



...making excellence a habit.™

PUBLIC SUMMARY REPORT

RSPO ANNUAL SURVEILLANCE ASSESSMENT (ASA-2)

PT Agro Indomas – Terawan Mill and its supply base

Located in Central Kalimantan Province INDONESIA

Report Author:

Haeruddin – September 2014

Final rev. March 2015

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
1, Robinson Road
#15-01, AIA Towers,
SINGAPORE 048542
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
1.0 SCOPE OF SURVEILLANCE ASSESSMENT	1
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	6
2.1 Certification Body	6
2.2 Qualifications of the Lead Assessor and Assessment Team	6
2.3 Assessment Methodology, Programme, Site Visits	6
2.4 Stakeholder Consultation.....	6
2.5 Date of Next Surveillance Visit	7
3.0 ASSESSMENT FINDINGS	7
3.1 Summary of Findings	7
3.2 Time Bound Plan of Management Units	22
3.3 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions.....	23
3.4 Status of Nonconformities (Major and minor) Previously Identified.....	24
3.5 Issues Raised by Stakeholders and findings with Respect to Each issues.....	24
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	25
4.1 Date of next Surveillance Visit	25
4.2. Date of Closing Nonconformities (Major and Minor)	26
4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	26
LIST of TABLES	
1 Mill GPS Locations	1
2 Volume claimed for certification	2
3 Estate FFB Tonnages Processed	2
4a Age profile of palm	2
4b Estates and Areas Planted	2
LIST of FIGURES	
Figure 1. Location Map of PT. Agro Indomas, Central Kalimantan.....	4
Figure 2. Location Map of PT. Agro Indomas – Sungai Purun Mill and its supply base.....	5
List of Appendices	
A Supply Chain Certification Audits	27
B RSPO Certificate Details	30
C Annual Certification Assessment Programme	31
D Corrective Action Plan of Initial Certification Assessment findings	33
E List of Stakeholders Contacted	35
F Time bound plan for others managemet unit.....	36

SUMMARY

BSI HAS CONDUCTED ANNUAL SURVEILLANCE ASSESSMENT (ASA-2) OF PT AGRO INDOMAS – TERAWAN MILL AND ITS SUPPLY BASE, LOCATED IN CENTRAL KALIMANTAN PROVINCE, INDONESIA OPERATIONS COMPRISING ONE MILL, THREE OIL PALM ESTATES AND ONE SCHEME SMALLHOLDER.

BSI CONCLUDES THAT PT AGRO INDOMAS OPERATIONS COMPLY WITH THE RSPO REQUIREMENTS (RSPO CERTIFICATION SYSTEM, JUNE 2007, INCLUDING REV. MARCH 2011, RSPO CERTIFICATION SYSTEM ANNEX 4 - PROCEDURES FOR ANNUAL SURVEILLANCE, RSPO P&C NI-INAWG 2008; AND SUPPLY CHAIN CERTIFICATION STANDARD: NOVEMBER 2011, MODULE E – CPO MILLS: MASS BALANCE)

BSI RECOMMENDS THE CONTINUATION OF RSPO CERTIFICATE FOR PT AGRO INDOMAS – TERAWAN MILL AND ITS SUPPLY BASE

LIST ABBREVIATIONS IS 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
DPPL	Dokumen Pengelolaan dan Pemantauan Lingkungan (Environmental Management and Monitoring Document)
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 and 2). The GPS location of the mill is shown in Table 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 this annual surveillance and the previous actual production are detailed in Table 2. It should be noted that the Actual tonnages are for a year from the date of 1st April 2013 – 31st March 2014. The projected tonnages for the 2014/2015 period of the Certificate are based on the annual budget of three yearly basis.

There is a gap between estimate and actual in previous year due to some of FFBs produced from supply base is delivered to Sungai Purun Mill (see table 3 below)

Table 2: Total volume tonnages certified

Terawan Mill	Estimate at Initial Certification 2013/2014	Actual 01/04/13 – 31/03/14	Projected 01/04/14 – 31/03/15
CPO	65,992	39,476	67,639
PK	14,827	8,461	14,893

Note : OER : 21.30 % and PK Extract Ratio: 4.57 %

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

Valid until: 17/09/2017

1.4 Description of Supply Base and Supply Chain

the FFB processed at Terawan Mill for 2013/2014 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 out-growers. As for the projected of 2014/2015 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 out-growers. 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 in Terawan POM

Source	Estimated Previous year 2013-2014	Actual 01/04/13 – 31/03/14		Projection 01/04/14 – 31/03/15
		Produced	Sent to Terawan POM	
1. Terawan Estate	91,381	87,835.08	67,696	92,216
2. Lampasa Estate	85,449	65,713.34	50,287	88,439
3. Teluk Ulin Estate	79,132	68,927.89	66,048	83,430
4. Rim Capital Estate*)	-	-	-	44,686
5. Lampasa Plasma	1,311	1,345.26	1,294	1,500
Grand Total	257,273	229,735	185,326	310,271

* Additional estate

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

Table 4a. Age Profile of Palms

Age (Years)	Planted Area (ha)	% Planted Area
19 - 25	0	0.00
14 – 18	6,737	55.60
9 - 13	2,600	21.46
4 – 8	2,314	19.10
3 years and below	466	3.84
Total	12,117	100

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Im-mature (ha)	Un Plantable/ others	Total
1. Terawan Estate	3,282	56	659	3,997
2. Lampasa Estate	3,220	0	584	3,804
3. Teluk Ulin Estate	3,099	0	268	3,367
4. Rim Capital Estate	1,999	69	1,432	3,500
5. Lampasa Plasma	60	332	0	392
TOTAL	11,660	457	2,943	15,060

*) Immature area is planted after 1 January 2010 and will go through RSPO NPP

1.5 Other Certifications Held

PT Agro Indomas has implemented an Environmental Management system and was awarded ISO 14001:2004 Certification since 2nd October 2007 (valid until 1st October 2016). Another certificate holds is Occupational Health and Safety OHSAS 18001:2007 since 15th January 2009 (valid until 15th January 2018) issued by BSI. The scope of certification includes all of the PT Agro Indomas operations.

1.6 Organisational Information / Contact Person

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

PT Agro Indomas

Office:

Menara Global, 16th Floor
Jl. Jend. Gatot Subroto Kav.27
Jakarta 12950
Phone +62 21 52892260
INDONESIA

Contact Person: Wilton Simanjuntak
RSPO Manager

Phone: +62 21 52892260

Email: wiltons@goodhope-id.com
<http://www.goodhopeasia.com>

Location:

Km .75 Sampit - Pangkalan Bun. Kabupaten Seruyan, Sampit. Kalimantan Tengah – Indonesia

Inclusion of Small holders

From previous surveillance audit, the audit team conclude that the company committed to continue the RSPO implementation for its smallholders. The company 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. The company has a defined list of all their smallholders and ascertained each of their location and status. This is compiled into a Company database. PT. Agro Indomas has agreed to collect the FFB from these defined smallholders who 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 three Subsidiary Companies have operating Mills located in Central Kalimantan, There are changes of time bound plan due to operational reason (Mill construction un-scheduled), the auditor has justified as Annexes F.

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.

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

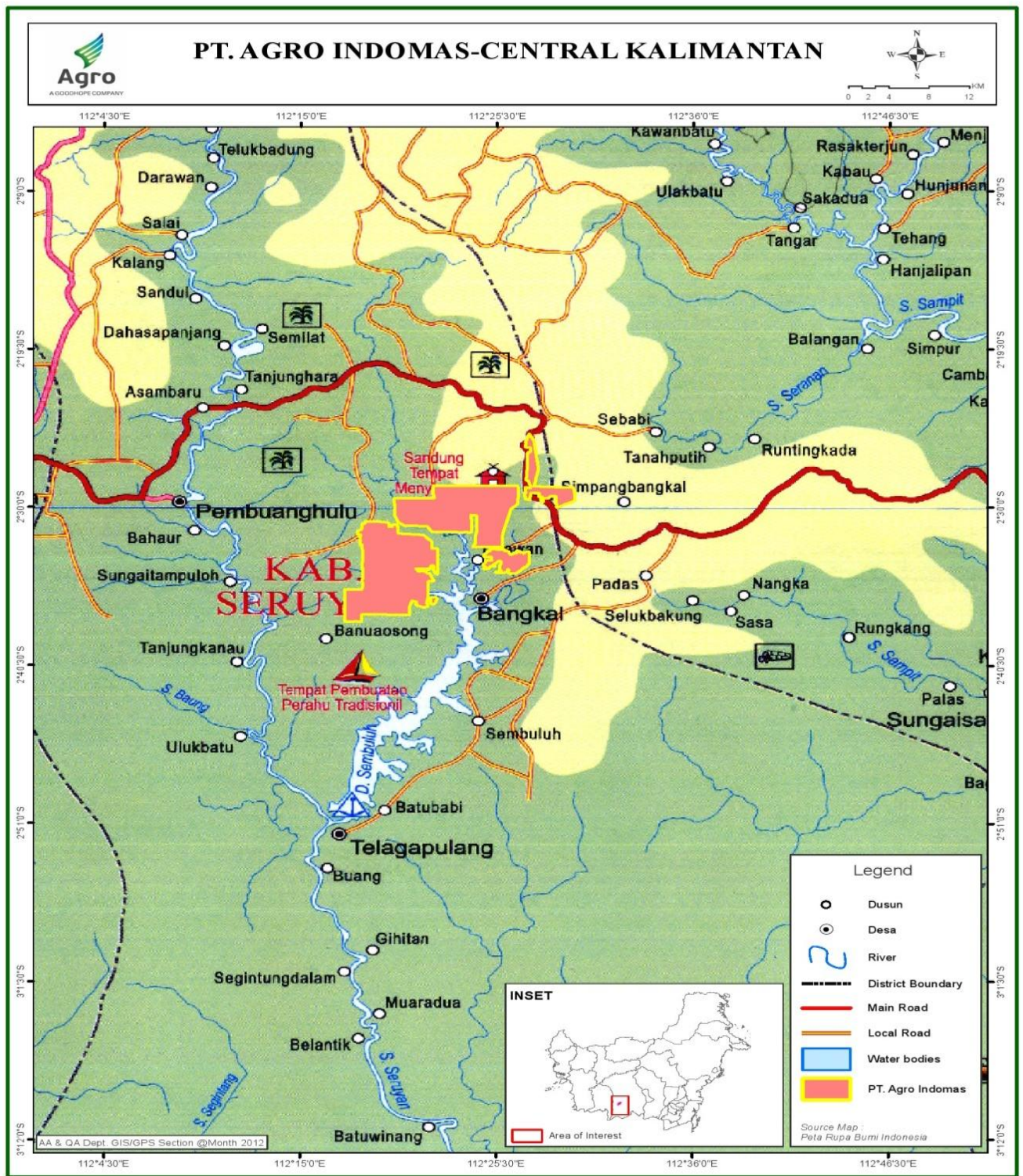
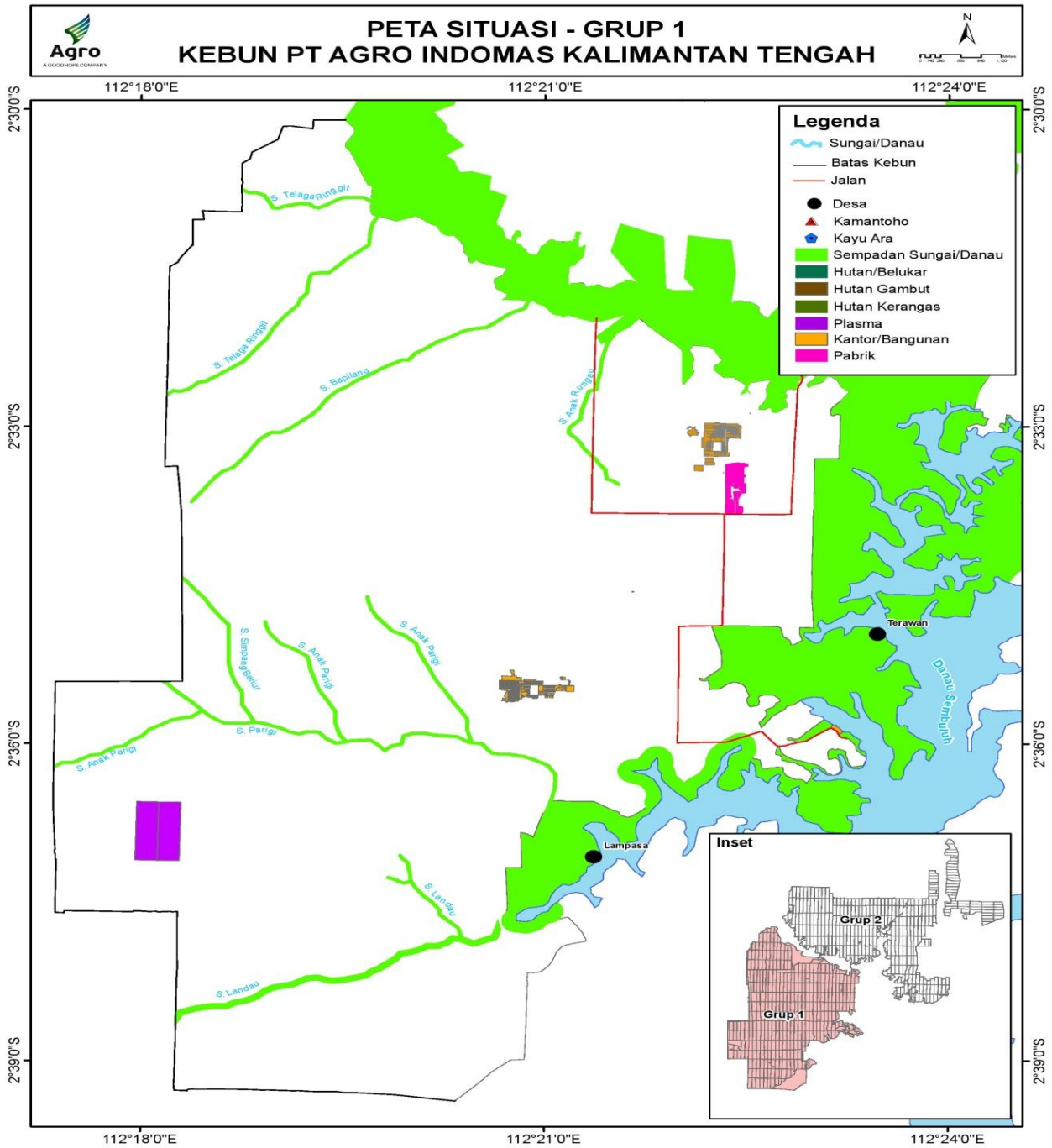


Figure 2. Location Map of PT. Agro Indomas and its surrounding entities



2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
1 Robinson Road
AIA Tower #15-01
Singapore 048542
Phone: +65 6270 0777
Fax: +65 6270 2777
Scheme Manager: Mr Aryo Gustomo
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 ASEAN Regional Office in Singapore, and offices in Kuala Lumpur, Jakarta, Bangkok, and Ho Chi Minh City.

2.2 Qualifications of the Lead Assessor and Assessment Team

Haeruddin – Lead Assessor

He holds Bachelor degree in Forest Management, graduated from Hasanuddin University on 1994. He has 16 years of work experience in forest concession, forestry industry and the latest is within Oil Palm Plantation in Indonesia. He experiences as auditor for several sustainability standard including FSC, UTZ, Organic Farming 4C, and RSPO. He completed the ISO 9001 Lead Auditor Course; ISPO Lead Auditor endorsed Course and RSPO Lead Auditor Course. He had been involved in RSPO auditing since November 2010 in more than various companies in Malaysia, Thailand and Indonesia. During this assessment, he assessed on the aspects of legal, estate best practices in estate and mill and RSPO SCCS.

Nanang Muallib – Assessor (Team Member)

He holds a Bachelor degree in Forestry Technology from Bogor Agriculture University, 1999. He has 4 years experience worked in the Forest plantation company in Indonesia, and has experiences involves in the several RSPO certification audits as team member. He has attended the 5 days RSPO P&C Certification System Assessment Training held by PT Mutuagung Lestari on 2009 as well as 5 days ISO 9001 auditor training on 2009. He has been approved as an HCV Assessor under RSPO Scheme. He has been involved in many assessment related to the Forestry and Sustainable oil palm certification in Indonesia. He has experienced involves in RSPO certification assessments more than 15 oil palm different organizations (including mills and estates) in Indonesia. He has an excellent command of Bahasa Indonesia and English in both writing and speaking. He is also familiar with RSPO P&C Certification assessment

and qualified as audit team member. During this assessment, he assessed on the aspect of Legal, HCV identification and management, and also Social community engagement and stakeholders consultation.

Pratama Agung Sedayu – Assessor (Team Member)

He graduated from University of Jenderal Soedirman on 2008, majoring in Social Economic of Agriculture. He involved in RSPO certification since 2009 as a team member covering assessment against RSPO P&C in Indonesia and Malaysia. He completed the ISO 9001, OHSAS 18001 Lead Auditor Course, HCV Identification and Management; ISPO Lead Auditor endorsed Course and RSPO Lead Auditor Course. During this assessment, he assessed on the aspects of legal, estate best practices, Environmental aspect and OHS.

2.3 Assessment Methodology, Programme, Site Visits

The Annual Surveillance Audit (ASA-2) was conducted on 8 – 13th September 2014. The audit programme is included as **Appendix C**.

The approach to the audit was to treat the mill and its supply base as RSPO Certification Unit. The mill was audited together with the Estates as its supply base. A range of environmental and social factors were covered. These included consideration of administrative location, topographic condition, palm age, proximity to areas with HCVs 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 previous Annual Surveillance Assessment were followed up to check the corrective actions plan. The detail nonconformities findings are detailed in Section 3.2.

This report is structured to provide a summary report, the assessment was based on random samples and therefore nonconformities may exist that have not been identified. This summary report was reviewed by internal 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 legal compliance, environmental, occupational health and safety performance as well as social performance including any issues of concern that they may have.

External stakeholders were interviewed at their premises. Internal stakeholders were interviewed in groups in the workplace or at their housing or at the field during working time where 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 next surveillance visit will be in July 2015.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for RSPO Principle & Criterion, together with details for each indicator for the Mill and the Estates.

During this Annual Surveillance Assessment, there is one (1) Major Nonconformity, two (2) Minor nonconformities requiring attention and four (4) Observations/Opportunities for Improvement were identified. PT Agro Indomas – Sungai Purun Mill has prepared a Corrective Action Plan (**Appendix D**). Company has provided evidence on correction and corrective action for the single Major Nonconformity identified. BSI has reviews the corrective action taken and accepted; thus conclude Major Non conformity closed out. The correction action taken for Minor NC and observation will be verified during subsequent surveillance visit.

BSI recommends the continuation for PT Agro Indomas – Sungai Purun 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.

Company has a mechanism for information request and response as per SOP Communication Doc.No.EMS-P05, rev.03 dated 24th February 2012. Information request and company response's is recorded in log book "Buku Komunikasi dan Permintaan Informasi" by each department which covers information request related to labour, corporate social responsibility (CSR) programme, social, legal, environmental and occupational health and safety. The log book records date of information, information recipient, the information/message, type of information request (with from internal or external), means of communication (letter or direct message or telephone call) and company response – including person in charge and date of response. (1.1.1)

Requests for information are responded by the department concerned in accordance with their authority. The company has developed a matrix describing the status of each information request and responsible/authorized department to respond into. Records of response of request information documented in the same book, consist of person handle the request, information given and acknowledgement from the person in-charge and signature. During audit found that all request information has been responded as mentioned above timely manner. (1.1.2)

As of September 2014, 116 letters and information inquiry were recorded, mostly proposal for donation and invitation letter. Company has provides appropriate response in timely manner. For example: Letter from Mr. N, Bangkal village related to proposal of donation for "Tiwah Daring 1 Malam". The letter dated 30th July 2014 and accepted by company on 4th August 2014. Company responded as per "Berita Acara Serah Terima" No.2104/VIII/CSRAICK/Bangkal/08 dated 1st September 2014, and acknowledged by Damang Ketua Adat Kecamatan Danu Sembuluh and Bangkal village head.

The company has determined the life time for record of information request and respond as lined out in SOP on Communication and Control of Records Doc.No.EMS-P11 dated 1st July 2010. The SOP specified the life time of information request and responds maintained for 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.

The company 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)

The company holds copies of HGUs in estate and originals are in Head Office in Jakarta. PT Agro Indomas 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.

The Company holds appropriate legal requirement for 5 (five) oil palm company estates including plasma estates and both mills of Terawan and Sungai Purun . Overall company hold nine parcels of land ranging from - the largest at 12,000 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 Agro Indomas holds Plantation Business permit (Ijin Usaha Perkebunan) i.e. Surat Keputusan Bupati Seruyan No. 525/342/EK/2007 dated on 31st October 2007 covering 20.500 hectares and 2 (two) palm oil mills ,each with a capacity of 90 Tonnes FFB/hour. Currently, The company holds two HGU certificates and three HGB certificates, i.e. HGU No. 7 dated 6th August 1998 (12,104ha), HGU No. 8 dated 9th October 2003 (3,760 ha), HGB No. 1 dated 15th December 1998, HGB No. 2 dated 30th October 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, approved 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 January 2013 – June 2013 which was sent to the Environment Agency Seruyan District.
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, e.g. 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 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. The company had a Health and Safety Plan for the years of 2012/2013. 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..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.

PT Agro Indomas manages to demonstrate compliance with all relevant legal requirements. The company has maintained a policy and procedure of legal compliance and is up-to-date. All related environmental compliances were following ISO 14001 EMS and OHSAS 18001 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 permit and legal or environmental requirements. (2.1.1)

The EHS department receives regular updates of any legal changes which may affect company operation. There are staffs nominated to ensure that any changes are noted and acknowledged by management. The company receives information of changes in regulations from a number of sources. This includes company lawyers, Manpower office, Agriculture and Plantation service and Forestry service and others. This is then circulated and cascaded to relevant department within the company, which might affected by these changes. (2.1.2)

There is a documented system registering all relevant legal requirements to which the company must comply, and also there is a document of "Legal Register" edition April 2012 has been established, which includes relevant Environmental regulation, Plantation permit, etc. The list would be reviewed once a year by the EHS Department and all relevant department, updated as necessary. Evaluation of compliance for all regulation and other requirement related to environment, health and safety, manpower and land tenure has been performed ("Evaluation of Compliance"). (2.1.3)

There is a rigorous internal audit process which includes a review of laws and their compliance. There is no

evidence of critical legal non compliance as a result of internal audit. Each department has to demonstrate evidence of compliance and/or effort in complying with these legal/regulatory requirements. This includes manpower regulation fulfilment, environmental reporting, health and safety reporting and other legal/regulatory requirements. Evidence of documented mechanism on the compliance with relevant regulation was sighted in terms of Legal Requirements and Evaluation Compliance, It was verified that list of legal requirement is updated regularly (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.

The company 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 HGU certificates were sighted for all concessions and all were currently and readily available showing area and length of land. For this scope, Sungai Purun Mill which receives supply from Sungai Rungau Estate and Sungai Purun Estate. (2.2.1)

PT Agro Indomas demonstrate to ensure all legal boundaries to be clearly demarcated and maintained in the form of boundary pegs. These pegs are also mapped with the relevant marker number in each estate along with GPS tracking. The company is to ensure all operating unit consistently carry out monitoring of boundary markers regularly and this is recorded. (2.2.2) However, a major NC raised for this indicator: Company has carried out the monitoring of HGU-boundary stones, as recorded under “Form Monitoring Kondisi Patok HGU-March 2014”, however company has not prepared action plan to response the monitoring result. Based on field verification, in Lampasa Estate block P34 was found HGU-boundary stone identification unclear.

PT Agro Indomas, through Personil Assistant (PA) is documenting all land dispute. The documentation and resolution process covers claimant document, resolution process, verification result, participative land measurement, agreement between parties (if come to consensus). The map of land disputed is available with PA and Public relation officer, inscribing the location and block location of disputed area, claimant identity, hectare claimed, etc. Record of land compensation, such as “Berita Acara Kompensasi”, receipt, and photograph are available in premises. (2.2.3)

PT Agro Indomas has settled most of the area under HGU moments back. The company has not acquired any new land recently apart from some approaches for land of customary owners to turn their land into the plasma scheme. The company 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, the company implements a new policy which required more detailed documents including photographs of the recipients and witnesses.(2.2.4)

Land dispute resolution mechanisms and how to handle the new planting area have been developed in consideration to the law and the ongoing reconciliation process. PT Agro Indomas has developed procedures related to the land resolution such as: Land Compensation Payment process (LCD 2.4, dated 15th August 2010), Measurement of Land for Compensation (LCD 3.1, dated 15th August 2010), Overlapping Land (LCD 2.3, dated 15th August 2010). The interviews with some community leaders of Lampasa villages also stated that the company has socialized to them on the procedures. Local community basically approved the compensation mechanism. Interview with stakeholder from Badan Pertanahan Nasional, currently no dispute come into attention. (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.

The company 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 Ha which 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 the company. A compensation payment was made based on an agreed amount following negotiations. (2.3.1)

Maps are available in appropriate scale in term of GIS database showing extent of all land resolution process with clear demarcation 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. The company 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 Agro Indomas 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 and 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, crop maturity and future extraction rates. (3.1.1)

Terawan Mill:

Budget documented under "Budget for year ending 31st March 2013.

- a. Budget April 2013 – March 2014: FFB: (293,230 tonnes), CPO (65,993 tonnes), PK (14,827 tonnes);
- b. Actual in April 2013 – March 2014 FFB (211,035 tonnes), CPO (45,814 tonnes) and PK (9,820 tonnes). Note that there is a sum of FFB diverted to Sungai Purun Mill due to breakdown.

There is in place an annual replanting programme which includes forecasts for the next ten years. This plan is reviewed monthly. Regulation changes are noted and evident. Wherever possible PT Agro Indomas 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.

PT Agro Indomas is referring to Agricultural Policies. These Agricultural Policies divided for policies for nursery, land clearing and development, upkeep of immature and mature palm. Each policies developed into 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, the SOPs covering nursery, land clearing, road system, water management, planting density, soil and water conservation, LCC application, planting technique, immature maintenance, ablation, yield projection, canopy management, fertilizer application, fertilizer sampling, field sampling for nutrient analysis, palm census, infilling palm, thinning out, weeding, POME application, oil palm planting on organic soil, fire prevention, terrace planting, transport FFB, harvesting, etc. All SOP also defines the safe working practices and environmentally friendly method in each activities to be performed. (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 reference 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, evidences for implementation of SOPs are provided by the completion of log books and operating records which are collected and reviewed by the Mill Engineer. (4.1.2)

There are specific department performing control and monitoring over field work quality and SOP implementation. Each department do focus on different aspect/activity. Agronomy department carries out daily inspection for all aspects related to oil palm plantation upkeep. Quality Control team is to monitor the quality of operational activities such as fertilizer application quality, weeding regime, harvesting quality, FFB ripeness and pruning quality. Records are maintained of all the implementation in the form of upkeep records, pruning, fertiliser application, harvesting method and all relevant applications of these SOPs. The company has EHS team to monitor the OHS and EMS performance.

In addition, Field walk report from Plantation Manager covering harvesting ration, frond placing, FFB loses, upkeep, pruning is performed on regular basis.

For Sungai Purun Mill, mill operators 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. (4.1.3)

Records of the results of monitoring of operations are captured in the Daily Development Report and subsequently 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)

Opportunity for Improvement (OFI) noted: Sungai Rungau and Sungai Purun Estate need to follow the pruning programme.

Criterion 4.2: Practices to 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. Agronomy Team conducted foliar and rachis sample taking to be sent for analysis in order to prepare fertilizer recommendation. Foliar and rachis sample analysis for fertilizer recommendation 2014/2015 was carried out in August 2013 and analysis carried out in September 2013. Foliar and rachis sample analysis carried out by ChemVi Laboratory Sdn Bhd. Agronomy department holds a report from ChemVi

Laboratory Sdn Bhd No.LS/0913/1701 Oil Palm leaf (foliar) and rachis sample analysis year 2013. Leaf sample and rachis sample send on August 2013 from PT Agro Indomas. (4.2.1)

Each estate managed to demonstrate Fertilizer Recommendation and Application Schedule. Fertilizer application refers to dosage and time of application lined out within the fertilizer recommendation. SPE and SRE shows records of all fertiliser application for all areas including amounts and types of fertiliser used. EFB is also applied – there are records available of where it is applied and amounts for estates near to the mill, e.g.

LPE: Fertilizer record is available for April, the application is based on fertilizer recommendation. The record seen (as at September 2014): In August 2014 recommendation for Urea is 1,203tonnes, actual applied is 178tonnes; Recommendation for Rock Phosphate 173tonnes, actual applied 1.65tonnes; recommendation for Muriate of Potash 1,645tonnes, actual applied 234.45tonnes). Application for Empty Fruit Bunch, recommendation block T39 totalling 8.45Ha, is to apply with 158tonnes EFB, actual application 31.41tonnes.

Cover crops are in place and checked during field inspection for Lampasa Estate. Cover crops are legumes and are very well in place in some area. (4.2.2)

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

PT Agro Indomas shows soil survey in the beginning of oil palm development. The soil survey report produced in May 1997. Based on the soil survey report, the main problem identified was low fertility and poor drainage. The detailed map identifying soil type is made available. Compared to the conservation status/HCV, the peat area falls under *Gali* type while heath forest falls under *Jambu* type. PT Agro Indomas shows map for each estates, all with relevant soil type, topographic condition and river/waterways location. The plantation is relatively flat.

In general, there is no plantation sets on area with steep slope. Agronomy department made recommendation to implement silt pit and platform for estate block with certain slope. LPE: Silt pit to reduce the impact of erosion, as well as planting vertiver grass near water crossing. (4.3.2)

LPE: Road Maintenance Programme is available. Current as of FY 2014/2015 – Peta realisasi Parit - maintenance of water drainage. (4.3.3)

Based on soil survey, there is no peat soil area in LPE. Area with low organic matter is treated with EFB application. (4.3.4)

Agronomy department made recommendation for area with poor drainage, for instance in Mineral soil: through balanced fertilizer regime; for sandy soil: through application of empty fruit bunch.

LPE: Recommendation to apply EFB for sandy soil, in addition of fertilizer input. Fertilizer recommendation is to apply EFB 50MT/Ha/year for block R31, totaling 380MT. (4.3.5)

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

PT Agro Indomas demonstrate Water Management Plan OP.EHS.WMP-01 dated 1st May 2012, explains water management plan for nursery; pre-mixing of chemical spraying; prohibition of spraying in riparian zone, training for sprayer gang to minimize pollution risk; road maintenance with silt pit and planting water grass; in field water management with water dam, drainages and regular maintenance of water body, riparian management regime through conservation zone marking, rehabilitation and manual upkeep.

Management demonstrates number of effort to monitor the water quality, erosion control practices and maintenance of water-drainage infrastructure. Monitoring and analysis result of water quality reported regularly through Environmental management and monitoring report - “Laporan Pelaksanaan RKL/RPL”. The report comprises of ground water and surface water quality test, river water quality test, phyto-plankton-zooplankton-benthos analysis; all found within allowed level. (4.4.1 and 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). BOD sample is taken regularly and tested by an independent laboratory.

There is no effluent discharge into water ways. Results showed the level is within legally allowed limits for land application (BOD below 5,000 ppm). For example, in June 2014, BOD level recorded at 243mg/L; in July 2014, BOD level recorded at 378mg/L; in August 2014, BOD level recorded at 469mg/L. (4.4.3)

The water usage report for Terawan mill available under “Daily Mill Production Report”, covers: water use for FFB processing, domestic use, office use, central workshop. Data sampled: water used for FFB process dated 24th August 2014 recorded 1.01m³/ton FFB. The daily report summarized under monthly report “Water Treatment”, data sampled: In July 2014 total water consumption is recorded at 37.038m³ – for FFB processing is 16.308m³ (1.01 m³/ton FFB) from target 0.90 m³/ton FFB. (4.4.4)

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

The company has a procedure Pest and Disease Management under the Agronomy Manual to control the pest, “Manajemen Hama dan Penyakit” Doc.No.OP/C21/06/01. IPM plan covers the monitoring of pest attack through census on rat, leaf eating

caterpillar, rhinoceros beetle and disease attack (*ganoderma*) Planting of beneficial plant such as *Turnera subulata*, *Antigonon leptopus*, *Cassia torra*.

Agronomy gives recommendation to implement beneficial plant with composition 60% *Cassia cobanensis*; 20% *Turnera Subulata*; 20% *Antigonon leptopus* to be placed in area with history of leaf eating caterpillar. Barn owl installation to control rat attack, monitoring of barn owl box occupancy 8 box, ratio 1:240 Ha, planned to have 12 new barn owl box; pheromone trap for rhino beetle, monthly monitoring of rhino beetle trap; Monitoring of leaf eating caterpillar. (4.5.1)

Field assistant provide briefing to worker on pest and disease attack. Training Centre accommodates the Integrated Pest Management training for field officer. Training records made available and maintained by the Training Centre. Trained field officer performed pest and disease census as part of early warning system. Record of pest and disease census is maintained. 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, continuous program in Lampasa estate. Field inspection to Lampasa Estates confirmed there have been no large/major pest and disease infestation, or other disorders at this stage. Record seen: In LPE black bunches census and Barn owl census - May 2014. Maintenance and re-planting of *Turnera subulata* and *Cassia tora* 2014. (4.5.2)

EHS recorded, calculated and monitors the toxicity unit. The calculation of toxicity unit was done per estate, showing actual herbicide used (in litre), total area treated (in hectare), and result of active ingredient used per Ha. Record seen: For LPE, in financial year 2013/2014, paraquat used 0.039/Ha, glyphosate used 0.295/Ha, methyl metsulfuron used 0.0025/Ha, 2,4 – dimethyl amine used 0.022/Ha, triclophyr used 0,007/Ha. (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.

Inspection of records confirmed only registered and approved chemical are used. Company refer to a list from Ministry of Agriculture to update the current registered and approved herbicide, along with date of registration validity. The company using approved agrochemical such as: Supretox 276 AS (active ingredient Paraquat dichloride) register No.RI.01030120042037 valid up to 17th October 2017; Abolisi 865 SL (active ingredient 2,4D Dimetil amina) register No.RI.01030120124196 valid up to 23rd April 2017; Best Up 480 SL (active ingredient Isopropil Amina Glifosat) register No.RI.01030120042050 valid up to 31st December 2018; Sahara 20 WG (active ingredient Methyl

Metsulfuron) register No.RI.01030120072915 valid up to 3rd January 2015; Dalopir (active ingredient Triclophyr) register No.RI.0103012002256 valid up to 6th September 2015; Supremo 480 S (active ingredient Isopropil amina glifosate 480 gr/litre) register No.RI.01030120021712, valid up to 17th October 2017. (4.6.1)

Data on pesticide usage are recorded by each estate and compiled by EHS team. All estates are now recording pesticide used 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. In financial year 2013/2014, LPE is using 126 litres paraquat; 71.11 litres 2,4 – dimethyl amine; 951.44 litres glyphosate; 23.28 litres triclophyr and 8.31 litres methyl metsulfuron.

The application each type of agrochemical for each estate is based on Agronomy Department recommendation, as lined out under Parameter budget. The parameter budget defines the time of application (round per year), targeted Ha man-day, dosage per hectare, chemical to use (including active ingredient), percentage of application and target species (to be treated). The parameter budget implemented and recorded in Daily Plantation Work Order Plan. Company ensure all personnel handling and applied pesticides has been trained. Trained personnel present. Record seen: Parameter budget selective weeding target *Asystasia* 3 rounds/year, 5 Ha per manday, dosage 0,0084liter/per Ha, active ingredient 2,4 dimetil amina, percentage of actual application 50% from total block. Daily Plantation Work Order Plan Report Lampasa Estate Div.I target *Aystasia* treated with Abolisi 865SL – active ingredient 2,4 dimethyl amina, dosage 0.0084liters/Ha. (4.6.3)

The management of waste material from empty pesticide container regulated as per “SOP Pengelolaan Limbah” No.SOP-WM-01 rev.04 dated 21st April 2012, chapter 4. Hazardous Waste Management. LPE demonstrate hazardous waste production record – “Catatan Produksi Limbah B3”. The company has a temporary hazardous waste storage with license, where all hazardous waste from all estates and mills collected. Storage keeper maintains the balance of incoming and outgoing hazardous waste. Hazardous wastes were sent for licensed contractor for appropriate disposal. (4.6.4)

The use of paraquat in Lampasa Estate is reduced from 313.81 litres in financial year 2012/2013 onto 126.87 litres in financial year 2013/2014. (4.6.5)

There are medical checks provided for pesticide sprayer and chemical handlers - this is conducted at least annually. Biomonitoring – Periodical Medical Checkup for sprayer, store keeper to check cholinesterase and haemoglobin every 6 month planned for February – August 2014. Fertilizer 18 persons, Sprayer - plasma 10 persons, sprayers 29 persons, fertilizer 33 persons. No signs of poisoning all fit to work. Signed by company doctor (4.6.6)

Record of maternity check as early warning system implemented. Record show the “Form pemeriksaan Kehamilan dan Menyusui” is completed for every week. Should a female worker pregnant and/or breastfeeding, company placed the worker onto light-work area with no exposure to chemical substances. Record seen: “Form Pemeriksaan Kehamilan PT Agro Indomas” dated back since 2012 – September 2014. Based on record review and interviews, LPE has no female worker pregnant and breastfeeding. (4.6.7)

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

The company is implementing Occupational Health and Safety System - certified OHSAS 18001:2007, since 2009. Occupational Health and Safety policy is part of company policy, and communicated to all parties. In the policy, Company is committed to comply with applicable legal requirements, prevent injury and ill health. Company provides all relevant resources in the implementation of health and safety management system. PT Agro Indomas made available occupational health and safety system manual, health and safety procedures and work instructions, organization structure, infrastructure and emergency response tool. Health and safety tool and equipment for emergency situation was in place and in good condition. Safety briefing was provided to auditors on the first day of visit and any other new sites/location visited. (4.7.1)

PT Agro Indomas has appointed safety committee, with approval from local manpower office as per “Surat kepala Dinas Tenaga Kerja dan Transmigrasi Kabupaten Seruyan No.566/198/Kep/NakTran/IV/2009 tentang Pengesahan Panitia Pembina Keselamatan dan Kesehatan Kerja PT Agro Indomas” dated 1st April 2009. Each estate and mill has appointed and trained the safety officer. PT AGRO INDOMAS recognized the P2K3 as the safety committee. Safety committee is responsible for regular inspection, monitoring and internal audit. On monthly basis, the safety committee conduct safety meeting to discuss health and safety performance – from inspection, result from monitoring and internal audit, accident record and investigation, status of non-conformities and corrective action. Record seen: Safety Induction in Lampasa Estate and Teluk Ulin Estate dated 22nd August 2014 for 22 new harvesters. Internal audit report PT Agro Indomas, dated 24th January – 4th February 2014. Report of Occupational Health and Safety System implementation to local manpower office “Laporan Kegiatan P2K3 PT Agro Indomas” period January – March 2014, reported on 25th April 2014. Minutes of safety committee meeting dated 25th July 2014 is available. (4.7.2)

All workers including daily workers are covered by Social Insurance, e.g. JAMSOSTEK – this is company policy and a legal requirement. Record seen: List of Lampasa Estate, and Terawan Mill worker registered for Social Insurance – “Daftar Peserta Jamsostek” for month August 2014, as database for social insurance fee to Jamsostek. (4.7.3)

Regular health checks are performed for workers exposed to high risk work at the estates and mill, once per year – at minimum. The medical check up specifically detailed to capture sign of work related disease. Medical check up for sprayer including haemoglobin and cholinesterase check; while health check for mill operator including audiometric test. The records are maintained by the company’s doctor at company clinic. The latest health check in Lampasa estate was carried out in May 2014 for 39 sprayers and 51 fertilizer applicator. (4.7.4)

The company has a procedure to identify hazard identification and risk assessment, and to be review on annual basis or if there is any changes. HIRADC was updated on regular basis and include all routine and non-routine activity for plantation, transportation, mill process and central workshop. The HIRADC has also incorporates emergency condition. The Risk assessment found to be satisfactory. Document seen: Hazard Identification and Risk Assessment Determining Control (HIRADC Register) Lampasa Estate period 2014/2015 rev.07 dated 1st April 2014. (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. Personal Protective Equipment (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. The contractors are inducted on all occasions and made fully aware of any OHS and PPE requirements on site.

Records of training, such as:

1. Safety briefing for 5 contractor worker dated 22nd August 2014;
2. Training spraying – Health risk and importance of PPE, dated 5th July 2014 for 19 sprayers and overseer;
3. First Aid Training in Sungai Purun Estate dated 13th September 2014, for 19 harvesters and mandors. (4.7.6)

The company has a set of emergency procedure as preparedness and emergency response. Document seen: SOP Emergency Preparedness and Response Doc.No.IMS.P-09 rev.00 dated 1st May 2012; SOP First Aid Doc.No.SOP.EHS.ERP-01 rev.00 dated 1st May 2012. Schedule of emergency drill for year 2014/2015 was evidence. Emergency procedures have been tested during simulation dated back in 6th May 2014. Record of this simulation has been reviewed and evaluated. Emergency team such as fire team and first aider and their job description were evidence. Emergency sign of direction to assembly point has been seen in Terawan mill and other estate such as Lampasa estates. (4.7.7)

First aid kits are available in various locations in estate offices, workshops, warehouses general manager offices and mill compound. First aid kit also made available for

field supervisor on all estate and other work premises. The first aid kit found to be complete and in compliance with regulation. (4.7.8)

Trained first aider is available at each working location. There is an organization chart of first aid officer available on notice board at each site (estate, office, mill compound). First aider in LPE is available 7 personnel. Training First Aid provided for workers provided by company doctor, e.g. First Aid Training dated 13th September 2014, for 19 mandors and harvesters. (4.7.9)

Record of work accident is maintained by EHS department. The work accident record is also regularly discussed during the P2K3 meeting. (4.7.10)

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

PT Agro Indomas has training center as learning and development center which prepare a comprehensive training program for all workers. A general training plan, in conjunction with career development is evident. Training manager has prepared training schedule for 2014/2015, cascaded into 3 monthly plan and further monthly plan. These training plans then detailed for each working unit such as estate operation, mill operation, workshop skills and managerial skills. Training program found to be comprehensive. Document seen: PT Agro Indomas EHS – Training Plan Financial Year 2014 – 2015 shows 19 training plan April – March 2014; "Schedule Training Program 3 Month LPE" including spraying on 13th October 2014, Driver training on 3rd November 2014, Harvesting training dated 22nd December 2014. (4.8.1)

Records of training are in place for all employees. The training records for each individual staff and workers are in place and kept in Training Center. The training record detailed all training relevant to work activity, date of training, result/certificate and recommendation for each individual staff and worker. (4.8.2)

Follow up from previous Observation 1 (RSPO P & C. 4.8.2) Care should be taken to provide up-to-date and consistent record of training for each employee, field worker in particular.

Verification Result during ASA2:

PT Agro Indomas has created a system to record the training record of each employee. Individual training record for each sampled worker from Lampasa Estate is available and up-to-date. Example: Adrianus Jegau, store keeper in TLE-LPE has joined training on limited pesticide use: "Pestisida Terbatas tanggal" dated 29th February 2012; Sumiyem, fertilizer applicator in SPE has joined latest training of Fertilizer application (technical & safety) dated 6th September 2014; Siti Aminah, sprayer Division IV SRE has joined latest training on spraying technique dated 5th July 2014. **Closed.**

PT Agro Indomas only enters an agreement with contractor providing trained man power through contract. Contract between company and contractor is

available, where clearly stated the requirement related to health and safety requirement and other RSPO principles. "Surat Perintah Kerja" chapter 09 stated contractors obliged to provide trained worker, aged 18 years or more and pays the worker with minimum wage.

Safety Induction dated 22nd Agustus 2014 on block C24 Sungai Rungau Estate 3 for 20 contractor's upkeep worker. (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.

The initial Environmental Impact Assessment - AMDAL approved by Minister of Agriculture through 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 tonnes FFB per hour. In 2006 new SEIA was prepared in conjunction to the expansion of the estate and increase in mill capacity from 60 tons FFB per hour to 90 tons FFB per hour. The expansion was approved by The Governor of Central Kalimantan through letter No.188.44/281/2007 dated 22nd June 2007 approved the SEIA. Another document seen is "Dokumen Pengelolaan Lingkungan Hidup - DPLH" No.660/14/BLH/X/2011 including area of 2,052 Ha under Terawan village. (5.1.1)

PT Agro Indomas is proactive in reporting their activity and monitored impact to environment through biannual report to environmental office. Latest report demonstrated: Laporan No.154/EHS/AI/VII/2014 for period of January – June 2014, issued on 21st July 2014. The report describe clearly all monitoring result upon all environmental aspect identified in the RKL/RPL such as air emission test, ambient air test, noise level, soil-physical test, surface water and river water quality tests, POME quality tests, phytoplankton-zooplankton and benthos analysis, three-monthly hazardous waste report. In general the monitoring and test result shows all under allowable parameter.

The environmental report has been sent and submitted to environmental office on 22nd July 2014. (5.1.2)

There has been no change in PT Agro Indomas's operation, no revision made to the environment programme. (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.

The company has a HCV identification document, peer reviewed by ProForest. The company is developing the HCV management plan based on the peer review inputs.

The area statement of HCV status in whole of PT Agro Indomas: Anak Sungai Rungau 25.9Ha; Bapilang & Telaga Ringgit 151Ha; Landau 76.3Ha; Parigi Bariut 93.2Ha; Pakayung 59.2Ha; Purun 127Ha; Sandung 13Ha; G106 Swamp 7.38Ha; F106 Forest/shrub 10.65Ha; E106 Forest/Shrub 8.74Ha; LPE sandy area 323.98Ha. Total HCV area identified in PT Agro Indomas is 895Ha. (5.2.1)

The company 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. Further, PT Agro Indomas has developed a number of procedure: “Prosedur Identifikasi Perlindungan flora dan fauna” – procedures to identify flora and fauna No.EHS-PRO-E-006, “Deliniasi Tata Batas Kawasan konservasi” – Delineation in conservation area No.EHS-PRO-E-001, “Pemasangan papan nama kawasan konservasi” - placement of warning signs No.EHS-PRO-E-003. The implementation of monitoring and management of HCV in a year cycle recorded under “Laporan dan Review Pengelolaan dan Pemantauan Kawasan HCV”. The monitoring of flora and fauna was conducted through 2 methods: direct sighting and transects in HCV areas.

The latest flora and fauna monitoring carried out on 11th June 2014 in around lowland forested area of Sungai Purun Estate 5, 13th June 2014 in around lowland forest area of Management complex, 16th June 2014 riparian of Telaga Ringgit river, 17th June 2014 in around Pekayung river. (5.2.2)

Observations: Company needs to protect the HCV area from invasion of leguminous cover crop - Mucuna spp.

The company has placed a warning board to control and prevent illegal activities such as hunting, poaching and fishing at the high conservation value area. Furthermore, the conservation officer is communicating the importance of HCV conservation and protection to surrounding villages. (5.2.3)

Posters and signs indicating the presence of protected species are available on various premises. PT Agro Indomas has communicated the status of HCV in the plantation to Terawan village on 5th September 2014, in head of village office, where 24 local communities participated; minutes of meeting and attendance list evident. (5.2.4)

Observation noted: Company needs to improve local people awareness in relation to HCV area management.

The company appointed trained personnel, Mr. Abrar Ramlan as assistant conservation. He is responsible for monitoring of HCV areas. (5.2.5)

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

PT Agro Indomas has identified all waste and pollution sources, documented under “Environmental & Social

Aspect and Impact Risk Register”. This register is updated regularly and revised accordingly. (5.3.1)

The company has a waste management plan, for both domestic and hazardous waste. The waste is segregated and sent for recycle in waste bank. Valuable and recycle material is separated from domestic waste before sent for land fill. (5.3.2)

The company has developed hazardous waste management plan, including infectious waste from clinic. The hazardous waste collected in temporary storage and disposed off through licensed contractor. Furthermore, company reports to Ministry of Environment on regular basis. Related record such as hazardous waste stock, manifest and hand over minutes from temporary storage to licensed contractor is maintained. Permit seen: Permit for temporary hazardous waste storage as per “Keputusan Bupati Kotawaringin Timur No.188.45/307/HUK-BLH/201 tentang Izin Penyimpanan Sementara Limbah Bahan Berbahaya dan Beracun PT Agro Indomas” dated 26th June 2013 and valid for 5 years.

Record seen: “Lembar Kegiatan Penghasil Limbah B3 LPE”, August 2014 – dated 25th August 2014 – used oil 20 liters, oil filter 2 pieces, air filter 1 pieces submitted to CWS. “Surat Pengantar Pengiriman Limbah B3 ke TPS B3” dated 30th August 2014: used oil 400 litres, used filters 40 pieces, spill kit 70kg, plastic Amiron 40 pieces, empty chemical jerry can 30 pieces. Report to ministry of Environment “Laporan Kegiatan Penyimpanan Limbah B3 dan Manifes ke Asdep Urusan Administrasi Pengendalian Pencemaran Agro Industri – Kementerian Lingkungan Hidup” dated 10th July 2014. (5.3.3)

The company develop a form to record domestic waste sent for land fill, e.g. Lampasa Estate demonstrate “Form Laporan Pembuangan Sampah LPE 2014” records waste of 4 trucks to landfill, dated April - August 2014. (5.3.4)

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

Company is using renewable energy in form of fibre and nut shell for boiler fuel. The expected efficiency is to save 60-70% diesel fuel. The use of fibre and shell is recorded in consistent manner; Fibre and shell utilized for 2013/2014 was 22,132 tonnes and 13,875 tonnes. Producing 45,814 tonnes CPO. The energy produced from fibre and shell recorded as 5,893,320 kWh or 28 kW/tonne FFB or 128.64 kW/tonne CPO produced. (5.4.1)

The fossil fuel used is HSD (High Speed Diesel) fuel recorded on daily basis under “Daily Mill Production Report”; Example: on 31st July 2014, HSD fuel used was 1,187 litres. The monthly report under “Pemakaian Solar 2013/2014”, for period of 1st April 2013 – March 2014 was 402,234 litres where FFB process recorded at 211,189 tonnes or 1.90 litres/tonne FFB. Target sets at 1.53 litres fuel/tonne FFB processed. (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 Agro Indomas has implemented a zero burning policy since the start of the oil palm development. Burning is not allowed and there is no evidence of burning. 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)

PT Agro Indomas is using mechanical method for land clearing. Currently there is no land clearing activity on the field. (5.5.2)

The company has developed emergency response procedure against land burning - SOP "Tanggap Darurat Kebakaran" No.SOP.EHS.ERP-03 chapter 4.1 explains prevention of fire break through fire danger rating, updated every morning. Supervisor at Lampasa estate are trained. The company also has a fire fighter team, ready to deploy in the case of fire break. Fire patrol was done in regular basis, fire severity sign board is available on various places. During the course of visit, the fire rating is on extreme level; fire fighter is on standby position. (5.5.3)

A fire fighter teams, fire extinguishers and fire fighting facilities are available. The fire-fighting equipment available is: personnel PPE, transportation (patrol car, personnel transporter trucks, and fire equipment truck), communication tools (handy talkie, radio), logistic (24,000 liters capacity tank, water bowser 3,000 liters), patrol equipment (motor bike, flashlight), etc. All equipment are ready-to-use and monitored under "Form Pemeriksaan Kesiapan Peralatan Pemadam Kebakaran" dated 8th July 2014. (5.5.4)

Observations: Lampasa Estate needs to follow relevant regulation related to placement of fire extinguisher.

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

Company has identified the source of pollution and emission under Environmental & Social Aspect and impact risk register rev.11/17th September 2013 (as in ISO 14001:2004 for Terawan Mill). (5.6.1)

From the identified pollution and emission source, company conducted test and monitoring. The result of monitoring were recorded and reported into "Laporan Pelaksanaan RKL/RPL" No.154/EHS/AI/VII/2014 for period of January – June 2014, issued on 21st July 2014. The report describe clearly all monitoring result upon all environmental aspect identified in the RKL/RPL such as air emission test, ambient air test, noise level, soil-physical test, surface water and river water quality tests, POME quality tests, etc. In general the result shows all emissions and pollution source are under allowable limit. (5.6.2)

The POME – Palm Oil Mill Effluent was utilized for Land Application. Company has consistently monitored the quality of POME produced – on monthly basis. Monitoring of BOD every month analyzed by PT. Unilab Perdana, shows the level is under allowable limit of 5000mg/litres for land application:

1.BOD June 2014 on report analysis report No.4878-2/LHP/VI/2014 is 243 mg/L.

2.BOD on July 2014 as analysis report No.4878-3//LHP/VII/2014 is 378 mg/L.

The results reported on three-monthly basis to environmental office. (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 the company 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. The company has completed assessments for continuing social impacts. The initial SEIA was approved on 08th June 1998 by Minister of Agriculture through letter No.20/ANDAL/RKL-RPL/BA/VI/1998 for the development of 12,000 ha oil palm estate and a Palm Oil Mill of capacity 60 Ton FFB per hour.

In addition, there is a specific Social Impact Assessment performed by Fakultas Kehutanan IPB and PT. Agro Indomas 2010, indicating positive and negative impact. Promoting the positive impact such as: improving welfare base local community, recruitment of local worker, education, health, scheme smallholders. Reducing negative impact through 3R (reduces, reuse and recycle) waste management; reduce water and air pollution, water facilities for local community and plantation, workers welfare, etc. The local communities was involved in SIA process and result incorporated in "Social Management Plan", consists of programme, activity, opportunity, strategic, result and timeline. Social issues and program are managed under CSR Department, An "Executive Summary has distributed copies of the SEIA and SIA documents to each estate, e.g. Sungai Rungau Estate and Sungai Purun Estate.(6.1.1) The structure of the report complies with 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 first half 2013 (January – June 2013) was sent and delivery letter and confirmation from BLH as evidence. The reports have included all the parameters as per the Social Impact Assessment Report.

The company holds meetings once a month formally with the local communities surrounding plantation to obtain input from them regarding SIA. Minutes of meeting, attendances list and photographs are available as evidence, e.g. meeting with the Lampasa and Terawan Villagers on 17th October 2012 which attended by community representatives, local government officer, Head of villages, and Electricity Dept. Officer. (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, covering 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, PT Agro Indomas 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)

PT Agro Indomas is continuously developing the scheme smallholders, as informed above, being part of social impact assessment study by IPB. The best management practices are applied by the company for scheme smallholders, such as: fertilizing, harvesting monitoring, payment of FFB etc as equal with company best practices. (6.1.5)

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-P06 on Communication, second revision dated 01st July 2010, under sub-heading of "external communications". Record of meetings is available and maintained.

List of stakeholders are available under List of Potential Partner/August 2014, comprise of 4 members of "Kementerian Lingkungan Hidup", 7 members of "Badan Lingkungan Hidup Kabupaten" in Kabupaten Kotawaringin Timur and Kabupaten Seruyan, 2 members from academic institution, 7 persons from "BKSDA/Manggala Agni/Pemadam" – Natural resources

conservation/fire-fighter, 3 members of "Dinas Tenaga Kerja Kabupaten Seruyan" – manpower office of Kabupaten Seruyan, 5 members of NGO (WWF and OFI), 5 officers from police force, 3 members from Hazardous Waste Disposal, 3 personnel of Laboratory. (6.2.2)

PT Agro Indomas holds records of community aspirations/proposal and follows up action in the "CSR Dept. Environmental Report". (6.2.3)

Company has appointed "Humas" – Public relation as dedicated person responsible for consulting and communicating 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.

It is not assessed during this surveillance audit.

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 are 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 2.4 on Land Compensation Payment on technical aspect of payment to the land obtained by the company. No any changes of procedures since the last audit. (6.4.1)

Records of people identified and entitled to compensation are in place. Records of all compensation issues are retained. The company holds records on "Agro Indomas Land Compensation" file for all land acquired by the company since the commencement 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. For 2014, there is a compensation process under name Mr.DS. All the applicable records are in place such as: Land handover letter signed by all parties; company, land owner, head of village, Kepala Adat/Demang and Camat. The only record available is handover letter since land owner request for replacement land instead of financial compensation. (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)

The company holds the records of all compensation payments since 1996 including amounts, statement letter, receipt, negotiation record, progress of complaint, 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.

The salary payment has been system has been regulated. Salary paid in 2014 has been adjusted as per “Keputusan Gubernur Kalteng No.188.44/952/2013” dated 21st November 2013, requiring the minimum wage of Rp.1,919,618; this further supported through internal memo No.001/AGRO/HR/I/2014. In addition, company gives employee with monthly allowance of rice. Based on interview and document verification, it is confirmed PT Agro Indomas pays employees with at least minimum wage. This is also supported with explanation from local manpower office. (6.5.1)

PT Agro Indomas made available the book of company regulation under “Buku Peraturan Perusahaan” based on establishment by Dinas Tenaga Kerja, Transmigrasi dan Pariwisata Kabupaten Seruyan No.560/188/Disnakertranspar/II/2014 dated 6th February 2014. Detailed work rules provided in the company regulations are provided to all employees including temporary workers. The guidelines are promulgated in the early morning briefing and using bulletin boards in every barracks and housing. Contract between company and workers are available in place, consists of employees’ status, pay rates, working hours, overtime, pay terms, Pay rates based on the UMP (Province Minimum Wage), housing, electricity, insurance, polyclinic, etc. Based on interview and document verification, contracts are signed by both parties. It is confirmed PT Agro Indomas comply with company regulation and contract. (6.5.2)

Based on field visits it is evident that the company has provided a good standard of housing for staff and workers. Basic need such as electricity and water supply is adequate. Other social and educational facilities such as kindergarten, elementary and middle school facilities, playground, clinic, food court, cooperatives, mosques/churches are provided. Field visit and interview with the employees is evident. 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. Recreation facilities in the form of playing fields and community halls are available in all Estates. The company 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 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.

A number of complaint related to electricity supply is recorded; however follow up in consistent manner by company is demonstrated. Overhaul process for power generator engine is evident during the field visit. (6.5.3)

Based on the review of a copy of the letter agreement between the company and contractors, term and condition of contract require contractor to abide Indonesian laws and regulations. A number of typical requirement in the contract states working hours, housing with water and electricity, insurance, minimum age, OHS, etc.; referring to the Indonesian Labour Act (UU no. 13, year 2013) and Indonesian Working safety Act No. 1, year 1970. (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.

Company respects its employee right to form and join worker union. This has been a company policy and established under “Kebijakan Sosial” dated 11th July 2014. There is worker union “Serikat Pekerja PT Agro Indomas Sinar Fajar - SPSF”, registered under “Surat Keputusan Kepala Dinas Tenaga Kerja, Transmigrasi dan Pariwisata Kabupaten Seruyan No.560/55/Disnakertrans/I/2013 dated 16th January 2014. Based on interview with sampled worker and representative of worker union, PT Agro Indomas was supportive to the union.

PT Agro Indomas has also demonstrate “Lembaga Kerjasama Bipartit – LKS Bipartit” to handle industrial dispute. The organization has been registered under “Surat Keputusan Kepala Dinas Tenaga Kerja, Transmigrasi dan Pariwisata Kabupaten Seruyan No.560/361/Disnakertranspar/II/2012 tentang Pengesahan Lembaga Kerjasama Bipartit PT Agro Indomas” dated 14th February 2012.

Representative of worker union demonstrate the meeting records between company and worker union. Example: Meeting on “Pembahasan Premi” on 5th and 8th March, 10th and 20th May 2014 in Disnakertrans Office Kabupaten Seruyan. These series of meeting subsequently followed by signing of “Perjanjian Bersama” on 30th May

2014 and dissemination of “Premi Baru” on 10th July 2014.

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 interview with workers confirmed that 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.

The company has social policy promulgated on 15th June 2011 that includes policies on the prohibition of discrimination and ensure equal employment opportunities for stakeholders. (6.8.1)

During interview with representative of worker union, sprayer worker, harvester, FFB loader and document review was noted, no discrimination and all employees was treated equally by management. (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.

The company has a social policy established on 15th June 2011, which includes policies on the prohibition of sexual harassment in the work place. This policy was articulated by the company in cooperation with the Gender Committee to all employees. (6.9.1)

The company has a policy relating to the protection of reproductive rights, included in corporate regulation, section 21 of the menstrual leave, Article 22 of the Leave days of Pregnancy, childbirth and miscarriage. (6.9.2)

The company has established a gender committee, responsible for monitoring implementation of “Sexual harassment” policy rev. 01, dated 6th March 2013 and socialization was conducted regularly. Based on interview with workers and record review, no sexual harassment case found during audit. (6.9.3)

The company 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 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 committees, as an institution to protect their reproductive rights. Female employees have fully understood that during the period of maternity / nursing, the wages remains their right and paid by 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. The company is giving maternity leave for 3 months with monthly wages and light work for pregnant and breast feeding women as revealed during interview with female workers. The company also has a policy prohibiting female workers who are pregnant and/or breastfeeding to work in a place that is in contact with agrochemical use. The company performs periodic inspection, pregnancy test and provides personal protective equipment adequate for female employees who work in places that come into contact with agrochemical. (6.9.4)

Specific grievance mechanism is available in place and put in the notice board and public facilities and the employees can make report to the “Gender Committee” if any case is happened. Based on record review, interview with gender committee members, interview with female workers; it is found that no sexual harassment, domestic violence or other case was reported to the Gender Committee. (6.9.5)

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

The record of current and price paid for FFB from scheme smallholder and outside supplier is maintained and made publicly available on request. The current FFB price is circulated to cooperatives via short message service. (6.10.1)

Based on interviews with the Board of Farmers Group Plasma Lampasa and Terawan village, it is clear the FFB price is determined twice every month by a Committee consisting of Government, Palm Oil Producers in the Seruyan district. The pricing mechanism is follow index “K” government formula. The committee held meetings between 25 and 27 of every month. Purchasing price decision made is communicated to all oil palm plantation companies and cooperatives as the price standard of certain period, using letter, fax, or sms. Pricing mechanisms for FFB and inputs/services is recorded. (6.10.2)

Based on document review, contracts are signed by contractors; work agreements with cooperatives are signed. Based on interview with stakeholders consist of cooperative administrator and contractor; all parties understand the contractual agreements they enter into. These stakeholders also reveal the contracts are fair, legal and transparent. In addition, payments made by PT Agro Indomas in general are timely. (6.10.3)

Payment for contractor made by Finance Department, in timely manner as prescribed in the contract. For example payment for PT. Bangun Jaya Perkasa based on contract No.R&B/PLT/PT_AI/03/13-14/009, dated 20th March 2014, for procurement of lateritic material 306m³. Invoice from contractor issued on 28th August 2014 and paid on 11th September 2014 with cheque No. CK974*** (Bank BII). (6.10.4)

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

PT Agro Indomas has established a CSR programme 2013/2014 – 2015/2016 comprised of Relationship Building/Communication programme, Capacity Building for community programme, Livelihood programme, Health programme, Public Facility/Infrastructure programme, Contribution to Religious event & Culture, Contribution to National Day, Donation and Awareness programme with total value of more than 2.5 billion rupiah for financial year 2013/2014, 2.5 billion rupiah for financial year 2014/2015 and another 2.8 billion rupiah for financial year 2015/2016.

Particular attention was given for contribution to education e.g. additional class room, capacity building and honorary for teachers, transportation and operational cost for school.

In order to nurture local economy potential, PT Agro Indomas demonstrates agreement (along with proof of service payment made) with local contractors for FFB supply and FFB transportation. (6.11)

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.

The company holds the approved Social and Environmental Impact Assessment (SEIA) – AMDAL documents for original operation dated 08th June 1998, approved by Minister of Agriculture (Letter No. 20/ANDAL/RKL-RPL/BA/VI/1998).

SEIA management programme have been prepared and implemented for control and reduction of the significant impacts as part of continuous improvements. There are regular reports with regards to environmental management as required by regulatory authorities. This includes RKL-RPL report submitted 6 monthly periods. All new planting has been developed in accordance with recommendation from SEIA report and AMDAL document.

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.

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. Based on the soil and topographic map, the company taken into account in their planning and operation.

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

New planting after November 2005 strictly follows HCV identification report. No replacement/conversion of primary forest and/or area containing one or more High Conservation Values. The external HCV consultants had reported that studies of satellite images and previous land use have concluded that no primary forests and no HCV areas have been cleared since November 2005 for new plantings.

PT Agro Indomas demonstrates letter of approval by the Seruyan government has confirmed that the status of the land concessions of plantation is for other use area (*Kawasan Pemukiman dan Penggunaan Lainnya* or KKPL).

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

There is no new planting on steep terrain, marginal and fragile soil since November 2005 was noted during field visit and document review.

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.

PT Agro Indomas manages to demonstrate the new planting after 2005 is established with FPIC approach, where progress is documented. PT Agro Indomas is communicating the plantation development in line with AMDAL preparation. Records of all compensation issues are maintained. The company holds records on "Agro Indomas Land Compensation" file for all land acquired by the company since the commencement 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. For 2014, there is a compensation process under name Mr.DS. All the applicable records are in place such as: Land handover letter signed by all parties; company, land owner, head of village, Kepala Adat/Demang and Camat. The record available is handover letter since land owner request for land swap instead of financial compensation.

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.

The land compensation documents shown that any land for new planting since 2005 which owned by local communities have been compensated and evidence such as negotiation minutes including calculation, "Berita Acara Kompensasi", receipt, and photograph are available.

The compensation process initiated through FPIC approach in line with AMDAL document preparation.

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 is no fire used for land preparation. The company implements their policy of "Zero Burning" and it was noted no signs of burning for land preparation was noted during field visit.

PT Agro Indomas is using mechanical method for land clearing. Currently there is no land clearing activity on the field. Record seen: Sungai Rungau Estate was contracting land clearing through mechanical stacking. Work Agreement – "Surat Perjanjian Kerja PT Agro Indomas dengan CV Bayu Mandiri Sejahtera" No.PLT/SPK/SRE-12/2011/01-LC dated 12th December 2011, as addendum of land clearing work. Map of stacking area of 2Ha in block E13, March 2013 is available. (as above 5.5.2)

The company has developed emergency response procedure against land burning - SOP "Tanggap Darurat Kebakaran" No.SOP.EHS.ERP-03 chapter 4.1 explains prevention of fire break through fire danger rating, updated every morning. Supervisor at various estates have been trained with fire drill. The company also has a fire fighter team, ready to deploy in the case of fire break. Fire patrol was done in regular basis, fire severity sign board is available on various places. (as above 5.5.3)

Fire fighter teams, fire extinguishers and fire fighting facilities are available. The fire-fighting equipment available is: personnel PPE, transportation (patrol car, personnel transporter trucks, fire equipment truck), communication tools (handy talkie, radio), logistic (24,000 litres capacity tank, water bowser 3,000 litres), patrol equipment (motor bike, flashlight), etc. All equipment are ready-to-use and monitored under "Form Pemeriksaan Kesiapan Peralatan Pemadam Kebakaran" dated 8th July 2014. (as above 5.5.4)

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 continued maintain 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

A continuous improvement plan for the daily activity (Mill and estates) has been prepared which contains a number of social and environmental activities (8.1.1)

3.2. Time Bound Plan

Company	Location	Area (Ha)	Proposed Year for Certification in The Initial Assessment	Time Bound Plan Changed and Justification	Remark
PT Agro Bukit Central Kalimantan	Kec. Mentaya Hilir Utara, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	13,930	2014	2015	1st stage audit just completed at end of year 2014. Time bound plan for PT Agro Bukit was changed from 2014 to 2015 because the company waited forest release permit process from central government. The company confidence at end of 2014 for the 1st stage audit that is why the stage-2 audit was delayed until April 2015.
PT Agro Indomas East Kalimantan	Kec. Sepaku, Kab. Penajam Paser Utara, Prop. Kalimantan Timur	6,767	2015	2015	No changed
PT Agro Bukit South Kalimantan	Kec. Kusan Hulu & Kusan Hilir, Kab Tanah Bumbu, Prop. Kalimantan Selatan	20,910	2015	2015	No Changed

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

Company	Location	Area (Ha)	Proposed Year for Certification	Time Bound Plan	Remark
PT Rim Capital*	Kec. Hanau dan Danau Sembuluh, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	3,200	2015	2015	Supply chain to PT Agro Indomas Central Kalimantan (No changed)
PT Agro Wana Lestari*	Kec. Mentaya Hulu dan Bukit Sentuai, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	15,936	2016	2015	Mill construction completed earlier
PT Karya Makmur Sejahtera*	Kec. Mentaya Hulu, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	13,000	2016	2016	No changed

Auditor finding related time bound plan:

Based on review of time bound plan, there are few changes were made by the company related to the time bound plan, BSI assessment team consider the time bound plan is challenging and still relevant to their management. BSI audit team found that the company comply with the Time bound Plan.

3.3 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

The areas assessed during the course of the visit were generally found to be effective. PT Agro Indomas has closed out the minor nonconformity from previous assessment. Company has also provided evidence of progress on numbers of observation noted during previous assessment.

PT Agro Indomas has prepared corrective action plan to close out major nonconformity and submitted to BSI. The evidence demonstrated was verified during NCR closure assessment. PT Agro Indomas has also submitted the corrective action plan for minor nonconformities and observation raised. BSI auditor has accepted all the evidence for major nonconformity and concluded these have been closed. BSI has also reviewed and accepted the corrective action plan and will be verified during subsequent visit (ASA3).

3.3.1. Status of non conformities and Observation was raised in previous assessment.

3.3.1.1. Major Nonconformity

There is no outstanding major nonconformity from previous assessment visit.

3.3.1.2. Minor Nonconformities

Non conformity was assigned against Minor Compliance Indicators 4.1.4.

970468N1 – Minor NC 1 (RSPO P and C. 4.1.4)

Terawan Mill has developed mill maintenance program under "Maintenance Schedule of Terawan Mill 2013". However the implementation record of such maintenance program is not available. This finding is consider to be Minor NC

Verification during this annual surveillance audit:

Terawan Mill has created maintenance programme and implementation progress, as recorded under "Realisasi Preventive Maintenance Schedule 2013-2014" – Preventive Maintenance Schedule 2013-2014 Sungai Purun Mill. The records explains the plan and actual implementation of regular maintenance for each unit starting from Fruit reception, sterilization station, threshing station, pressing station, depericarping and kernel recovery, boiler, engine room, water treatment, effluent pond, static crane, etc.

NC Minor closed out 13th September 2014.

3.2.1.3. Observations and Opportunities for improvements

Three (3) Observations were identified and are detailed as below:

OBS 1 (4.8.2): Care should be taken to provide up-to-date and consistent record of training for each employee, field worker in particular.

Verification during this annual surveillance audit:

PT Agro Indomas has created a system to trace and record the training attended by each employee. Individual training records for each sampled worker from Lampasa Estate, Sungai Rungau Estate and Sungai Purun Estate are available and up-to-date. Example: Adrianus Jegau, store keeper in TLE-LPE has joined training on limited pesticide use: "Pestisida Terbatas tanggal" dated 29th February 2012. **Observation followed up and closed.**

OBS 2 (7.5.3): Care should be taken to complete the proof of payment to land owners and proper hand-over of the land for new plantings prior to any work for new plantings.

Verification during this annual surveillance audit:

Company has demonstrated records on compensation agreement and hand-over of the land from individual land-owner to PT Agro Indomas. These records are being prepared by Personnil Assistant (PA) department. **Observation followed up and closed out.**

OBS 3 (RSPO SCCS E.3.1): Terawan Mill has a procedure for RSPO supply chain standard under "SOP Penerimaan dan Pengolahan TBS Bersertifikat maupun Non-Sertifikat" dated August 2013 in which state the data of RSPO Supply Chain will be monitored and recorded through JDE system and accessible through server. However, there is not adequate evidence that JDE system able to trace down the volume of certified and non-certified product. Based on review upon JDE system and data record in server, it was found that current JDE system and record database was not able to describe the volume of certified and non-certified FFB, and to describe certified and non-certified CPO. The IT personnel are in the middle to modifying the JDE system in order to comply with RSPO Supply Chain requirement and set up the relevant record and report is traceable.

Verification during this annual surveillance audit:

Record of certified and non certified FFB, CPO and PK are recorded daily, monthly and annually by Weighbridge system and JDE backup system. Based on verification into weighbridge system and interview with the Weighbridge operators in Terawan mill, the weighbridge system able to separate record "certified FFB/CPO/PK" and non-certified "FFB/CPO/PK". Delivery notes of Incoming FFB in the system separated automatically and print out of delivery note incoming FFB marked with "RSPO Certified FFB/MB" and so far, there is no marked "Certified CPO/PK" in Delivery note due to sales through GreenPalm's Book and Claim system. **Observation followed up and closed.**

3.3.2 Non Conformities and Observation was raised during this surveillance.

There are 1 (one) major nonconformity, 2 (two) minor nonconformities and 2 (four) observations.

3.3.2.1 Major Non Conformities

A Major nonconformity was assigned against indicator 2.2.2. Company has prepared the corrective action plan and submits all objective evidences to close out the nonconformity.

CAR Reference 109824M1: (RSPO P&C 2.2.2) Company has carried out the monitoring of HGU-boundary stones, as recorded under “Form Monitoring Kondisi Patok HGU-March 2014”, however company has not prepared action plan to response the monitoring result. Based on field verification, HGU-boundary stone identification was unclear.

Corrective Action:

PT Agro Indomas has prepared an action plan to repair, re-paint and maintain the HGU boundary poles. PT Agro Indomas has submitted evidence that boundary poles have been repaired, re-painted and maintained. The identification markings have been aligned with the boundary map. **NC Major closed out in 22nd October 2014.**

3.3.2.2. Minor Non Conformities raised during this surveillance

CAR Reference 1093824N1. (RSPO P & C 4.7.4)

PT Agro Indomas has not performed a regular medical check-up for all employees, to be in compliance with Peraturan Menteri Tenaga Kerja No.2 Tahun 1980 related to “Pemeriksaan Kesehatan Tenaga Kerja dalam Penyelenggaraan Keselamatan Kerja” - Medical check up for employee for occupational safety management; in which prescribed medical check up for employee once per year at minimum (chapter 3).

Corrective Action Plan:

PT Agro Indomas has developed a schedule to perform medical check up for all workers and staff in all estates, mills and office. In line with the annual medical check up, PT Agro Indomas will prepared a procedure for medical check up that cover all employees.

BSI Audit team accepted the Corrective Action Plan and will follow up during subsequent surveillance visit.

CAR Reference 1093824N2 (RSPO P & C 4.7.9)

PT Agro Indomas was not able to demonstrate licensed first aider from local manpower office for mill and/or estate, as requested in Peraturan Menteri Tenaga Kerja No.15 tahun 2008 related to “Pertolongan Pertama pada Kecelakaan”.

Corrective Action Plan:

PT Agro Indomas has planned to apply for licensed first aider to local manpower office. PT Agro Indomas will prepare the trained personnel for first aid/emergency situation to be ready for new task as on-duty first aider.

BSI Audit team accepted the Corrective Action Plan and will follow up during subsequent surveillance visit.

3.3.2.3. Observation

Obs 1 (RSPO P & C. 5.2.4) Based on field visit and interview with local community of Desa Paren and Desa

Lampasa; company need to be improve local people awareness in relation to HCV area management.

Obs 2 (RSPO P & C. 5.5.4) Lampasa Estate, Sungai Rungau Estate and Sungai Purun Estate need to follow relevant regulation related to placement of fire extinguisher.

These observations will be checked during next visit.

Noteworthy Positive Components

- ✓ There are structured documents prepared by the company for the implementation of EMS and OHS. All documents can be presented swiftly during audit.
- ✓ Some others, The company has been consistently contributing for 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 some company infrastructures such as road access and bridges are also used by local community for communication between 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 also 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

All non conformities were raised during the last assessment has been closed as mentioned above.

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

• **Internal Stakeholders (Employees, Labour Union, Gender Committee)**

In General, workers and labour union were satisfied with the company performance, but need address some issues, as follows: disproportion electrical supply in employees housing, eliminate of transport for workers who have taking medicine to hospital in Capital of District, delay of reimburse of outpatient, the company is not transparency for penalty fee of sanction was given

to the workers, Work Agreement (PKB) still in progress, and no premium evaluation since 2008.

Company response: The company will taken action for improvement related issues as above, such as: the company will fixing Gen-set for supply electricity, reimburse transport cost, manage penalty fee transparency, delay of reimburse of outpatient due to cash flow reason in the last few months. Work Agreement (PKB) still waiting from Labour Union until member quorum 51 %, evaluation of premium for harvesting and others job in progress now.

Auditor responds: The audit team accept the company action and will further investigate on next ASA..

- **Government officials**

- a. **Forestry and Plantation Department of Seruyan District**

PT Agro Indomas has all relevant permits and reported all information related to plantation sector in timely manner. However, the report format used is not in line with one provided by Dinas Kehutanan dan Perkebunan Kabupaten Seruyan.

Company response: The company will confirm and follow the Government Agencies format for plantation regular report.

Auditor comment: The action plan is accepted, will be verified during the next surveillance visit.

- b. **Manpower and Transmigration Department of Seruyan District.**

Company has all the relevant license and permit and follow all manpower regulation: Company has established an *Peraturan Perusahaan* - Company Regulation, Company has implemented minimum wage standard as per *Upah Minimum Kabupaten (UMK) Seruyan*; company holds clinic permit; company has established registered worker union; Company and worker representative has established bi-partite organization (to solve industrial dispute).

Company consistently reports all relevant information to manpower, health and safety to manpower office. The reports including *Laporan Ketenagakerjaan* – manpower status report; *Laporan P2K3* – Safety Committee report, etc. Company has also performed periodic monitoring and demonstrate compliance, acknowledged by Manpower office: Company provide appropriate training for heavy machinery operators, steam engine operators and welding operators; company performed periodic check on pressure vessel and steam vessel; company provide appropriate training for manpower works in direct contact with limited pesticide, company performed periodic medical check up for operators exposed to high risk; Company has provide all employee with Social insurance under *Jamsostek* scheme.

A number of notes: It was noted industrial dispute between company and employees in relation with work

incentive, currently in mediation process at Dinas Tenaga Kerja Kotawaringin Timur; Company has not performed periodic medical check up for regular worker – *raised as minor nonconformity.*

Company response: this issue still in progress and the company will pay attention to solve this issue.

Auditor comment: The corrective action submitted by PT Agro Indomas is accepted, will be verified during subsequent surveillance visit.

- c. **Environmental Department (BLH) of Seruyan District.**

Company consistently report the environment management under *Laporan Pelaksanaan RKL-RPL* – Environmental monitoring and management report, *Laporan Pengelolaan Limbah B3* – Hazardous waste management report, *Laporan Kebakaran Lahan* – Land fire report and *Laporan Pengelolaan Limbah Cair* – POME Management report as per designated period. All permit for land application and land application of palm oil mill effluent is valid. The department is aware of local community instigated land fire around company plantation area. Once, local community complaint related to presence of water hyacinth – *Eichhornia crassipes* at Sembuluh Lake, company has responded by dredging the lake.

Auditor comment: Positive note worthy comment.

- d. **Land office of Seruyan District**

PT Agro Indomas has the legal and valid tenure permit in form of Hak Guna Usaha (HGU). A part of the tenure is currently under measurement process. There is no report from other interested party in relation to land dispute.

Auditor comment: Positive note worthy comment.

- **Head of Villages (Lampasa)**

PT Agro Indomas helping for the local communities' welfares and CSR program (health, electricity, education, local workers, accessibility, etc). Plasma program of 370 Ha has been materialized, comprise of 60Ha of mature and 310 Ha of immature palm. Positive impact in form of absorption of local manpower from Lampasa village; where approximately 200 individuals work with PT Agro Indomas.

Auditor comment: Positive note worthy comment

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 Date of Closing Nonconformities (Major and Minor)

Table 5: Status of Nonconformities

Reference	Category	ISSUED	CLOSED
A701839/1	Minor	17/03/2012	21/09/2013
A 701839/2	Minor	17/03/2012	21/09/2013
970468M3	Major	21/09/2013	20/11/2013
970468M4	Major	21/09/2013	20/11/2013
970468M5	Major	21/09/2013	20/11/2013
970468M6	Major	21/09/2013	20/11/2013
970467N1	Minor	21/09/2013	13/09/2014
109824M1	Major	13/09/2014	22/10/2014
109824N1	Minor	13/09/2014	"Open"
109824N2	Minor	13/09/2014	"Open"

4.3. 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
PT. Agro Indomas



Mr. Wilton Simanjuntak
RSPO Manager
Date:

Signed for on behalf of
BSi Group Singapore Pte Ltd



Mr Haeruddin
Lead Assessor
Date: 08/12/2014

Appendix "A"
Supply Chain Certification Audits

Main Report Details

Standard: Supply Chain Certification requirement for CPO Mills – Module E.Mass Balance

Location: Terawan Mill, Date: 8th September 2014

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 for Mass Balance (MB) supply chain 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.

Comply – Updated 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. Procedures for supply chain under No.SOP—PLID-MILL-RSP.v1.2013, dated 1st November 2013.

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.

Comply – 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.

Comply – 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. Additional procedure to enhance traceability under procedure of ensuring traceability of RSPO Certified Products SOP-PLID-MIL-RSP.v1/2013, released date 1st November 2013. This is also described in the procedure covering flow chart receiving of FFB in weighbridge

E.2. Purchasing and Goods Received.

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

Comply – the Mill records tonnages received at the weighbridge and these are reported daily with the Head Office where the FFB certified and non certified is segregated. The IT system (JDE) has monitors the traceability of FFB receiveds, processed, storage, and dispatch. In the weighbridge system, certified and non certified is separated automatically in the "WB System"

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

Comply – the company has a mechanism through JDE system 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.

Comply – Inspection of records at the Mill confirmed these were updated daily, e.g. Daily report, Monthly progress report, etc. Record of certified and non certified FFB, CPO and PK are monitored daily, monthly and annually by hard copy and JDE back up system.

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

Comply - Terawan Mill has a procedure for RSPO supply chain standard implementation under "SOP Penerimaan dan Pengolahan TBS Bersertifikat maupun Non-Sertifikat" dated August 2013. The current procedure has been revised to indicate retention time of minimum 5 (five) years for all record and report. The procedure has been socialized to all relevant personnel on 18th November 2013 such as Mill managers of Sungai Purun and Terawan, Mill personnel assistants, administration staff, and IT staff.

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 three monthly basis. 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.

Comply - Terawan Mill has a procedure for supply chain under new established procedure (Ensuring Traceability of RSPO Certified Products SOP-PLID-MILRSP. v1/2013, released date 1st November 2013) has described to use and specify trade name in relevant documents of purchasing and sales.

Objective evidence observed by auditor found weighbridge ticket is now has remark of RSPO Certified FFB/MB. Review on JDE system in Mill operation computerized software, confirmed has now can be traced the certified and non certified volumes of FFB received and processed, OER and KER, CPO and PK produced.

Based on document review of receiving FFB and dispatch CPO and PK, the company stated in the FFB receiving document "RSPO Certified FFB/MB" and dispatch CPO and PK, so far no indicated product name and Supply chain model in delivery document due to selling CPO and PK through GreenPalm.

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.

Comply - 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.

Comply – all of these items (a-e) are described 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). Company only sell the CPO and PK through GreenPalm.

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.

Comply – The Company maintains records of trainings. Re-fresh Training was conducted on 14th May 2014 attended by 3 people (Dedy- Logistic), Visa Sania Tanjung (Admin Mill), Fauziah (Weighbridge - Team)

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.

Comply - There is no claim and/or use of RSPO trademark logo. Company only sell the CPO and PK through GreenPalm.

SUPPLY CHAIN ASSESSMENT

Terawan Mill

Certified Mill Production – 1st April 2013 to 31st March 2014

MILL	CAPACITY	CPO	PK
Terawan	90 tonnes/hour	39,476	8,461

Certified FFB received Monthly – 1st April 2013 to 31st March 2014

Month	Terawan Estate	Lampasa Estate	Teluk Ulin Estate	Lampasa Plasma	Sungai Rungau Estate	Sungai Purun Estate	Bangkal Plasma	Terawan Plasma	Total FFB/month
April 2013	7,306,680	4,469,940	5,549,960	149.01	-	-	-	-	18,794,580
May 2013	7,278,410	5,820,110	6,112,740	112,60	-	-	-	-	19,323,860
June 2013	5,837,010	3,570,850	5,270,360	122.15	-	-	-	-	16,274,040
July 2013	7,302,890	3,885,040	5,731,110	109.81	-	-	-	-	18,080,360
August 2013	5,704,030	3,707,050	4,807,140	105.93	-	-	-	-	15,558,920
September 2013	6,108,530	3,947,740	5,654,790	101.44	-	-	-	-	16,648,470
October 2013	7,337,040	5,885,360	5,743,190	107,91	-	-	-	-	19,073,500
November 2013	7,697,730	6,382,160	5,391,620	102,08	-	-	-	-	19,573,590
December 2013	7,480,020	5,989,920	5,245,190	90,64	-	-	-	-	12,815,850
January 2014	8,802,290	7,471,990	6,025,310	88,07	-	-	-	-	22,387,660
February 2014	7,539,450	6,527,260	5,693,650	80,79	-	-	-	-	19,841,150
March 2014	9,441,000	8,056,920	7,702,830	174,83	-	-	-	-	25,375,580
TOTAL	87,835,080	65,713,340	68,927,890	1,345.26	-	-	-	-	229,736,480

Sales of Green Palm Certificates of Mill Products from Terawan Mill – 1st April 2013 to 31st March 2014

MILL	CPO	PK
Terawan	38,293	2,000

Sales Certified CPO – 1st April 2013 to 31st March 2014

Buyer's Company	Tones
See Report attached	38,293

TOTAL	-
--------------	---

Sales Certified PK – 1st April 2013 to 31st March 2014

Buyer's Company	Tones
	2,000
TOTAL	-

Sales Certified PKO – 1st April 2013 to 31st March 2014

Buyer's Company	Tones
See Report attached	
TOTAL	-

Sales Certified PKE – 1st April 2013 to 31st March 2014

Buyer's Company	Tones
No buyers of PKE	
TOTAL	-

Appendix "B"
RSPO Certificate Detail

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

Certificate date : 18/09/2012

Valid until : 17/09/2017

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, Kalimantan Tengah – Indonesia			
GPS Location		112 ^o 22' 25.00" E - 2 ^o 33' 35.91" S			
Certified CPO Tonnage Total		67,639 MT			
Certified PK Tonnage Total		14,893 MT			
Own estates FFB Tonnage		310,271 MT			
Non-company Suppliers FFB Tonnage*)		43,000 MT			
Estates	Mature (ha)	Immature (ha)	Others (Ha)	Total land-use titles (ha)	Annual FFB Production (mt)
1. Terawan Estate	3,282	56	659	3,997	92,216
2. Lampasa Estate	3,220	0	584	3,804	88,439
3. Teluk Ulin Estate	3,099	0	268	3,367	83,430
4. Rim Capital Estate	1,999	69	1,432	3,500	44,686
5. Lampasa Plasma	60	332	0	392	1,500
TOTAL	11,660	457	2,943	15,060	310,271

Note: *) Non Company Supplier FFB is not certified

Appendix "C"
ASA - 2 Certification Assessment
Programme

Assessment Programme September, 8th – 13st, 2014

Date	Time/Hours	Activity	HR	PA	NM
Sunday, 07/09/2014		Flight Jakarta – Sampit - Lokasi	√	√	
Monday, 08/09/2014	08.00 – 09.00	Opening Meeting - Opening presentation by client – PT Agro Indomas - Presentation from audit team on audit process	√	√	√
	09.00 – 12.00	Field Visit: Terawan Mill Worker interviews (OSH, contract, salary, etc), PPE, safe working environment, walk ways, signs, EFB. POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes, etc.	√		
		Field Visit: Lampasa Estate Herbicide application programmes, harvesting, fertilising operations, road maintenance, water management, chemical stores, fertilizer store, workshops, housing, landfill, clinic, waste, etc.		√	
		Field Visit: Lampasa Estate Boundaries inspection, social amenities, interview with workers, HCV's, riparian zones, etc.			√
	12.00 – 14.00	Lunch			
	14.00 – 17.00	Document Review: Terawan Mill Document Review: Lampasa Estate	√		
Tuesday, 09/09/2014	08.00 – 12.00	Field Visit: Rim Capital Herbicide application programmes, harvesting, fertilising operations, road maintenance, water management, chemical stores, fertilizer store, workshops, housing, landfill, clinic, waste, etc.		√	
		Field Visit: <i>ISPO</i> : Boundaries inspection, interview with workers, HCV, riparian zone, etc	√		
		Stakeholder Interview: Government officers in Seruyan District and Local NGOs			√
	12.00 – 14.00	Lunch			
	14.00 – 17.00	Field Visit: Rim Capital <i>ISPO</i> : Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, road maintenance, water management, chemical stores, fertilizer store, workshops, housing, landfill, clinic, waste, etc. (Continued) Document Review: Rim Capital		√	
		Document review: Rim Capital	√		
		Stakeholder Interview: Government officers in Seruyan District and Local NGOs. (Continued)			√
Wednesday, 10/09/2014	08.00 – 12.00	Travelling Estate - Sampit Document review: Legal in Sampit Office Document review: Rim Capital	√		
		Lunch		√	√
	14.00 – 17.00	Document review: Legal in Sampit Office <i>ISPO</i> - (Lanjutan) Travelling Sampit - Estate Document review: Rim Capital	√		
		<i>ISPO</i> - (Lanjutan)		√	√
Thursday, 10/09/2014	09.00 – 12.00	Document Review: Terawan Mill - RSPO SCCS	√		

Date	Time/Hours	Activity	HR	PA	NM
11/09/2014		Field Visit: Sungai Purun Estate Herbicide application programmes, harvesting, fertilising operations, road maintenance, water management, chemical stores, fertilizer store, workshops, housing, landfill, clinic, waste, Boundaries inspection, social amenities, interview with workers, HCV's, riparian zones, etc.		√	
		Stakeholder Interview: Gender Committee, Labour Union, Local Community, Plasma, etc			√
	12.00 – 14.00	Lunch			
	14.00 – 17.00	Document Review: Sungai Purun Mill	√		
		Document Review: Sungai Purun Estate		√	
	Stakeholder Interview: Gender Committee, Labour Union, Local Community, Plasma, etc			√	
Friday, 12/09/2014	08.00 – 11.30	Field Visit: Sungai Purun Mill Worker interviews (OSH, contract, salary, etc), PPE, safe working environment, walk ways, signs, EFB. POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes, etc.	√		
		Field Visit: Sungai Rungau Estate Herbicide application programmes, harvesting, fertilising operations, road maintenance, water management, chemical stores, fertilizer store, workshops, housing, landfill, clinic, waste, etc.		√	
		Field Visit: Sungai Rungau Estate Boundaries inspection, social amenities, interview with workers, HCV's, riparian zones,			√
	11.30 – 14.00	Lunch/Jumat Pary			
	14.00 – 17.00	Document Review: RSPO SCCS S. Purun Mill	√		
		Document Review: Sungai Rungau Estate		√	√
Saturday, 13/09/2014	08.00 – 10.00	Feedback finding/stakeholder comment from Management	√	√	√
	10.00 – 12.00	Preparing Closing Meeting			
	12.00 – 14.00	Lunch			
	14.00 – 15.00	Closing Meeting			
Sunday, 14/09/2014	08.00 – 14.00	Travelling Estate – Sampit – Flight to Jakarta	√	√	√

Appendix "D"
Corrective Action Plan
of the ASA-2 Assessment findings

CORRECTIVE ACTION PLAN OF RSPO ASA-2 (24th September 2014)
FOR PT AGRO INDOMAS – TERAWAN MILL AND ITS SUPPLY BASE

Ref No.	Findings	category	Root Cause	CORRECTIVE ACTION PLAN	Responsible	Target Completion date
109382M1	Clause : 2.2.2 Identification marking of HGU boundry stone in Lampassa estate block P34 was found unclear.	Major	Monitoring of the HGU boundary stone in March 2014 was not followed up with the action Plan	<ul style="list-style-type: none"> Repainting the unclear identification marking of HGU boundry stones at block P34 Develope action plan to repair the poor condition boundry stones including their identification marking Follow up the action plan into real action and record the result 	GIS Manager	31th October 2014 31th October 2014 Follow the plan
093824N1	Clause : 4.7.4 Medical check up did not cover all employees at least once every year in Lampasa est, Sungai Rungau Est, Sungai Purun Est.	Minor	Lack of awareness regarding the requirement of Manpower Minister regulation (Peraturan Mentri Tenaga Kerja No. 2 Tahun 1980) where company is obliged to conduct medical check up for all employees at least once every year	<ul style="list-style-type: none"> Develop a schedule to perform medical check up for all workers in all estates, mill and office. 	Doctor	31th October2014
				<ul style="list-style-type: none"> Conduct a medical check up for all workers in line with the schedule developed 	Doctor	Start in October 2014
				<ul style="list-style-type: none"> Develop new SOP for the Medical Check up that cover all employees 	Doctor and EHS	15th Dec 2014
093824N1	Area : Medical, EHS and L&D Clause : 4.7.9 Licensed first aiders from local manpower office are not available yet, neither for estates neither for Mills.	Minor	Lack of compliance to the regulation of local manpower office (Pemenaker No 15 year 2008 related to the First aiders requirement in case of accident)	<ul style="list-style-type: none"> Apply for First aiders license from Disnaker for several personnel to conduct in house training in the company (For Estates and Mills) 	L&D Manager	Feb 2014
				<ul style="list-style-type: none"> Conduct in house first aid training for personnel who will be assigned as on duty first aider in every work station or for group of workers in 	L&D manager	May 2014

Ref No.	Findings	category	Root Cause	CORRECTIVE ACTION PLAN	Responsible	Target Completion date
				the field.		
OBS 1 (5.2.4)	<p>Area : Estate and EHS Clause : 5.2.4</p> <p>Local community of desa Paren and desa Lampasa have lack of awareness and understanding to the purpose of HCV protection management in relation with the conservation of natural resources and Biodiversity</p>	Obs	Lack of socialization and communication to make local community understand and aware the important purpose of protecting HCV and support its management program.	<ul style="list-style-type: none"> Develop a time schedule to visit desa Paren and desa lampasa for socialization of HCV to the local people community Visit desa to socialize HCV protection management and request their input to make HCV protection more effective and Prepare documentation of every visit 	EHS Manager EHS manager	Oct 2014 April 2015
OBS 2 (5.5.4)	<p>Area : Estate and EHS Clause : 5.5.4</p> <p>The placement of portable fire extinguishers in Lampasa est, Sungai Rungau est, and Sungai Purun est are not following regulation.(some time too high and some are too low from the floor)</p>	Obs	Lack of compliance to the regulation of placement portable fire extinguishers (Permenkertrans no Per 04/Men/1980)	<ul style="list-style-type: none"> Read Permenakertrans No PER.04/MEN/1980, then relocate the position of all portable fire extinguishers in accordance with this regulation 	EHS Manager	Dec 2014

Appendix "E"
List of Stakeholders Contacted

INTERNAL STAKEHOLDERS

<p>Terawan Mill Mill Manager and staff</p>	<p>Estates Estate manager and staff 5 female spraying operators 5 male harvesters 1 warehouse operator 2 female gender committee member 2 Labour union 1 Doctor 2 Clinic/hospital assistants</p>
---	---

EXTERNAL STAKEHOLDERS

<p>GOVERNMENT DEPARTMENTS</p> <ul style="list-style-type: none"> • Department of Forestry and Plantation – Seruyan District. • Department of Manpower and Transmigration – Seruyan District. • Department of Environmental – Seruyan District • Badan Pertanahan Nasional – Kabupaten Seruyan 	<p>NGOs and others: -</p>	<p>Local Communities Lampasa village</p>
--	----------------------------------	---

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 in The Initial Assessment	Time Bound Plan Changed and Justification	Remark
PT Agro Bukit Central Kalimantan	Kec. Mentaya Hilir Utara, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	13,930	2014	2014	

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	2016	Mill still under planning stage
PT Agro Bukit South Kalimantan	Kec. Kusan Hulu & Kusan Hilir, Kab Tanah Bumbu, Prop. Kalimantan Selatan	20,910	2015	2016	Mill still under planning stage
PT Rim Capital*	Kec. Hanau dan Danau Sembuluh, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	3,200	2015	2015	Supply chain to PT Agro Indomas Central Kalimantan (No changed)
PT Agro Wana Lestari*	Kec. Mentaya Hulu dan Bukit Sentuai, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	15,936	2016	2015	Mill construction completed
PT Karya Makmur Sejahtera*	Kec. Mentaya Hulu, Kab. Kotawaringin Timur, Prop. Kalimantan Tengah	13,000	2016	2016	No changed