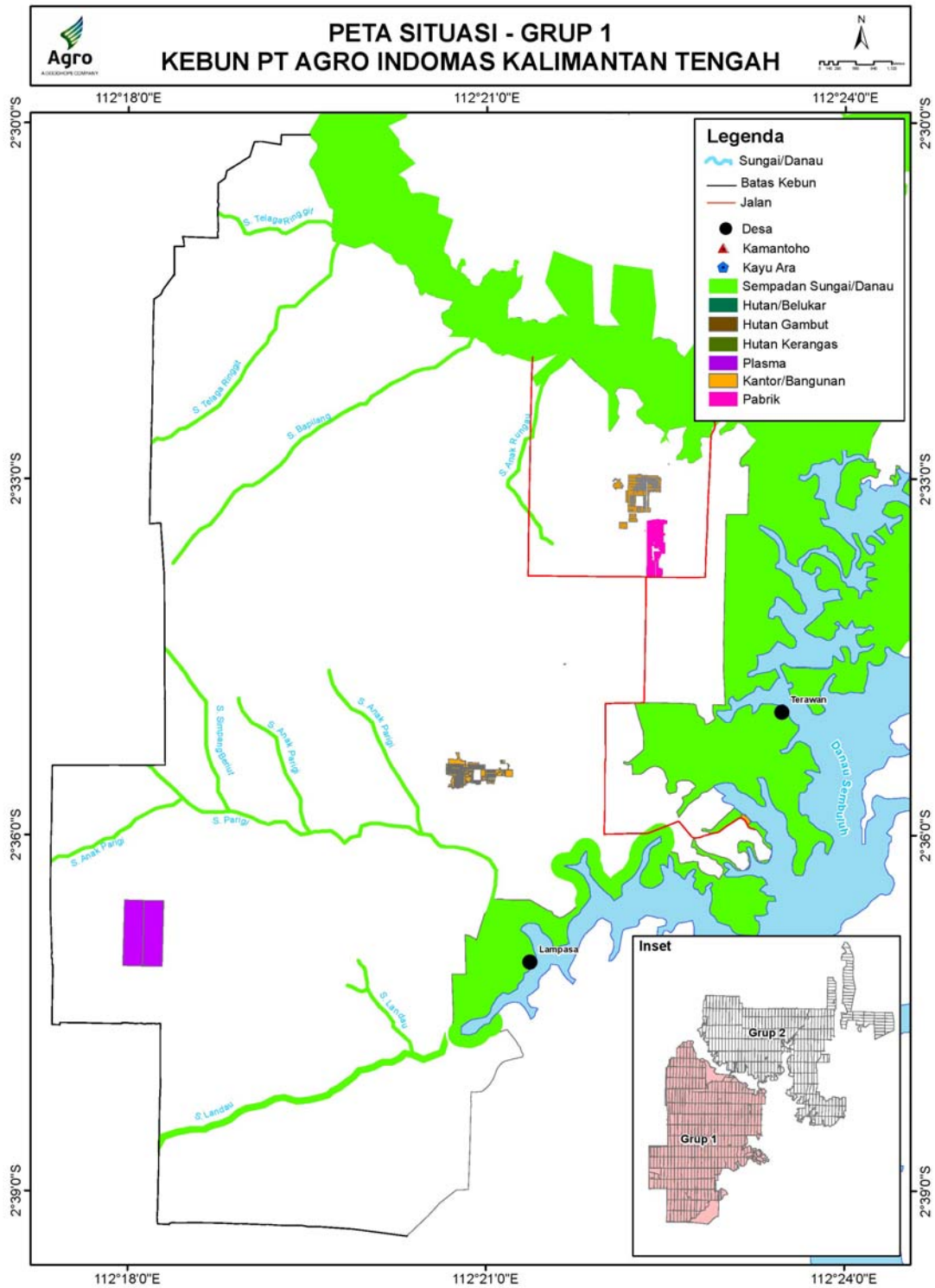
1.7 Time Bound Plan of Management Units

PT Agro Indomas is a subsidiary company under Goodhope Asia Holdings. Goodhope is a company with a land bank of 157,896 hectares in Indonesia and Malaysia, of which 63,931 hectares are developed. In Indonesia, there are only two Subsidiary Companies have operating Mills located in Central Kalimantan, while other subsidiary companies are under development. At this point of review on the documentation of Goodhope group which are included in the time bound plan, there are no known legal non-compliances, land or unresolved labour disputes at its other operations. BSi considers Agro Indomas's Time Bound Plan to conform to the RSPO requirements for Partial Certification. The Detail see Annex 6.

Figure 1. Location Map of PT Agro Indomas, Central Kalimantan



Figure 2. Location Map of PT Agro Indomas



2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
3 Lim Teck Kim Road
#10-02 Genting Centre Building
Singapore 119963

RSPO Scheme Manager: Mr Aryo Gustomo
Phone: +65 6270 0777
Fax: +65 6270 2777
Email: aryo.gustomo@bsigroup.com

BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi provides independent, third-party certification of management systems. BSi has a ASEAN Regional Office in Singapore, and an Office in Kuala Lumpur, Jakarta, Bangkok, and Vietnam.

2.2 Qualifications of the Lead Assessor and Assessment Team

Arvo Gustomo - Lead Assessor

He holds a degree in Agricultural Science majoring in Agronomy – on the subject of oil palm plantation management; He graduated from Bogor Agriculture University. He had more than 5 (five) years working experience related to oil palm industries i.e. as a Plant - Breeder/Agronomist with one of the Malaysian oil palm seed producers and as a Field Assistant – with an oil palm plantation company in Indonesia. He has been involved in RSPO implementation and assessment since 2009 as a team member and subsequently as a lead auditor with a RSPO approved certification body covering assessment with RSPO P&C and RSPO NPP in Malaysia and Indonesia. He has completed several training programmes on SO 9001, 14001 and attended the RSPO Lead Auditor courses as well as trainings on HCV identification and management. Currently, he works for BSi Group as a RSPO Scheme Manager for ASEAN and is a RSPO lead auditor/auditor. He has an excellent oral and written command of Bahasa Indonesia and English. During this assessment, he assessed on the aspect of legal, environment, mill and estate best practices, working safety and emergency preparedness, and supply chain requirement for CPO mill.

Nanang Muallib – Assessor (HCV, Social community engagement, and stakeholders consultation)

He holds a Bachelor degree in Forestry Technology from Bogor Agriculture University on 1999. He has 4 years of working experience for a forest plantation company in Indonesia, and has experience in several RSPO certification audits as team member. He has attended 5 days of RSPO P&C Certification System Assessment Training held by PT Mutuagung Lestari in 2009 as well as 5 days of ISO 9001 auditor training in 2009. He has been approved as an HCV Assessor under the RSPO Scheme. He has been involved in many assessments related to

forestry and sustainable palm oil certification in Indonesia. He has experience in more than 9 RSPO certification assessments of different oil palm organizations (including mill and estates) in Indonesia. He has an excellent command of written and spoken Bahasa Indonesia and English. He is familiar with RSPO P&C Certification assessment and is a qualified audit team member. During this assessment, he assessed on the aspects of legal, estate best practices, HCV identification and management, and also social community engagement and stakeholders consultation.

2.3 Assessment Methodology, Programme, Site Visits

A pre-audit to RSPO Principles and Criteria was conducted between 24th and 28th April 2011 to determine the progress PT Agro Indomas has made towards certification.

The Initial Certification Audit was conducted between 15th and 17th March 2012. The audit programme is included as Appendix C.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the plantations as its supply base. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

The Nonconformities that were assigned and the Observations that were identified during the Initial Certification Assessment were followed up to check the corrective actions plan. The detail nonconformities findings are detailed in Section 3.2 Page 20.

This report is structured to provide a summary for each Principle & Criteria, together with details for indicators. The assessment was based on random samples and therefore nonconformities may exist that have not been identified. Currently this summary report was reviewed by RSPO Secretariat through external peer reviewer.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Internal and external stakeholders were consulted to obtain their views on PT Agro Indomas's environmental and social performance and any issues of concern that they may have. External stakeholders were interviewed at their premises where practical or they were invited to

the Mill or the Estate office. Internal stakeholders were interviewed in groups in the workplace or at their housing or at the field during working time. Company officers were not present at any of the meetings. A list of stakeholders contacted is included at Appendix E.

2.5 Date of Next Surveillance Visit

The date of subsequent surveillance visit will be no later than 12 (twelve) months from the RSPO approval of this public summary report.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each Principle & Criterion, together with details for each indicator for the Mill and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During this Initial Certification Assessment, there were 2 (two) Minor nonconformities requiring attention and 8 (eight) Observations/Opportunities for improvement were identified. PT Agro Indomas has prepared a Corrective Action Plan (Appendix D) for addressing the identified nonconformities that were reviewed and accepted by BSi. The effectiveness of the corrective action taken will be verified during subsequent surveillance visits.

BSi recommends approval of Certification for PT Agro Indomas – Terawan Mill and its supply base as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

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

PT AI has documented and registered information request in the Log Book including the response status of the request. For example: Request for Information from Kusananto Salsius (BPN Seruyan) of the boundary area of HCV, addressed by the company on June 22, 2011 through field visits of BPN officers and the GIS department to ensure the existence of the HCV areas. Each Mill and Estate provides a book for documenting requests for information which are generally handled by the CSR and EHS Department. Any requests for information that is received through a suitable media should be kept by the relevant departments. If information cannot be made available by the respective staff, they must refer to a higher authority. With regards

to verbal requests by either phone or in person, these will be asked to be made in writing. PT AI also will maintain a register of internal requests. (1.1.1)

Requests for information are responded by the department concerned in accordance with their authority. The company has made a request matrix describing the status of each information request. Responses to all information requests from external stakeholders are centralized at the GMO. Any information request received by operating unit (mills or estates) depending on the sensitivity of the information requested will be directed to EHS or CSR department head at the GMO for further action. Inspection of company's record of incoming mail indicated most of the requests were for donations. However, there were a small number of request for information received by the General Manager e.g. request of information on the possibility of conducting fieldwork at the properties by university students. For example, on 04 March 2011 company received request from Director of Politeknik LPP (letter No. 019/P/AK.24/III/2011) on the possibility of her students to carryout fieldwork at the mill. Record of the request is held on file "CSR Dept. Letter Incoming 2011". (1.1.2)

The Company has set a retention time for documents through a SOP on Communication and Control of Records Procedure (EMS-P11) which was approved on 01/07/2010 which specified the life time of documents as 3 years. (1.1.3)

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

PT AI had determined that documents can be accessed by the public (Procedure control of Record), such as Legal Documents, Documents of Social and Environmental, P2K3 and Employment. (1.2.1)

PTAI holds copies of HGUs. Copies of the HGUs are held in Estates and originals are in Head Office in Jakarta. PT AI Plantation Operation Permit which are located in Estates and can be made publicly available on request. HGU documents which are publicly available in all estates were sighted during this initial certification audit. These are long term leases on Government land and therefore land use titles are readily available.

Company holds appropriate legal requirement for 5 (five) oil palm company estates including plasma estates and both mills of Terawan and Sungai Purun Mills. Overall company hold nine parcels of land ranging from - the largest at 12000 hectares to - the smallest at 4.1 hectares. List of legal requirement related to land was sighted during the audit e.g. (1) Ijin Lokasi No. 22.460.52 dated 5/9/1996 from BPN East Kotawaringin (12,000 ha), (2) No. 02.460.42 dated 3/2/1999 from BPN Kotim

(3,860 ha), (3) No. 102/2005 dated 30/4/2005 from Bupati Seruyan (3,000 ha), (4) No. 4/2006 dated 17th January 2006 from Bupati Seruyan (1,300 ha), (5) No. 211.460.42 dated 5th March 2005 from Bupati Kotawaringin Timur (1,000ha), and four others site permits. PT AI holds Plantation Business permit (Ijin Usaha Perkebunan) i.e. Surat Keputusan Bupati Seruyan No. 525/342/EK/2007 dated on 31stOctober 2007 covering 20.500 hectares and 2 (two) palm oil mills ,each with a capacity of90 Tonnes FFB/hour.Currently, PTAI hold two HGU certificates and three HGB certificates e.g. HGU No. 7 dated 6th August 1998 (12,104ha), HGU No. 8 dated 9th October 2003 (3,760 ha), HGB No. 1 dated 15thDecember 1998, HGB No. 2 dated 30thOctober 1999, and HGB No. 6 dated 1st September 1998. The remaining land is in the process of HGU issuance. Records available on file "RSPO P 1.2./P 2.2. Land Acquisition" – Land titles are to be made available publicly.(1.2.2)

The company has been providing environmental documents such as:

1. AMDAL ; approved on 08th June 1998 by Minister of Agriculture (Letter No. 20/ANDAL/RKL-RPL/BA/VI/1998 for the development of 12,000 hectares oil palm estate and a POM of capacity 60 Ton FFB per hour
2. Revised AMDAL; No. 188.44/281/2007 dated 22 June 2007 by Governor of Central Kalimantan for 19,860 ha and an additional mill capacity from 60 to 90 tons FFB an hour.
3. Report of Environment Management and Monitoring Plan (RKL/RPL),which is periodically reported to the Environment Agency Seruyan District, such as Report of Environment Management and Monitoring for the period of July – December 2011 which was sent to the Environment Agency Seruyan District, through its letter No. 050/EHS/A1/III/2012, dated March 2, 2012.
4. Identification of High Conservation Value report compiled in 2010 by Faculty of Forestry IPB. (1.2.3)

Records of social activities include Social impact assessment prepared by Faculty of Forestry IPB in 2011; Plan and the realization of the CSR program until February 2012 for example Capacity building; training and procurement of a motorcycle repair shop, training for farmers; and Livelihood Program; empowerment of communities through the cultivation of chicken and fish. There are records of requests for assistance which if accepted records are in place of any social activities. There is a monthly report on Social Activities including Community Development, Schools, Sporting, etc for which funding is made available at the discretion of Senior Management. Copies of such activities are freely available. (1.2.4)

The company OHS Policy is available on the website and is mounted on notice boards widely available throughout the company operations. PTAI had a Health and Safety Plan for the years of 2010/2011 and

2011/2012. The Plan provided details of strategic objectives, target, and an Action Plan for their implementation and achievement. The policy which is available is now widely accessible in all work areas and circulated to all employees and contractors. (1.2.5)

There is a continuous improvement plan prepared as a result of all internal audits and inspections which are monitored to determine progress against set targets. All records of requests for information are kept for a minimum of three years. The Continuous Improvement Plan is documented in the ISO 14001 EMS. (1.2.6)

The Company has provided a list of documents that can be accessed by the public, both in the General Manager Office (GMO) or in the Estate offices, for example in Sungai Rungau Estate (SRE).The Company has set the retention time of the document through a SOP Communication and Control of Records Procedure (EMS-P11) which was approved on 01/07/2010 with the retention time of the document specified for 3 years, except for legal documents, which is determined by related permits or regulations. (1.2.7)

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

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

This confirmed that the internal audits and checks were effective for monitoring compliance.PT AI has maintained a policy and procedure of legal compliance and is up to date. All related environmental compliances were following ISO 14001 EMS Procedure, while other related regulations were kept in the form of Matrix of Legal Compliance PT Agro Indomas. Based on the reviewing of the random samples of relevant regulations there is no evidence of critical non-compliance. Inspection of records showed the Mills and Estates complied with all of their respective permits and legal or environmental requirements. (2.1.1)

The EHS department receive regular updates of any legal changes which may affect PT AI. There are staff nominated to ensure that any changes are noted and made known to Management. PT AI receives information of changes in regulations from a number of sources. This includes company lawyers, Dept of Agriculture and forestry and others. Hard copies are received of any changes to regulations. This is then circulated to relevant departments within PT AI who need to know of the changes. Due to the EMS/OSHAS requirements, this area appears to be under control and compliant. (2.1.2)

There is a documented system (EHS/OHSAS) which includes all legal requirements to which PTAI must comply, and also there is a document of Legal Register dated 7th April 2011 which includes relevant Environmental regulation, Plantation permit, etc. These

would be updated once a year by the EHS Department. (2.1.3)

There is a rigorous internal audit process which includes a review of laws and their compliance. There is no evidence of chronic non-compliance as a result of internal audits. Each department has to determine that they are complying with these legal/regulatory requirements. This includes labours laws, government reporting and other legal/regulatory requirements. Evidence of documented mechanism on the compliance with relevant regulation was sighted in term of Legal Requirements and Evaluation Compliance, updated on 1st March 2012 – Rev.03. PT AI has also provided a documented procedure of compliance with relevant regulation i.e. Procedure on Legal Requirements EMS-PO2, Rev.04, dated on 1 July 2010. (2.1.4)

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

PT AI has maintained and kept all documents related to land use title i.e. Location Permit, Plantation Business Permit, and HGU Certificate. Copies of land use title documents are held in GM Office for each estate and the originals are held in Jakarta Head Office. During documentation review it was confirmed that all copies of HGUs certificates were sighted for all concessions and all were currently and readily available showing area and length of land tenure – See the detail in the Indicator 1.2.2. For this scope, Terawan Mill which receives supply from Terawan Estate, Lampasa Estate, and Teluk Ulin Estate covers 9,373 Ha of HGU Certificate. However it was noticed that some area of PT AI which are included in the Location permit has a problem with the release of the forest area, which not only involves PT AI but also involving several other companies within the District of Seruyan, Central Kalimantan Province. Based on interviews with the Head of Estates and Forestry District Seruyan, Auditor team has obtained important information that the current overlapping location permit with forest release permit in the District of Seruyan, there is serious discussions between local governments and the Forestry Ministry of Republic of Indonesia. Almost all the existing oil palm plantation in the District of Seruyan have overlapping locations with forest release permit, this is attributed to the differences between RTRWP map of local government-owned and forest maps of TGHK (Forestry land use rights) published by the Ministry of Forestry. Currently, local government supports that oil palm plantation companies have location permit even though the existing problem is still being discussed. However, PT AI has initiatively followed the current procedure to pursue the forest release permit in order to get HGU certificate subsequently. Auditor team review on the current PT AI permit documents and confirmed there are complete sets of legal land permit belonging to PT AI. Observation was raised for PT AI to keep constrain to the remaining changed regulation of land use as of the provincial RTRWP to TGHK. **Observation 01 (2.2.1): Company has**

complete set of documents on the HGU process on 3,921 ha area within Terawan Estate, Lampasa Estate, and Teluk Ulin Estate. However it is constrained to the remaining changed regulation of land use as of the provincial RTRWP to TGHK. (2.2.1)

All legal boundaries are now being clearly demarcated and maintained in the form of boundary pegs. These pegs are also included in GPS tracking. The boundary markers are also indicated on maps of the estates with the relevant marker number in place. A large number of boundary pegs were sighted during this review and were easily located and very prominently displayed. PT AI is to ensure all operating unit consistently carry out monitoring of boundary markers regularly and this is recorded. Based on field visits in the SRE (Marker number 64) which is the boundary area between PT and local villages, it can be seen that these HGU boundary pegs are well maintained and the identity of these markers can be read clearly. (2.2.2)

There are a small number of very minor disputes involving very small parcels of land. These are only recent matters and progress is being monitored and documented. The small areas included have been adequately mapped with participation of the claimant. The results of the visit to the village of Bangkal, Lampasa and Terawan showed that most of the issues of land disputes have been settled by the PT AI and the interested parties have well accepted the settlements for the disputed lands. However there are still problems in the land dispute resolution process. Examples: Claim from Hadri on 27 May 2011; PT AI proceeded on the land dispute resolution as per procedure, and came out with conclusion that this is merely a speculative claim as Hadri could not show any land ownership document. On the other hand, regarding the Juanda claim in Block E27 which now is still being negotiated for compensation, record of the minutes of meeting and correspondence were sighted. However, observation was raised against this indicator which might need further clarification during subsequent surveillance visits. **Observation 02 (2.2.3): Company needs to ensure that the progress of small number of land disputes with local villagers (e.g. Juanda, etc) is maintained and documented properly. (2.2.3)**

PT AI has not acquired any new land recently apart from some approaches for land of customary owners to turn their land into the plasma scheme. PT AI holds a copy of the land compensation paid to the landowners, including the amount paid for the commercial land (e.g. commercial-rubber tree) with the recipient and witness signatures. Since 2003, PT AI has been implementing a new policy which requires more detailed documents including photographs of the recipients and witnesses. At the Main Assessment, auditors interviewed local officials who are responsible for land acquisition (i.e. Demang Dayak Temon) to get more details about the process of land acquisition; information was obtained in appropriate manner that for most of the area planted by PT AI, compensation payments have been made to the parties involved, though small parcels of land dispute

resolution are still being resolved. This is reinforced by the agreement of the Company with community leaders on January 29, 2009, signed by Camat of Danau Sembuluh, the village head Terawan, Selunok, Lampasa, and Demang Danau Sembuluh. (2.2.4)

Land dispute resolution mechanisms and how to handle the new planting area have been done by considering the law and the ongoing reconciliation process. PT AI has developed procedures related to the land resolution such as: Land Compensation Payment process (LCD 2.4, dated on 15/08/2010), Measurement of Land for Compensation (LCD 3.1, dated on 15/08/2010), Overlapping Land (LCD 2.3, dated 15/08/2010). The interviews with some community leaders of Bangkal, Terawan, and Lampasa villages also stated that PT AI has socialized to them on the procedures. (2.2.5)

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

PT AI development is 95% on Government land which is leased under HGUs or Recommendations where HGU has not yet been issued – see above indicator 2.2.1

Under the Plasma scheme for example, they have around 180 hectares which PT AI totally manage -the Plasma scheme for the local villagers. They are not leasing the land rather they are operating on behalf of the local people.

Records of negotiated agreements are available at the GM's office. In all the sample estates visited, it was confirmed during interviews with the local community that there are only a small number of minor land disputes in PTAI. A compensation payment was made based on an agreed amount following negotiations. For example on 20th January 2011, company received request for information from Pak Dili on whether his "land" was located at the protected buffer zone close to club house and if company was willing to buy the land at the agreed price. Company (CSR and EHS Department) responded by checking and confirming to the person that the land is inside the buffer zone and company was willing to compensate. Following negotiation it was agreed and the land was compensated on 17th March 2011. (2.3.1)

Maps are available in appropriate scale in term of GIS database showing extent of all land resolution process with clear demarcation of which area are still being resolved and which have been completed. These agreements are available for each village. (2.3.2)

The local people have initial meetings with the company representative which are minuted. These meetings explain to the local people how the system works and the benefits and any negative issues associated with the scheme. PTAI holds individual land compensation payment records – see detail above indicator 2.2.3. (2.3.3)

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

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

PT AI holds a long term working plan for at least three years i.e. PT Agro Indomas 3 (three) year's Business Plans and Budgets, dated as at 19th January 2012; this includes crop projection for up to April 2014 – March 2015, Oil Extraction Rate, Cost of Production, Price forecasts, financial indicators, including People Engagement and Recognition cost to speed up workers housing repair & Maintenance. The cost of production has been reviewed and compared against expenditure each year with projects in place for future years. This includes production costs per tonne of Crude Palm Oil. The plan is reviewed on a yearly basis at least. The plan includes: Ensuring sourcing best quality planting materials with improved yields, FFB trends taking into consideration replanting and crop maturity and future extraction rates. (3.1.1)

There is in place an annual replanting programme which includes forecasts for the next ten years rolling. This plan is reviewed monthly and therefore is within guidelines. Any amendments are evident. Wherever possible PT AI makes attempts to improve practices based on any information on developments and improvements in the industry. This is to help improve and increase yields and ongoing viability. (3.1.2)

PRINCIPLE 4: Use of Appropriate Best Practices by the Growers and Millers

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

There are Standard Operating Procedures for estate from land clearing to harvesting. This is in the form of a document which includes all relevant SOPs as required. The SOPs are available to all managers and assistants in the estate office. Records are maintained of all the implementation in the form of upkeep records, pruning, fertiliser application, harvesting method and all pertinent applications of these SOPs. (4.1.1)

There are Standard Operating Procedures (SOPs) in place with all operational areas of the mill. They are strategically placed in the specific work areas. These SOPs include all operational areas from reception of FFB to dispatch of CPO. These include pictures and photographs demonstrating correct techniques for each area of operations. There are mechanisms in place to ensure all SOPs are followed. With regards to mills, evidence for implementation of SOPs are provided by the completion of log books and operating records which are collected and reviewed by the Mill Engineer.

They also record any break downs or other reportable issues. Records are maintained of any scheduled inspection to ensure each area is operating efficiently and that any breakdowns or other operating issues are reported. (4.1.2)

There are records maintained of inspections and audit. The record of actions taken place is also recorded and made available. Inspection logs of Mill operations indicate that monitoring of performances, any breakdowns, stoppages or major service are recorded in both the log book for each area and in the maintenance. The EMS/QMS system requires that records of monitoring are kept. E.g. drain and PCD's as well as use of PPE etc - any actions taken such as cleaning needs to be recorded.

Also with regards to Estates a monthly inspection is undertaken by the Estate Manager. Also regular inspections are undertaken by Agronomy. Records of all inspections are maintained with copies being given to the respective Field/Plantation Managers. Areas of non compliance are reported and followed up by the Estate Manager. The Plantation Managers also carry out regular inspections of all estates activities and provides a report of any actions required. There are very regular work place inspections taking place in all areas to ensure SOPs in both estates and mills are properly implemented. (4.1.3)

Records of the results of monitoring of operations are captured in the Monthly Progress Report which are reported and include the mill, estates and other support areas. This includes inspections undertaken, extraction rates, tonnes per hectare, fertiliser applied, areas harvested, FFB tonnages, CPO produced etc. (4.1.4)

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

A full soil analysis was completed in May 1997, done by PARAM Agricultural Soil Survey, Malaysia. The results have been received for each estate. Maps have been produced indicating soil types on each estate in term of Detail Soil Map of PT Agro Indomas. Leaf sampling analysis is conducted annually and results are maintained by Agronomy Department. The most recent analysis was completed in June 2011. The leaf analysis for the current year is still being undertaken and has not been completed yet. As a result of this foliar sampling analysis fertiliser inputs are determined and these are recorded. This includes type of fertiliser, amount, block and date of placement. Each estate of PT AI was included in this leaf sampling analysis. This determines fertiliser applications for future year's planning. (4.2.1)

There are records of all fertiliser application for all areas including amounts and types of fertiliser used and purpose as determined by agronomy based on leaf analysis and soil type. Cover crops are in place and

checked during visual inspection for Teluk Ulin Estate. Cover crops are legumes and are very well in place in some area.

EFB is also applied – there are records available of where it is applied and amounts for estates near to the mill. This was the case in sample estates visited e.g. Teluk Ulin Estate. (4.2.2)

Criterion 4.3: Practices to minimise and control erosion and degradation of soils.

There were no fragile soils reported in the most recent soil survey carried out by PARAM Agricultural Soil Survey, Malaysia on May 1997. The result is shown in Malaysian Soil Series Equivalent. Recent maps are available of all soils in all estates. The survey detected a small part of shallow peat (<15 cm depth) area which cover only 119 ha (0.6%) from the operational area of PT AI. However, Company is also concerned about maintaining water levels in the shallow peat by controlling appropriate drainages. (4.3.1)

Based on the Soil Maps of PT AI, most of the area is flat and tends to be slightly undulating. No terrace has been made. For the undulating area now PT AI is keeping *Nephrolepis sp* and other soft grass to avoid undesirable soil erosion. PT AI also practices frond stacking placement and organic mulching; these would reduce soil erosion and evaporation. Field inspection to Teluk Ulin Estate confirmed all these practices are very well in place. (4.3.2)

There is in place a road management plan for year 2012, which covers roads throughout each estate. The programme is monitored regularly. The plan indicates areas to be worked on by road grader or have other work completed. Records are kept of the amount of metres maintained in each estate and when this is done. Each estate is budgeting to have grading around 180 km of the roads each year. (4.3.3)

Company is also concerned to maintain water surface in the small part of shallow peat by controlling appropriate drainages. (4.3.4)

There are some sandy soils identified in PT AI and plans are in place to improve these areas by strategic use of nutrients such as application of EFB together with normal use of fertilizer application. (4.3.5)

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

The company has implemented a policy of buffer zones and riparian areas - including establishing buffers along rivers in accordance with Indonesian laws of President Decree 32/1990 - a 50 metre buffer for rivers less than 30 metres wide. Field inspection e.g. Sungai Rungau the river and streams in the estate appear well managed and relatively free from pollution. It is the policy of PT AI that

all buffer zones as stipulated by Indonesian law are re-established at re-planting. There are some water courses which need to re-establish and restore as riparian areas at replant.

There are in place practices to prevent run off of nutrients and chemicals in the planting manual. Chemical handlers are trained on the disposal of chemicals. Waste chemical containers are disposed of or are re-used for transporting stock solution to the field. Interview with the spraying workers at Teluk Ulin Estate and Lampasa Estate both confirmed that they understood the safe practices on handling waste chemical containers in environmental friendly method. (4.4.1)

A water management plan has been implemented as per SOP-WMP-01 Water management Plan, Rev: 00\01-12-2012. These include the management of mill water, stream water, provision of quality domestic water, and management of water runoff on roads. There are water quality tests which monitor the Rungau river water quality both at the upstream and downstream points. These were carried out when requested and results have indicated that the water quality for other users has not been adversely affected. The test done by an independent lab shows pH, TSS, heavy metals, BOD, COD and faecal and total coliform is also tested. The most recent river water quality test was on December 2011 which done by PT Unilab Perdana, Environmental Laboratory. The results showed some parameter from upstream (i.e. BOD, COD, and pH) were over the threshold Standard of Government Regulation number 88/2001. PT AI has evaluated and investigated the result and concluded this was caused by many activities in the upstream of Sungai Rungau such as sand mining by local people. PT AI has also tested monitoring well in three different sample locations where Location 1 (AT5) located in Block I-30 within POME land application, Location 2 (AT6) in Block J-29 outside POME land application area as a control plot; and Location 3 (AT8) in the community villages of Terawan. Review on the results of t pH, Cd, Cl, NO₃, Zn, SO₄, and Pb parameters were complied with Health Minister Regulation 416/1990 regarding Clean Water Standard. (4.4.2)

BOD of effluent is monitored with regards to land application and in accordance to government regulation (Environmental Minister Regulation number 28/2003). This is tested monthly by an independent laboratory. The latest three months of BOD monitoring are in December 2011 and in January 2012 done by PT Unilab Perdana, and in February 2012 done by Sucofindo Laboratory. Results showed the level is within legally allowed limits for land application (BOD below 5,000 ppm). E.g. BOD result in Pond number 7 for December 2011 is 660 ppm, January 2012 is 311 ppm, and February 2012 is 313.78 ppm. There is no effluent discharge into water ways etc at the present time with regards to mills in PT AI however if this does take place the BOD levels are to be recorded. (4.4.3)

Terawan Mill has been a routine monitoring water usage for processing use. Latest record showed water usage is 1.34 M3/ton FFB in February 2012.. (4.4.4)

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

The Integrated Pest Management (IPM) plan has been documented for all estates – this includes all integrated pest management techniques used in each estate. Example: The IPM Plan is available in Teluk Ulin and Terawan Estates for the year of 2012. This includes use of barn owls for rat control, planting of beneficial plants as well as the controlled use of pesticides thereby minimising the use of chemicals and pesticides. PT AI is planning to minimise the use of chemicals and pesticides by these biological methods. During field visits, audit team found that the beneficial plants (e.g. *Turnera subulata* and *Antigonon leptosus*) were sighted; these have been planted along the roadside of the block. (4.5.1)

There are training records of staff with regards to IPM and these are maintained by the Training Centre. Every day the field assistants brief the workers to be always aware of pest and diseases outbreak in the fields to implement the early warning system and routine monitoring for pest and disease. The implementation is monitored and includes rat damage census or any beetle attack. The extent of planting of beneficial plants is also noted and recorded. These are still in progress in some estates. Field Inspection to Teluk Ulin and Terawan Estates confirmed there have been no large/major infestations of *Oryctes sp*, *Ganoderma sp* or other disorders at this stage. PT AI is implementing the IPM. (4.5.2)

The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use. The reason for use of a particular pesticide is always recorded on the Pesticide Application record document. This may include herbicide spraying of palm circles, chemical weeding and upkeep among other reasons. The record shows chemical used in liters per hectare. (4.5.3)

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

There is evidence in place with regards to AGRO INDOMAS's documented justification for all

Agrochemical use. There is a register which records product use, when required, amounts to be used and frequency of use. Agrochemicals are used to target various pests and diseases. It is demonstrated that only approved chemicals are used. There is a list obtained each year from the Indonesian Government indicating approved chemicals which may be used complete with registration number and expired date of registration. **However, it is found in Teluk Ulin Estate that ABOLISI registration number had been expired from the date mentioned as well as it is not in the List of Indonesian Government approved chemical. Observation 03 was raised against this indicator. (4.6.1)**

All estates are now recording pesticide used on an estate basis including active ingredients used, area treated, amounts used per hectare and number of application for each area. These records are re-captured in the Estate Monthly Report. This is in place and estates are effectively recording pesticide use. (4.6.2)

Records are in place to clearly demonstrate that all chemical spray operators have received adequate training. Sprayers receive on the job training with regards to the amount of concentrate to be used and application. The training course for the handling of concentrate chemicals is conducted by Agronomy Department and the pesticide supplier. Therefore mixers and store keeper have received adequate training on chemical handling. Based on the interview with spraying team of Teluk Ulin Estate, information obtained that spraying workers have clearly understood how to use chemical in safely manner; all workers related to chemical have been provided by adequate PPE such as mask, rubber gloves, apron, rubber booths, and goggles. Review of the records shows that 5 field supervisor, 1 chemical store keeper, and 8 spraying workers have successfully completed training on the Paraquat herbicides done on 29th February 2012. There is evidence of training and records are kept in estates and at the training centre. Record of certificates is available. (4.6.3)

Empty pesticide containers are handled in accordance with applicable laws and are stored as per regulations in secure areas. Empty pesticide containers can be re-used by sprayers once they have been properly treated and triple rinsed. Any empty pesticide containers are to be stored in the designated storage area as prescribed by Government regulations number 18/1999 – this is special hazardous waste store. Inspection of Teluk Ulin storage area showed that all empty pesticide containers were kept in secure area and recorded. However it is noted that need an improvement for handling empty pesticide container which are not re-used yet and are still kept at the waste store for quite some time. Observation has been raised against this indicator. **Observation 4 (4.6.4): The mechanism for controlling empty pesticide containers need to be improved to avoid uncertain condition whether it is re-used or kept in the chemical storage, or released back to the supplier.(4.6.4)**

There is a list provided by the Indonesian Government of both allowable and prohibited chemicals - and PT AI estates have a copy of this list. However at this stage Paraquat herbicide is still used and amounts used are monitored as there is no alternative available currently. For the year 2012 budget, all estates are encouraged to apply more Paraquat by Research Department. This was caused by the current condition at the field with too many voluntary oil palm seedlings that need to be controlled. Interview with Research representatives of PT AI found that they are now conducting research for replacement of Paraquat herbicide. They are evaluating to replace it with Glyphosate or Glufosinate ammonium. However the field trial is being carried out to recommend an economic replacement. This progress will be checked during subsequent surveillance visits. (4.6.5)

There are medical checks provided for pesticide sprayer and chemical handlers - this is conducted at least annually. Interview with spraying team of Teluk Ulin Estate suggested that the latest medical check for spraying operator was done on February 2012. Records are maintained by the company Doctor. Records of such health check-up were kept in the Polyclinic. (4.6.6)

PT AI has a policy in place which prevents pregnant or breastfeeding women from working with pesticides and it is being enforced. Interview with some women spraying workers, indicate that they have understood the policy and are aware of the dangers of handling chemicals during pregnancy or during the period of breastfeeding. However, review of the medical records at the Estate clinic showed that some women of spraying team were detected within 7 and 12 weeks of pregnancy even though Doctor has recommended transferring them to other jobs not related to chemicals. **Minor Nonconformity has been raised against this indicator – Reference Number A701839/1: Company must provide a specific mechanism to identify at the early stage any pregnant women who are not allowed to work in the spraying team. (4.6.7)**

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

There is a documented Occupational Safety and Health plan. There are also many excellent controls in place and implementation is excellent. This is further demonstrated by the fact that PT AI holds certification on OSHAS 18001:2007. Examples include: PPE provision and use, Control of pesticides, MSDS widely available in Bahasa, gas bottles restrained, chemicals identified, excellent signage, high level awareness among workers, safety showers in place, most walkways in mills clear and many others. Many inspections take place in all work areas of Mill and estates on both day and night shifts and in the field as part of EHS monitoring of OHS.(4.7.1)

A responsible OHS person has been identified for PT AI and for each estate and each mill – these people are

identified to all staff and workers for each mill and estate in term of Structure of P2K3 (Committee on Occupational Health and Safety) PT Agro Indomas. This structure has been registered in Department of Labour and Transmigration of Seruyan District. There are regular safety meetings held in all the mills and estates to discuss any accidents/incidents as well as any potential issues. Workplace health and safety inspection takes place in some areas before the meetings and this comply with RSPO requirements. Safety briefing to workers are done at morning musters and records are kept in the assistants diaries. On the whole all operations are holding regular safety meetings and have in place safety committees. This area is compliant.(4.7.2)

All workers including staffs are covered by Accident Insurance, e.g. JAMSOSTEK – this is company policy and a legal requirement. (4.7.3)

Regular Health checks are performed of workers who handled pesticides and all who are exposed to high risk work at the estates and mill. The records are maintained by the company doctor – these checks are carried out at least annually. The latest records of health checks were carried out on February 2012 which was done by company doctor. However ***Interview with an engine room operator it was found that he did not yet regularly gained a health examination by a doctor after he has been promoted onto permanent workers since 5 years ago. This finding is considered to be Minor NC – reference number A701839/2.***(4.7.4)

Now almost all operations where health and safety is an issue have been risk assessed and procedures and actions documented and implemented to address the identified issues. Employees are made aware of precautions attached to all products including hazardous substances, plant, machinery, equipment, tools, and vehicles through provision of MSDS, training and experience. All areas of health and safety risks have been identified. Employees are made aware of precautions attached to all products including hazardous substances, plant, machinery, equipment, tools, and vehicles through training and experience. PT AI has ensured all potentially hazardous operations, such as pesticide application, land preparation, harvesting were been included in the hazard/risk assessment. All hazard and risk assessments are updated at least annually and at times more often.(4.7.5)

There is evidence in place that all workers have been adequately trained in safe working practices as complete records are in place for all training including pesticide workers in each estate. PPE is available for all workers in regards to pesticide applications and use of other hazardous areas and is being used correctly in most cases. In other areas all PPE is supplied are being used correctly at all times – this includes mill, estates and contractors. Company employees use PPE more consistently than contractors. There need to be better all round enforcement of contractor Health and Safety by Civil Engineering department in particular. The contractors are to be inducted on all occasions and

made fully aware of any OHS and PPE requirements on site. (4.7.6)

Emergency procedures are in place and these are mainly with regards to fires and evacuation drills. There are phone numbers listed in each estate and mill of emergency contact numbers. It also includes training in use of spill kits. It was noted that the estates are also undertaking fire emergency accident drills and records are being kept. The results of any emergency drills are evaluated to ensure that activities are effective. The control and management of fire extinguishers is excellent throughout all areas. Several Fire extinguishers start immediately when tested and sampled fire hydrants tested were operational with impressive water pressure maintained.(4.7.7)

First Aid equipment is largely available in all operational areas including first aid kits which are strategically placed and are subjected to regular inspection to ensure that they are adequately stocked. PT AI ensure that First Aid trained workers are known to all staff by placing photographs of first aiders in work areas. They have also introduced a system whereby trained First Aiders are also identified by wearing an emblem on shirts which shows a recognised First Aid logo. However, field inspection to the Mill area it was found some medicines stored in the First aid kits are not in place as listed in the first aid kit. Observation was raised against this indicator. ***Observation 5 (4.7.8): The first aider shall improve their routine checking to all first aid equipments to ensure the complete set of medicines are available at anytime. This also should be applied to first-aid equipments carried by field supervisor.***(4.7.8)

There is evidence of workers being trained in First Aid in all areas – records are available of first aid training by external body – training certificates were sighted.(4.7.9)

There are in place records of all accident which are reported and there was evidence of work accidents being always fully investigated to prevent recurrence. There are records maintained at the site of the accident for any serious injury or near miss to show any follow up of these occurrences. Often photographs and diagrams give information on what happened in an attempt to explain and prevent re-occurrence where possible.(4.7.10)

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

It appears that training is provided to all employees and contractors when appropriate although records of this training are not always maintained. There are formal training programmes in place as well as there is a regular assessment of training needs for all operations. This formal training requirements and assessment of need takes place in plantations and mills. A training programme is in place for 2012 for all areas of Mill and estates; and kept in the Human Resource (HR) Department. Training program for all staff and workers

were based on initial identification and a training need analysis. These have been provided by HR Dept. There are records of the result of training identification (Data Capture and Training Matrix 2012/13). For the smallholders, HR Department has facilitated and asked CSR Dept to conduct training for smallholders. Based on the results of the visit to the village of Bangkal, Lampasa and Terawan; most of local villagers mentioned that the company has conducted mentoring for oil palm cultivation, in particular for farmers. There are records of actual training program of 2010/2011 for each individual staffs and workers which include activities, training duration and number of trainees. (4.8.1)

Records of training are in place for all employees. The training records for each individual staff are in place and kept in HR Training Dept. The worker training records were kept in the estates. There is also training needs record for each individual that includes soft skill, managerial skill, communication skill, and team building intervention E.g. Training record for EHS Manager, Estate manager, field assistant and the workers. All boiler and tractor operators have been trained by the Labour Department in accordance to the relevant regulation. All spraying operators were trained in accordance to the relevant regulation (Permentan 7/2007). The company has provided complete set of training records for each individual staff and the workers. (4.8.2)

As far as possible PT AI uses trained contractors who are experienced. PT AI uses the same contractors wherever possible who have already demonstrated their competence through previous work. (4.8.3)

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

All environmental impact assessments have been carried out when and where appropriate. Records of all impact assessments carried out are readily available. The latest review was undertaken on 1st April 2011. This was part of PT AI EMS programme for all operations which are audited for certification annually in August of each year. All environmental impact assessments (AMDAL) have been carried out and approved by appropriate government body. The reports for Jan – Jun 2010 and Jul – Dec 2010 were reviewed and seen to be complete. There are Environmental impact assessments carried out for all operational areas. It appears that all potential environmental impacts have been addressed and includes beneficial impacts. PT AI holds the approved AMDAL (SEIA) documents for original operation dated 08th June 1998 by Minister of Agriculture (Letter No. 20/ANDAL/RKL-RPL/BA/VI/1998) for the development of 12,000 ha oil palm estate and a POM of capacity 60 Ton FFB per hour. In 2006 new SEIA was prepared in conjunction to the expansion of the estate and the

additional mill capacity from 60 tons FFB per hour to 90 tons FFB per hour. The Governor of Central Kalimantan letter No. 188.44/281/2007 dated 22nd June 2007 approved the SEIA for expanded scope. On 01st April 2011, PT AI revised an Environmental and Social Aspects and Impacts Risk Register as part of the implementation of ISO 14001 Environmental Management System. This involved a review of all PT AI's existing operations and included consultation with local stakeholders for identification of environmental impacts. A risk assessment process was used to determine the significance of impacts within the property and externally, such as for transport of FFB and palm products. Environmental management programmes have been prepared and implemented for control and reduction of the significant impacts as part of continuous improvements. (5.1.1)

There are regular reports with regards to environmental management as required by regulatory authorities. This includes RKL-RPL report submitted 6 monthly. There are also regulatory requirements for reporting and testing smoke emissions on 6 monthly basis. All other reports with regards to Environmental issues are reported as required, such as water quality and BOD testing applied for land application. (5.1.2)

In 2006a new SEIA was prepared for the change of Terawan mill capacity from 60 tons FFB per hour to 90 FFB per hour and expansion of estates e.g. 1,000 ha in Sehabi village (Kota Besi Sub-District – Kotawaringin Timur, 3,860 -hectaresat Lampasa and Terawan villages (Seruyan Raya sub-district, Seruyan), and 3,000 -hectaresin Terawan, Lampasa, and Bangkal villages (Seruyan Raya sub-district, Seruyan). Inspection of the document confirmed the SEIA covered both positive and negative impacts. (5.1.3)

Criterion 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.

A survey of rare, threatened or endangered species of PT AI has been undertaken. A number of HCV areas have been identified and any protected, rare, threatened or endangered species identified. These are then monitored to ensure protection is adequate. Sign Posts are in place. The recent HCV study was undertaken for whole operational areas of PT AI including 5 (five) company estates and plasma projects. During the development of the HCV identification activities, there were stakeholder consultations- and it is listed in the reports. HCV Preliminary Assessment Report was prepared by WWF Indonesia in 2008. Later in 2010, a qualified and experienced ecologist from the Faculty of Forestry, Bogor Agricultural University made an assessment of possible HCVs present at the company properties using the guidance of the Indonesian HCV Toolkit (2008). Inside the company's owned estates,

there are several sites whose existence and sustainability is maintained due to the consideration of biodiversity, soil and water conservation, and local communities basic needs. During the assessment a number of protected plant species found in the site with following details: protected according to Indonesia Regulation No.7/1999 (1 species) and according to CITES (2 species). There are another 14 plant species found in and around the properties included in the IUCN red list. The fieldwork also recorded 27 species consisting of 12 species of mammals, 13 species of birds, and 2 species of reptiles. Nine of the bird species and one of the reptile species are protected under Indonesian Law. Fieldwork observations have recorded that 2 birds species and 2 reptiles species are endangered, rare or threatened species of fauna (IUCN or CITES) within or adjacent to the estates. However, up to the Main Assessment, the document of HCV Identification is being reviewed by ProForest, set forth in the "Consultant Service Agreement" dated August 18, 2011. ProForest has conducted field visits in order to review documents on HCV since 9th to 13th January 2012 and is currently in the process of preparing the report. Observation was raised against this indicator. **Observation 06 (5.2.1): Company should follow up the progress of peer review process of HCV report conducted by ProForest, and ensure the process is done as appropriate.**(5.2.1)

PT AI has established a conservation status (e.g. IUCN status), legal protection, population and habitat requirements of rare, threatened or endangered species that could be significantly affected by the grower or miller where there are identified rare, threatened or endangered species in the PT AI operational areas and bordering to PT AI operations. HCV areas are identified and all boundaries of HCV areas adequately marked and provided with signboard which stated the type of HCV and status. Early indications from the draft report indicates that a number of HCV areas were identified including HCV 1,2, 4 and 6 in some Estates. All HCV are mapped and identified. The map needs to be in more detail and followed by management plan developed by the Estate. PT AI has established appropriate measure to protect riparian reserves, such as conducted awareness training of officers with regards to HCV areas and protection measures in place. Training and awareness was also extended to local communities in the nearby areas. HCV management plans are available in all estates. (5.2.2)

Measurements taken currently include the exclusion of plantation activities in the HCV areas. There are sign posts in place warning outsiders that hunting, logging and fire use are prohibited and indicating to the public at large the presence of the HCV areas. The signs are informative about what is the designated HCV. The habitats identified such as HCV's are protected in accordance with relevant laws. Signs are in place which identify the areas to prevent any illegal or inappropriate hunting, fishing or collecting as far as possible.(5.2.3)

Signs are in place warning about protected HCV areas which identify HCV status and any species found in the

areas. These signs are appropriate on some occasions however more are need on all approaches to these areas to ensure that workers and communities are aware of these areas. Public informative material (brochures, posters, leaflet etc.) has been produced and is available for publics/workers regarding the HCV or its protective habitats, species/functions. PT AI has disseminated the information on the presence of protected species, endangered or rare to the community around their working area during the regular meetings conducted each month, for example in Lampasa and Terawan villages. Similarly, this information has to be disseminated to employees during the morning briefings.(5.2.4)

PT AI has appointed a Manager whose responsibilities amongst other is for RSPO; and it also has in place trained staff who monitor HCV and other conservation areas. Plantation field assistants are responsible for the management of HCV and other conservation areas including riparian zones. Overall Estate managers are responsible to ensure that the estate protects HCVs in their respective estates. Monitoring of HCV areas is taking place by trained officers (records sighted) however this needs to be consistent in all HCV areas in each estate.(5.2.5)

Criterion 5.3: Waste is reduced recycled, re-used and disposed of in an environmentally and socially responsible manner.

The identification of waste and pollution sources for the Mill and estates is in place and it is current as per the Environmental & Social Aspects and Impact Risk Register, version 13th January 2010. For example:, waste lubricant from oil storage, effluent from the mill FFB processing, and empty pesticide containers from spraying activity at the estate. (5.3.1)

There is a waste management plan in the Environmental & Social Aspects and Impact Risk Register, version 13th January 2010. There are plans in place to recycle where possible, including batteries, aluminium, waste oil, chemical containers, half drum used for spill kits and rubbish bins. Inspections in the field and review document confirm PT AI has implemented the waste management in accordance to above identification of sources and waste management plan. Example: routine monitoring of , providing secondary containment, sand and sawdust to prevent oil spillage in warehouse of Terawan Mill and Teluk Ulin Estate, land application of treated mill effluents; and also empty pesticide containers are kept in secure area. (5.3.2)

PT AI has built a temporary hazardous waste store which is centralised in the Central workshop. It also holds a License for the waste storage, issued by the Head of Seruyan District, License Number 115/2011, dated on 15th April 2011. PT AI has routinely monitored the hazardous waste every month in term of Matrix Sheet of Hazardous Waste Storage. PT AI has engaged a licensed

contractor namely CV NAZAR for collection and disposal of hazardous wastes; license number 122/2010 dated 15th June 2010, which is valid for 5 years. Medical waste from clinic is managed properly. Interview with clinic officers and the document review indicated that medical waste is well managed. All the satellite clinics in PT AI reports the medical waste and collection amount to the main clinic and the waste then sent to the Murjani Hospital in Sampit for disposal.(5.3.3)

PT AI records wastes in all areas. This includes but is not limited to the following: POME application, smoke emissions, used lubricants, pesticide containers, used batteries and oil filters. However observation has been raised against this indicator. **Observation 07 (5.3.4); Records of Hazardous waste monitoring need to be improved correctly by referring to the templates as mentioned in the permit. e.g. the amount of waste in and out from the warehouse; detail information of transporter in the manifest document, etc.**(5.3.4)

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

Terawan Mill uses fibre which -powers the boiler to - produce steam which drives the turbine for electricity generation. The use of this renewable energy is almost 80% under normal operating conditions. Terawan Mill provides records of both monitoring of kilowatt hours per tonne of palm product and kilogram of steam per tonne FFB. As per record on April 2011 to February 2012, **efficiency on utilization of fibre and shell** compare to diesel fuel will save around 64.94 % of diesel fuel.(5.4.1)

Terawan Mill monitors the use of non-renewable energy (diesel) and this is monitored with data which records usage of diesel to produce electricity (KW per litre diesel). The diesel used for all operations is measured and monitored with the aim of reducing the use of non-renewable energy. The latest record of monitoring on diesel fuel consumption was of February 2012. The trend showed reduction of diesel fuel consumption during 2011-2012 (5.4.2)

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

PT AI has implemented a zero burning policy since the start of the oil palm development. Burning is not allowed by PT AI and there is no evidence of burning. Example: Policy on Land clearing without burning, Reference number: OP/C2/06/01, dated 1st June 2006; this policy applies for all new planting and replanting areas. (5.5.1)

There has not been any burning at PT AI at this stage. All workers and staff have understood this policy and the implementation is followed strictly.(5.5.2)

Procedures are in place with regards to land burning emergencies, and records of training are maintained in response to fire control. Example: Fire Emergency Response Plan **Procedures** on Land and Housing, reference number SOP-ERP-01, dated 15thFebruary 2012. Records are kept if at any time PT AI has to respond to illegal fires or outbreaks. There are **records of fires that occurred outside the boundary and PT AI assisted to fight** and put out the fires. There is a record of combined fire drill involving all the estates of PT AI in collaboration with a Forest fire fighting team from Forestry Departmen (namely Mangala Agni team), District of Seruyan, done on July 2011. (5.5.3)

Fire Extinguishers are regularly checked and inspected and are widely available and all are operational. Field inspection of the Teluk Ulin Estate confirmed that there are fire fighting equipments in working condition e.g. water pump, hose 60 m, water tank, and tractor. (5.5.4)

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

Assessments have been carried out on all recognised polluting activities and include gas and smoke emissions, particulate and soot emissions, effluent control, treatment and discharge. All significant pollutants and emissions have been identified. There is a plan in place to reduce pollution – this is included in the document of Environmental Aspects/Impacts Register, latest version of 13th January 2010. (5.6.1)

Boiler stack emissions are measured by a 6 monthly check as required by Government regulations and reported to related institution twice a year in term of RKL/RPL reports. Latest result of inspection was on December 15, 2011; testing for both boiler stacks Mechmar and Viencke. The result showed that all parameters are in accordance to Environmental Minister Regulation number 07/2007 regarding Standard of Quality Emission Sources for the Boiler using Biomass Fuel of Fibre or Shell. Daily monitoring also has to be done using Ringle man Chart which shown 10 to 20 % (< 30 % of opacity as per government regulation). However, observation was raised against this indicator. **Observation 08 (5.6.2): Even though the Ringle man method for monitoring smoke emission manually is in place, the awareness on the use of Ringle man chart need to be fully developed among boiler operators.** (5.6.2)

The strategies to reduce pollution are documented in the EMS documentation. Records are in place for all reports which are received from independent labs (PT UNILAB Laboratory). Results indicate that PT AI is reducing pollution and all emissions are within the allowable limits. Example: the result of parameter on Opacity was 10 % (standard required 30 %), SO₂ was 14 mg/Nm³ (standard is 600 mg/Nm³). (5.6.3)

Records of identification, monitoring, and treatment methodology for POME are available. Terawan Mill routinely monitors treated effluent for land application such as BOD, COD, and volume. Record showed monitoring was done on a daily basis. (5.6.4)

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

Social impact assessments were undertaken by either PT AI or independent consultants depending on the situation. Matters which could have potential social impacts include: building of new roads, new mills, planting expansions, mill effluent disposal and clearing of natural vegetation. A social impact assessment is required of the impacts of each estate even though operations have been in place for many years. PT AI has completed assessments for continuing social impacts. The SEIA was approved on 08th June 1998 by Minister of Agriculture (Letter No. 20/ANDAL/RKL-RPL/BA/VI/1998 for the development of 12,000 ha oil palm estate and a POM of capacity 60 Ton FFB per hour. Inspection of the document confirmed that both positives and negative impacts have been assessed. Positive impact identified is provision of employment opportunity while negative impacts consist of water quality of Sungai Rungau and flora and fauna disruption and erosion. At the time of SEIA preparation, the participation of local community (public consultation) was not required by the Indonesia regulation. PT AI has shown documents containing An Executive Summary and Terms of Reference for the EIA and has distributed copies of the documents to each estate, for example in Teluk Ulin Estate and Lampasa Estate. (6.1.1)

The structure of the report complies with the Environmental Minister regulation (Kepmen LH No. 45/2005). The report documents are available. The RKL / RPL is reported periodically to the Department of Environment, Seruyan District and Kotawaringin Timur District. For example, the Report for the second half of 2011 was sent by letter dated 2nd March 2011, number 050/EHS/A1/III/2012. The reports have included all the parameters as per the Social Impact Assessment Report. (6.1.2)

Following the approval of additional areas (from 12,000 to 19,860 ha) the SEIA was revised accordingly. The Governor of Central Kalimantan letter No. 188.44/281/2007 dated 22nd June 2007 approved the revised SEIA. The revised SEIA encompasses both positive and negative impact as the result of change of operational scope. Negative social impacts identified - social conflicts, working and employment opportunities, social values and norms, and public health. Inspection of the revised SEIA document confirmed that the social aspect have been assessed comprehensively and appropriately by the independent consultant. In

addition to the formal SEIA, PTAI also assigned Bogor Agricultural University (IPB), in August 2010 to independently assess socio-economic impact of the oil palm operations. Even though there were no records of public socialization during formal SEIA preparation however during the preparation of the additional SIA, local community involvement was sought in form of surveys of local communities at adjacent villages with 186 respondents interviewed. This was done to assess the social changes caused by the company's operation. (6.1.3)

Regular RKL/RPL reports are available and reported routinely to the related institution every 6 month – see detail in indicator 6.1.2. (6.1.4)

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

Procedure for communication with local communities is part of SOP No. EMS-P05 on Communication, 2nd revision dated 01st July 2010, under sub-heading of “external communications”. The procedure required that all complaints and/or information requested should be forwarded to their respective department head, who in turn forwards this to the EHS Department or the CSR Department Head for approval and action. Communication and consultation mechanisms have been designed in collaboration with local communities and other affected or interested parties. The considerations are the use of existing local mechanisms and languages. Consideration is given with regards to the use of third parties including community groups, NGO's and Government agencies when required. (6.2.1)

A sufficient stakeholders list was prepared on March 2011, including contact persons, address, phone number, and issues of concern. The lists consist of government department (villages, sub-district, district, provincial, and legislative), related government agencies, NGO, mass media, universities, schools, and neighbouring companies. PT AI has also added to the list - a total of 9 (nine) neighbouring companies in the list of stakeholders. (6.2.2)

PT AI holds records of community aspirations/proposal and follows up action in the “CSR Dept. Environmental Report”. For example, on 29th March 2011 Terawan village head invited the CSR head to attend meeting on plasma development programme. Meeting was held on 18th April 2011 (attended by 35 village representatives), where the company explained the mechanism of plasma development. PTAI also stated the commitment to help communities on this effort as long as in compliance with government regulation. (6.2.3)

Company assigned CSR manager as the person responsible for consulting and communication with local communities. (6.2.4)

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

A guideline on how to handle complaints has been endorsed by the management through a "Letter of Head of HR Operations No. 006/HR-RO/V-2011 dated May 4, 2011. This guideline has been disseminated to the stakeholders and regular meetings are conducted every month. Based on the interviews with community leaders of Terawan and Lampasa villages, it is noted that they are familiar with the submission and settlement of complaints to PT AI.(6.3.1)

Record of complaints are handled by the "CSR Department", for example, complaint was received from the Head Sub-District of Seruyan over the construction of a boundary drain in block A26, which will prevent accessibility of local people to their land on the 17th May 2010 (letter no 300/122/Tramtib/2010). The construction of this boundary drain was considered as a social conflict trigger between the company and the communities. PT AI replied on 25th May 2010 (letter no. 013/CSR-AI-SOS/V/2010, explaining that the boundary drain was intended to stop the theft of FFB. However, the company would provide access by constructing a wooden bridge across the boundary drain.(6.3.2)

Procedures for the identification and calculation of fair compensation for the loss of legal or customary right of the land have been included in the SOP No. LCD 2.1 on Socialization, dated 15th August 2011, where involvement of local community's representatives is acknowledged in the process of identification and calculation of compensation.(6.3.3)

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

Procedures for the identification, calculation and compensation for the loss of legal or customary rights of the land have been developed, with the involvement of local community representatives and relevant agencies. It has been included in the SOP No. LCD 2.1 on Socialization dated 15th August 2011. The SOP provides guidance on the process of gaining community consent and payment mechanism agreed by communities and company. Company also holds SOP No. LCD 24 on Land Compensation Payment on technical aspect of payment to the land obtained by the company.(6.4.1)

Records of people identified and entitled to compensation are in place. Records of all compensation issues are retained. PT AI holds records on "Agro Indomas Land Compensation" file for all land acquired

by the company since the commencement of the PT AI development in 1996. The records include the identification of people eligible to receive compensation. All outcomes to compensation claims are fully documented. The outcomes to any settlements are not made public although information is readily available.(6.4.2)

The documented procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. The compensation is calculated using government guidelines for land and crop values. This is already implemented (see above). Details of negotiation settlements, including detail of compensation (land compensation, improvement compensation, crops compensation) are held in file "Agro Indomas Land Comp" since the development of the estate in 1996. – see related indicator on 2.2.3. (6.4.3)

PT AI holds the records of all compensation payments since 1996 including amounts, details of witness and photograph of recipient (especially since 2008). This is related to indicator 2.2.3. (6.4.4)

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

Corporate **Minimum wage** will be provided in 2012 and it is paid according to the Plantation Sector Minimum Wage (UMSK) Central Kalimantan Province as per the letter No. 001/AGRO/HR/I/2012, dated January 4, 2012 regarding the Adjustment of Daily Wages for casual workers (BHL) and permanent workers (SKU) for 2012. Example, Mr. Mukhtar has a basic wage of Rp. 1,405,560 plus rice allowance, and other benefits giving a total revenue of Rp. 1,896,843. He also holds medical insurance of Jamsostek and Sinarmas Health. Casual workers are advised of their daily pay rate during the recruitment and in the letter of appointment; and depending on the performance they are eligible to be as permanent workers as SKU – B grade. Every worker gets a copy of appointment letter and it is explained by the HRD. (6.5.1)

The Company had shown Document of Company Regulations registered to Office of Labour Department of Seruyan District, as reference to letter from head of Labour Department of Seruyan District, 560/1414/KEP/NAKTRAN/X/2011, dated October 6, 2011. Company regulations are valid until 2013. Detailed work rules provided in the Company Regulations are provided to all employees including casual workers. The guidelines were disseminated in the early morning briefing and using bulletin boards in every workers barracks and housing. Based on inspection of the employee's salary pay slip indicated that PT AI manpower policy implementation has been based on government regulation No. 13/2003, including the rules governing overtime, employee leave entitlements, Social

Security, Health and Welfare Facility, Employees Occupational Safety and Health, as well as the submission and handling of the employee complaints. The Company is in the process of preparing a Collective Labour Agreement to replace the Company Regulations but is still awaiting the consent of the labour union (SPSI) which has a membership of more than 51 percent of total employees. (6.5.2)

Based on field visits it is evident that PT AI has provided a good standard of housing for staff and workers. Free electricity, water, kindergarten, elementary and middle school facilities, playground, food court, cooperatives, mosques/churches are provided. The medical facilities include child delivery facilities and referred treatments to hospitals. School transportation by buses is also provided free by the company. Water quality tests confirmed the treated water supplied to housing is suitable for domestic use. The last one done on February 18, 2011 by PT UniLab (accredited laboratory) showed a high content of total coliform in SPM (39), complex management (21), TLE (150), and SRE (23 MPN/100ml), which is above the allowable limit of 10 MPN/100ml. Recreation facilities in the form of playing fields and community halls are available in all estates. PT AI has also shown improvements in the following areas;

- a system of attending to workers home and plumbing repairs.
- Separation of waste has been applied consistently, both at work and at employee housing.
- zero burning of garbage, both in the mill and employee housing.
- Collection of household waste which is then dumped into a final landfill.
- Plumbing and drain repairs in employee housing.

(6.5.3)

Based on the review of a copy of the letter agreement between PT AI and contractors, for example;

1. The contract agreement between the company and Busri (Local housing contractor) dated January 9, 2012, No. PLT/TRE/septic tank/01/11112/031, included in article 12, paragraph 2 stating that the contractor must provide skilled labor, and experienced necessary to carry out the work, employees should not be under age, and given a minimum wage in accordance with applicable regulations.
2. Contractual agreement between PT AI and CV PT Mitra Prima Mandiri (Contractors supplying laterite), includes in article 3, paragraph 5 and 6, that the contractor shall provide trained employees, more than 18 years old, and pay workers at least according to the UMR. Contractor shall comply with labor regulations, as well as occupational safety and health, as stipulated in Law No. 13 of 2003 and Law No. 1 of 1970 on Safety, and other applicable regulations.

(6.5.4)

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

PT AI has a social policy which was established on June 15, 2011, which guarantees the policy of freedom of association for employees of PT AI.

Interviews with the Head of the Employees Association (SPSF) confirmed that PT AI respects the freedom for employees to unionize.(6.6.1)

PT AI has documented meetings with union employees, for example;

1. Meeting on August 19, 2011, held at the office of the Office of Manpower Seruyan, attended by 13 people representing PT AI, union employees, and the Department of Labor Seruyan District.
 2. The meeting between union employees with the management of PT AI on February 2, 2012, to discuss the implementation of Family Day.
- (6.6.2)

Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

PT AI has a social policy promulgated on June 15, 2011, which prohibits employment of minors. In the Company Regulations, Article 5, paragraph 2, it is also mentioned that the minimum age of employees of PT AI is 18 years old at the time of admission. (6.7.1)

ID check is carried out prior to employment. The verification of employment documents and field visits (spraying workers, harvest workers, loader TBS) indicated that there were no worker under 18 years old employed. (6.7.2)

Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.

PT AI has a social policy promulgated on June 15, 2011, that includes policies on the prohibition of discrimination and ensure equal employment opportunities for stakeholders.(6.8.1)

Interviews with spraying workers, harvesting workers, loaders TBS, union employees, showed that there was no discrimination by the management of PT AI.(6.8.2)

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

PT AI has a Social Policy established on June 15, 2011, which includes policies on the prohibition of sexual harassment in the work place. This policy was articulated by the PT AI in cooperation with the Gender Committee to all employees. For example, socialization to **women** workers on February 23, 2012.(6.9.1)

PT AI has a policy relating to the protection of reproductive rights, included in Company regulation, **section 21** of the menstrual leave, **Article 22** of the Leave days of Pregnancy / childbirth and miscarriage. PT AI also has a policy prohibiting workers who are pregnant / nursing to work in a place that is in spraying activities. (6.9.2)

PT AI has established a Gender Committee as a special institution that aims to protect women employees from sexual harassment. The Company also facilitates gender committee activities, to disseminate the protection from sexual harassment. The results of interviews with female employees (pesticide spraying team) indicated that they have understood the existence of gender committees, as an institution that protects them from sexual harassment.(6.9.3)

PT AI has established a Committee on Gender as a special institution that aims to fight for reproductive rights of women employees. The Company also facilitates gender committee activities, to disseminate information regarding the protection of reproductive rights of women employees. The results of interviews with female employees (pesticide spraying team) indicated that they have understood the existence of gender committee as an institution to protect their reproductive rights. Female employees have fully understood that during the period of maternity / nursing, the wages are still paid by the company. The interviews with employees in the field showed that they still want to continue working at another job that is lighter or have a period of leave during pregnancy.(6.9.4)

The Company has a gender committee tasked to provide assistance to women to deal with gender issues. Interviews with women workers showed that they understand and have the knowledge that there is a mechanism to raise gender issues to management.(6.9.5)

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

Interviews with the Board of Farmers Group ie Plasma Lampasa of Terawan village showed that FFB price is set twice monthly by a Committee consisting of Government, Palm Oil Producers in the Seruyan district. The pricing mechanism follows index "K" government formula. The committee held meetings between 25th

and 27th of every month. Every decision is communicated to every Oil Palm Company and cooperatives as the standard price for a certain period by letter, fax, or short message services.(6.10.1)

PTAI will use this government price as a base price for FFB from smallholders. Records are available on FFB prices and are kept on file "Penetapan Harga TBS" for a period of two years. Archived records are held at the GMO.(6.10.2)

The verification from the local contractors (H. Juanda and Anang Syahwani) indicated that they already understand the rights and obligations under the contract, including the obligation to provide PPE and comply with other labor laws.(6.10.3)

The Contractors are paid in line with the contract conditions – there have been no complaints of late payments received or recorded. Inspection of the company records confirmed that payment is made in timely manner. For example, one smallholder "Parikun" sent FFB on 11th April 2011 and the company paid him on 19th April 2011.(6.10.4)

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

CSR activities are carried out by "Agro Harapan Foundation" for education programmes. They are operating four kindergartens since 2005 and a Junior High School since 2006/2007 that are directly funded by company. Education is provided free including transportation to the school for both the employees and local village children. Agro Harapan Foundation, also pays the wages of 14 teachers of 3 Elementary School, 1 Junior High School, and 1 Senior High School. Since 2007, the company has also built 10 classrooms (including furniture at the two Elementary Schools of Terawan dan Lampasa), local Dayak cultural centre at Bangkal and Terawan. Free medical programme, sporting events, religious activities, and the provision of a generator set for electricity at the Terawan village and Lampasa village are in place. Meetings are routinely conducted every month; the meeting is documented by "CSR Department". Note: PT AI has a budget of 16 billion Rupiahs for CSR programs in 2012.(6.11.1)

PRINCIPLE 7: Responsible Development of New Plantings

Criterion 7.1 A comprehensive and participatory social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

There are no new plantings included in PT Agro Indomas plantation and supply base areas

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

There are no new plantings included in PT Agro Indomas plantation and supply base areas

Criterion 7.3 New plantings since November 2005 have not replaced primary forest or any area containing one or more high Conservation Values.

There are no new plantings included in PT Agro Indomas plantation and supply base areas

Criterion 7.4 Extensive plantings on steep terrain, and/or on marginal and fragile soils, is avoided.

There are no new plantings included in PT Agro Indomas plantation and supply base areas

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

There are no new plantings included in PT Agro Indomas plantation and supply base areas.

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

There are no new plantings included in PT Agro Indomas plantation and supply base areas

Criterion 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations as identified in the ASEAN guidelines or other regional best practices.

There are no new plantings included in PT Agro Indomas plantation and supply base areas

Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The company has maintained the implementation of the environmental Management System that is certified to the ISO 14001:2004 and OHSAS 18001 standards

Objectives and Targets have been developed and an improvement plan prepared as referred to the ISO 14001 and OHSAS 18001 documents. The third party ISO 14001 and OHSAS 18001 Certification Audit checks the achievement of the objectives and targets annually for continuous improvement, the latest EMS audits was done last year and will be carried out during 2012 as well.

A continuous improvement plan for the daily activity (Mill and estates) has been prepared which contains a number of social activities (e.g. improving housing conditions and health levels in the emplacements, raising the awareness of company policies, providing support to women for home industries in the emplacements). (8.1.1)

Meanwhile, for the continuous improvement plan of RSPO assessment findings is also in place. A Continuous Improvement Plan is attached (Appendix D).

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

The areas assessed during the course of the visit were generally found to be effective and comply with RSPO P&C. However, There are 2 (two) Minor nonconformities requiring attention and 8 (eight) Observations/Opportunities for improvement were identified. These, along with other findings, are contained within subsequent sections of the report. Minor **Nonconformity** relates to a single identified lapse, which in itself would not indicate a breakdown in the management system's ability to effectively control the processes for which it was intended. It is necessary to investigate the underlying cause of any issue to determine corrective action. The proposed action will be reviewed for effective implementation at the next surveillance assessment.

Major Nonconformity

No major nonconformity has been raised.

Minor Nonconformities

Two (2) Nonconformities were assigned against Minor Compliance Indicators 4.6.7 and 4.7.4. PT AI has prepared corrective action plan for addressing the non-conformities which BSi has reviewed and accepted. Progress towards resolution on the action taken will be followed up at the subsequent surveillance assessment. The details of these Nonconformities are provided below:

A701839/1: (4.6.4) Company must provide a specific mechanism to identify at the early stage any pregnant women who are not allowed to work in the spraying team. This finding is consider to be Minor NC

A701839/2: (4.7.4) Interview with an engine room operator it was found that he did not yet regularly gain a health examination by a doctor after he has been promoted onto permanent workers since 5 years ago. This finding is consider to be Minor NC

Observations and Opportunities for improvements

Eight (8) Observations- and Opportunities for improvements were identified and are detailed as below:

OBS 1 (2.2.1): The Company has a complete set of documents on the HGU process on 3,921 hectares covering Terawan Estate, Lampasa Estate, and Teluk Ulin Estate. However the company should monitor the development of the provincial RTRWP to TGHK then comply accordingly.

OBS 2 (2.2.3):The Company needs to ensure the progress of small number of land disputes with local villagers (e.g.Juanda, etc) is maintained and documented properly.

OBS 3 (4.6.1): It was found in Teluk Ulin Estate that chemical trademark ABOLISI registration number had expired from the date mentioned as well as it is not in the List of Indonesian Government approved chemicals.

OBS 4 (4.6.4): The mechanism for controlling empty pesticide containers need to be improved to avoid uncertain storage condition whether it is to be re-used or kept in the chemical storage, or released back to the supplier.

OBS 5 (4.7.8): The first aiders shall improve their routine checking of all first aid equipments to ensure a complete set of medicines are available at anytime. This also should be applied to each first-aid equipment carried by the field supervisors.

OBS 6 (5.2.1):The Company should follow up the progress of peer review process of HCV report conducted by ProForest, and ensure the process is done as appropriate.

OBS 7 (5.3.4): Records of Hazardous waste monitoring need to be improved correctly by referring to the templates as mentioned in the permit. E.g. the amount of waste in and out from the warehouse; detail information of transporter in the manifest document, etc.

OBS 8 (5.6.2): Even though the Ringle man method for monitoring smoke emission manually is in place, the awareness on the use of Ringle man chart need to be fully developed amongthe boiler operators

Noteworthy Positive Components

- ✓ There are structured documents prepared by the company for the implementation of EMS and OHS. All documents can be traced easily during audit.
- ✓ Some others, PT AI has been consistently contributing to their internal and external stakeholders. The initial assessment shows company facilities and infrastructure that can be used by the local communities e.g. health clinics, basic education, school bus transportation, and sports facilities are open for the benefit of the local community around the plantation. In addition company infrastructures such as road access and bridges are also used by local community for communicationbetween villages. There are also some activities such as mosque renovation, village infrastructures, sporting activities, etc. There are two kinds of company aid: first, routine aid such as contributions towards local communities basic needs (“sembako”) on the eve of Islamic holidays; second, the contribution based on proposals projected by local communities. In general, local communities are satisfied with the management and staff in responding to proposals.
- ✓ High knowledge of each staff and worker are an added value to support RSPO implementation and maintaining all system that is functioning.

3.3. Status of Nonconformities (Major and Minor) Previously Identified

No nonconformity previously identified

3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue

• Internal Stakeholders

All workers were satisfied with the company performance.

Company response: PT AI acknowledged and agrees

Auditor responds: To consider assessing some indicators related to the workers welfare in Principle 6.

• Government officials

Head of Forestry and Plantation, District of Seruyan explained the current condition of overlapping cases between location permit issued by the local government and the Forestry release permit issued by Minister of Forestry. Now the local government is approaching Forestry Department to amend the current regulation which might affect the oil palm industries in Seruyan District. It affects all oil palm companies within the

district. For the overlapping location permit such as PT AI, local government is supporting the company to continue to the business without barriers while processing and resolving the matter at higher level state institutions. PT AI holds a complete sets of permit documents of which some of them are now waiting for approval of HGU certificate.

Company response: PT AI acknowledges and will follow current regulations.

Auditor responds: This issue has consideration for assessing indicator 2.2.1

- **NGO**

The interview with the Orang utan Foundation International (Pangkalan Bun, Central Kalimantan) obtained information that PT AI has already provided a policy to protect Orangutan. PT AI also has contributed funds to the conservation and rehabilitation of 10 orang-utans

Company response: PT AI acknowledges and will keep supporting the Orang utan conservation

Auditor responds: A positive issue. Review on the current policy of PT AI showed that company is committed to the support of conservation of orang utan.

- **Local communities**

The local community representatives were interviewed and they gave some important information to the auditor as consideration for assessing some indicators related to land issues. (e.g. 2.2.1; 2.2.3; etc)

4.0 CERTIFIED ORGANISATION'S

ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit will be scheduled nine to twelve months from the approval of this report/issuance certificate.

4.2 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

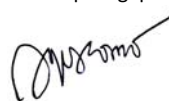
Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of
PT Agro Indomas



.....
Mr Yohannes Izmi Ryan
Head of Environment, Health & Safety
Date: 17.03.2012

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Mr Aryo Gustomo
Lead Assessor
Date: 17.03.2012

Appendix “A”

Supply Chain Certification Audits

Main Report Details

Standard: Supply Chain Certification requirement for CPO Mills – Module EMass Balance

Location: Terawan Mill, Date: 15/03/2012

E.1. Documented procedures

E.1.1 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:

a) Complete and up to date procedures covering the implementation of all the elements in these requirements.

Complies – Procedures are current and include all elements of the Supply Chain for controlling the receipt, sale and dispatch of palm products.-The IT system (JDE) has shown the traceability of FFB receiveds, processed, storage, and dispatch. However, Terawan Mill now is preparing a documented procedure as reference to RSPO Supply Chain Standard: November 2011; these will automatically apply after issuance of RSPO certificate.

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. *Complies – The Mill Manager has responsibility for the Supply Chain aspects of FFB receipts, processing and shipping of palm products. Interview confirmed their knowledge of the RSPO Supply Chain requirements for the respective areas of the operations.*

E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.

Complies – the Mills Weighbridge SOP covers the receiving of FFB and recording details of the Supplier and Transporter. All deliveries of FFB are subject to verification and documentation of quality checks.

E.2. Purchasing and Goods Received.

E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.

Complies – the Mill records tonnages received at the weighbridge and these are reported daily to the Head Office.

E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.

Complies – the company has a mechanism for advising the CB of production variations, which are monitored internally.

E.3. Record keeping

E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.

Complies – Inspection of records at the Mill confirmed these were updated daily. E.g. Daily report, Monthly progress report, etc.

E.3.2 Retention times for all records and reports shall be at least five (5) years.

Complies – Current procedure mentioning all records are archived and stored kept for at least 3 years, however now Terawan Mill is preparing a documented procedure to be follow RSPO SCCS and keep records for at least 5 years.

E.3.3 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.

Complies – these are updated monthly and reported to Head Office. The mill only produces CPO and PK.

E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts,

e.g. *product name*/SG or Mass Balance. The supply chain model used should be clearly indicated. *Complies – The company uses the prefix MB on the Product Code. Example: written in the Delivery note as identity for the transports. This will apply immediately after issuance of RSPO certificate.*

E.3.5 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. *The mill sent their PK to other crushing mill (namely Agro Bukit, where part of company holding) for processing.*

E.4. Sales and good out

E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:

- a) The name and address of the buyer;**
- b) The date on which the invoice was issued;**
- c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)**
- d) The quantity of the products delivered;**
- e) Reference to related transport documentation.**

Complies – all of these items (a-e) are included in the company's invoices to buyers. All sales and goods records are kept in bulking station. Terawan Mill sends the CPO to their own bulking station and PK to kernel crushing plant of Agro Bukit (part of company holding).

E.5. Training

E.5.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.

Complies – The company maintains records of trainings. For the Supply chain requirement, the company has just started to conduct training even though in general all staffs are knowledgable. The company has a training programme for Supply Chain Standard requirements for all staff of Terawan Mill. This will be carried out within first semester of this year.

E.6. Claims

E.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.

Complies – As of the Assessor's knowledge, the company has not made claims outside of the RSPO rules for Communications and Claims.

Appendix “B”

RSPO Certificate Details

PT Agro Indomas

Menara Global, 16th Floor,

Jl. Jend. Gatot Subroto Kav. 27

Jakarta 12950.

Phone +62 2152892260

INDONESIA

Website: <http://www.goodhopeasia.com>

Certificate Number: SPO 586145

Applicable Standards: RSPO Principles & Criteria: 2007; RSPO INA-NIWG May 2008; Supply Chain Certification Requirements for CPO Mills, Module E – Mass Balance, November 2011.

Terawan Palm Oil Mill and Supply Base			
Location Address	Km 75 Sampit - Pangkalan Bun. Kabupaten Seruyan, Sampit. Kalimantan Tengah – Indonesia		
GPS Location	112° 22' 25.00" E – 2° 33' 35.91" S		
CPO Tonnage total produced	69,703 mt		
PK Tonnage total produced	16,177mt		
Own estates FFB Tonnage	276,501mt		
Outside Suppliers FFB Tonnage*	36,700mt		
CPO Tonnage claimed for certification**	62,225 mt		
PK Tonnage claimed for certification**	14,516 mt		
PT AI estates	Mature (ha)	Immature (ha)	Annual FFB Production (mt)
1. Terawan Estate	3,283	37	91,987
2. Lampasa Estate	3,225	11	92,588
3. Teluk Ulin Estate	3,097	9	90,726
4. Lampasa Plasma	60	0	1,200
TOTAL	9,665	57	276,501

* Outside Suppliers Tonnage is not included in Certificate

** The tonnage claimed is the proportion of the total production from Company own estates and Plasma

Appendix “C”

Initial Certification Assessment Programme

Assessment Programme February, 15th – 17th, 2012

Date	Time	Subjects	Aryo	Nanang
Sunday, March 11 th	09.00 – 10.30	Aryo and Nanang travelled from Jakarta to Pangkalan Bun	√	√
	10.30 – 12.30	Met and picked up by the Company at the Pangkalan Bun airport; Team met with Orangutan Foundation International for stakeholder consultation	√	√
	12.30 – 16.30	Auditor Team travelled to location	√	√
Monday, March 12 th	08.00 – 08.30	Opening Meeting together with Sungai Purun Mill and its supply base e.g.: <ul style="list-style-type: none"> • Introduction • Presentation by the company representative (Estate and mill activities, Supply Chain related to the FFB supplied to the mill, progress of time bound plan). • Presentation by Audit Team Leader and confirmation on the assessment scope • Finalize Audit schedule (including stakeholders consultation) • Other business 	√	√
	08.30 – 12.00	Document review (General Documentation of PT Agro Indomas e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification etc)	√	√
	12.00 – 13.00	Break/lunch/pray	√	√
	13.00 – 17.00	Continuing audit for Sungai Purun Mill and its supply base	√	√
Tuesday to Wednesday March 13 th – 14 th	08.00 – 17.00	Auditor team audited Sungai Purun Mill and its supply base	√	√
Thursday, March 15 th	08.00 – 12.00	Terawan Mill - Review on the documents, Inspection, warehouse, workshop, mill wastes, working safety, Supply chain for CPO mill, etc	√	-
	08.00 – 12.00	Estate 1 (Terawan Estate) – Inspections e.g. Office, worker housing, Clinic, Landfill, HCV area, Fertiliser, field spraying & harvesting, etc.	-	√
	12.00 – 13.00	Break/lunch/pray	√	√
	13.00 – 17.00	Continuing Terawan Mill – Review of the documents, Inspection, warehouse, workshop, mill wastes, working safety, Supply chain for CPO mill, etc	√	-
	13.00 – 17.00	Continuing Estate 1 (Terawan Estate) – Inspect area around Estates, meet local village of terawan and Bangkal, Boundary stone, etc	-	√
	Evening	Auditor meeting	√	√
Friday, March 16 th	08.00 – 11.30	Estate 2 (Teluk Ulin Estate) – Inspections e.g. Office, Clinic, Landfill, HCV area, Fertiliser, field spraying & harvesting, etc.	√	-

Date	Time	Subjects	Aryo	Nanang
	08.00 – 11.30	Estate 2 (Teluk Ulin Estate) – Inspections HCV area, boundary stones, met local villagers	-	√
	11.30 – 13.30	Break/lunch/pray	√	√
	13.30 – 17.00	Estate 2 (Teluk Ulin Estate): continuing review document of manual procedure, workers welfare, HCV reports, environment, and health and safety	√	√
Saturday, March 17 th	08.00 – 10.30	Auditor team preparing report	√	√
	10.30 – 12.00	Closing meeting together with Sungai Purun Mill and other estate	√	√
	12.00 – 17.00	Auditor team travelled to Palangkaraya	√	√
Sunday, March 18 th	09.00	Auditor team travelled to Jakarta	√	√

Appendix “D”

Corrective Action Plan of the Initial Certification Assessment findings

**FOLLOW UP ACTION PLAN OF RSPO INITIAL STAGE -2 ASSESSMENT VISIT REPORT
FOR PT AGRO INDOMAS – TERAWAN MILL AND ITS SUPPLY BASE**

Ref No.	FINDINGS	Status	ROOT CAUSE	CORRECTIVE ACTION PLAN	Responsible	Target Completion date
A701839/1	Area : Estate Clinic Clause : 4.6.7 The Company must provide a specific mechanism to identify at an early stage to identify pregnant female weedicide spray operators and not allowing them to work in the spraying team.	Minor	<ul style="list-style-type: none"> ▪ Although there were clear policies and instructions forbidding pregnant women to work as sprayers. -but due to lack of awareness and reluctance of female sprayers to inform that they are pregnant - these cases occurred. 	<ul style="list-style-type: none"> ▪ –The management will strengthen the early detection mechanism in order to eliminate -the occurrences. ▪ Develop and implement clear guidance for early detection of pregnancy. (Monthly Check program by Medical Nurse at the muster ground followed by Clinic Test ie urine test for Suspected pregnancy) ▪ Socialization on the dangers of handling chemicals during the pregnancy and the - guidance to the workers through the Women Committee. 	<p>HR Manager Medical team</p> <p>HR Manager Medical team</p> <p>HR Manager Estate Manager Medical Team</p>	<p>April 2012</p> <p>April 2012</p> <p>April 2012</p>
A701839/2	Area : Terawan Mill Clause : 4.7.4 The interview with engine room operator revealed that he did not undergo regular health examination by a doctor although was promoted as permanent worker 5 years ago.	Minor	<ul style="list-style-type: none"> ▪ Some workers did not attend free regular health examination performed by doctor although scheduled annually due to lack of awareness and absence of controls and checks. 	<ul style="list-style-type: none"> ▪ Develop a bin card system for each mill worker to –undergo scheduled medical check up 	<p>Medical Team Mill Manager</p>	<p>May 2012</p>
OBS 1 (2.2.1)	The company has a complete set of documents on the HGU process on 3,921 ha area within Terawan Estate, Lampasa Estate, and Teluk Ulin Estate. However the company should monitor the development of the provincial RTRWP to TGHK then comply accordingly.	Obs	<ul style="list-style-type: none"> ▪ Company has submitted HGU application for 3,921 ha but because of land-use conflict between local and central government, the HGU process is put on hold ▪ Uncertainty in Government policy regarding RTRWP and THGK of Central Kalimantan. 	<ul style="list-style-type: none"> ▪ Monitoring of resolution process on conflicting RTRWP and TGHK and process the HGU when it is resolved ▪ Follow-up with land-related local and central government agencies on the status of HGU process 	<p>Head of Expansion and Government Relations</p>	<p>March 2013</p>
OBS 2 (2.2.3)	The company needs to ensure the progress of small number of land disputes with local villagers (e.g. Juanda, - which should be maintained and documented properly.	Obs	<ul style="list-style-type: none"> ▪ Unreasonable land claims 	<ul style="list-style-type: none"> ▪ Completed all records of negotiation process on dispute resolution with villagers and other claimants ▪ Negotiation is on going 	<p>Humas Manager</p>	<p>March 2013</p>
OBS 3 (4.6.1)	It is found in Teluk Ulin Estate that the chemical trademark ABOLISI registration number has	Obs	<ul style="list-style-type: none"> ▪ This chemical was bought when the registration was valid but the 	<ul style="list-style-type: none"> ▪ Follow-up with the supplier to ensure registration is renewed 	<p>Commercial Manager</p>	<p>April 2012</p>

Ref No.	FINDINGS	Status	ROOT CAUSE	CORRECTIVE ACTION PLAN	Responsible	Target Completion date
	expired from the date mentioned as well as not in the List of Indonesian Government approved chemical.		chemical continued on stock.	<ul style="list-style-type: none"> ▪ Maintain list of chemical used and registration expiry dates ▪ To ensure the registration numbers are valid when purchasing agrochemicals 	EHS Manager Commercial Manager	April 2012 April 2012
OBS 4 (4.6.4)	The mechanism for controlling empty pesticide containers need to be improved to avoid uncertain conditions whether it is re-used or kept in the chemical storage, or released back to the supplier	Obs	<ul style="list-style-type: none"> ▪ Lack of records being maintained on empty pesticides and chemical containers 	<ul style="list-style-type: none"> ▪ Introduce the Bin Card System to monitor empty Containers. ▪ Follow-up with registered collectors to take empty containers on time ▪ Contact the Suppliers to check if they are interested in collecting back (Re-cycle) the empty Pesticide containers ▪ Improve the Procedure of waste management to ensure all chemical products are included. ▪ HS Dept to inform all relevant parties on monthly basis on the current stocks of empty containers and take necessary actions. 	Estate Manager EHS Manager Commercial Manager EHS Manager EHS Manager	March 2012 April 2012 April 2012 April 2012 Monthly basis
OBS 5 (4.7.8)	The first aiders should improve on routine checking of all first aid equipments to ensure complete set of medicine are available at anytime. This also should be applied for every first aid equipments carried by the field supervisors.	Obs	<ul style="list-style-type: none"> ▪ Irregular and Nonsystematic checking of the first aid boxes / bags. 	<ul style="list-style-type: none"> ▪ Develop a standard first aid kit list in each box/bag and develop monitoring checklist ▪ Monthly inspection and monitoring to ensure timely refilling. ▪ Develop Mechanism to ensure proper refilling of the First Aid boxes and bags 	EHS Manager Company Doctor Estate Manager Mill Manager EHS Manager Company Doctor	March 2012 April 2012 April 2012
OBS 6 (5.2.1)	The company should follow up on the progress of peer review process of HCV report conducted by ProForest, and ensure the process is done as appropriate	Obs	<ul style="list-style-type: none"> ▪ The report is still in process 	<ul style="list-style-type: none"> ▪ Follow up upon availability of the report 	EHS Manager	May 2012
OBS 7 (5.3.4)	The records of Hazardous waste monitoring need to be improved correctly by referring to the templates as mentioned in the permit. e.g. the amount of waste in and out from the warehouse; detail information of transporter in the manifest document, etc.	Obs	<ul style="list-style-type: none"> ▪ Although - hazardous waste management and its policies were implemented, --all - regulations and best industry practices were not adhered to. 	<ul style="list-style-type: none"> ▪ Educate all the employees who are involved in hazardous waste management on the revised policies. ▪ Coordinate with collectors for the completeness of manifest 	EHS Manager EHS Manager	March 2012 March 2012

Ref No.	FINDINGS	Status	ROOT CAUSE	CORRECTIVE ACTION PLAN	Responsible	Target Completion date
				documents <ul style="list-style-type: none"> ▪ Regular monitoring of the implementation 	EHS Manager	Monthly basis
OBS 8 (5.6.2)	Even though the Ringlemann method for manual monitoring of smoke emission -is in place, the awareness on the use of Ringlemann chart needs to be fully developed among boiler operators.	Obs	<ul style="list-style-type: none"> ▪ Lack of training and understanding on how to use Ringlemann chart. 	<ul style="list-style-type: none"> ▪ Briefing of operator regarding Ringlemann chart use and function. ▪ Regular monitoring by higher authority to ensure timely and proper corrective action 	Mill Manager Mill Manager EHS Manager	March 2012 May 2012

Appendix “E”

List of Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED

INTERNAL STAKEHOLDERS

<i>Terawan Mill</i> Mill Manager and staff 1 boiler operator 1 engine room operator 1 warehouse officer 2 grading operators 1 central workshop mechanic	<i>Teluk Ulin Estate</i> Estate manager and staff 2 upkeep supervisors/mandores 2 female spraying operators 2 male harvesters 1 warehouse operator 1 female gender committee member 2 Clinic/hospital assistants	<i>Terawan Estate</i> Estate manager and staff 2 field supervisors/mandores
--	--	--

EXTERNAL STAKEHOLDERS

<i>GOVERNMENT DEPARTMENTS</i> • Department of Forestry and Plantation – Seruyan District	<i>NGOs and others</i> Orangutan Foundation International	<i>Local Communities</i> Terawan village Bangkal village
---	---	---

Appendix “F”

Time Bound Plan of Management Unit

TIME BOUND PLAN FOR OTHERS MANAGEMENT UNITS

1. Time bound plan for other CPO/PKO mill within Group

Company	Location	Area (Ha)	Proposed Year for Certification	Remark
PT Agro Bukit Central Kalimantan	Kec. Mentaya Hilir Utara, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	13,930	2014	Sungai Binti Mill (SBM)

2. Time bound plan for others management unit within Group (currently do not have processing mill)

Company	Location	Area (Ha)	Proposed Year for Certification	Remark
PT Agro Indomas East Kalimantan	Kec. Sepaku, Kab. Penajam Paser Utara, Prop. Kalimantan Timur	6,767	2015	Mill still under planning stage
PT Agro Bukit South Kalimantan	Kec. Kusan Hulu & Kusan Hilir, Kab Tanah Bumbu, Prop. Kalimantan Selatan	20,910	2015	Mill still under planning stage
PT Rim Capital*	Kec. Hanau dan Danau Sembuluh, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	3,200	2015	Supply chain to PT Agro Indomas Central Kalimantan
PT Agro Wana Lestari*	Kec. Mentaya Hulu dan Bukit Sentuai, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	15,936	2016	Mill still under construction
PT Karya Makmur Sejahtera*	Kec. Mentaya Hulu, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	13,000	2016	No mill yet

*Noted: * PT RIM Capital, PT Agro Wana Lestari and PT Karya Makmur Sejahtera are not RSPO member yet.*