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PUBLIC SUMMARY REPORT

RSPO SECOND ANNUAL SURVEILLANCE ASSESSMENT (ASA2)

PT INTI INDOSAWIT SUBUR – MUARA BULIAN GROUP AND SCHEME SMALLHOLDERS Jambi Province, Sumatra, INDONESIA

Report Author:

Haeruddin Tahir – August 2014

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SUMMARY

BSI has conducted the second annual surveillance assessment of PT Inti Indosawit Subur (PT IIS) Muara Bulian Palm Oil Mill and supply base located in Jambi Province, Sumatera, Indonesia. The group comprising one mill, one company managed estate, scheme smallholders, support service and infrastructure.

BSI concludes that PT Inti Indosawit Subur – Muara Bulian group operations and the scheme smallholders comply with the requirements of RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance, RSPO Principles & Criteria: November 2007; Indonesia National Interpretation of RSPO P&C, 2008; and Indonesian National Interpretation of RSPO P&C for Scheme Smallholder 2009. The palm oil mill was also assessed against the RSPO Supply Chain Certification Standard for the compliance to the requirement for the CPO mills (RSPO SCCS: November 2011). It is noted that the mill have implemented Mass Balance (Module E – Mass Balance) of RSPO SCCS requirement to ensure traceability of the incoming and out-going product.

BSI recommends the continuation of Muara Bulian Group which consist of Muara Bulian mill, Muara Bulian estate and the Scheme Smallholders to be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

AMDAL	Analisis Mengenai Dampak Lingkungan
B3	Hazardous waste
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional
CD	Community Development
CLA	Collective Labour Agreement
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DPPL	Dokument Pengelolaan dan Pemantauan Lingkungan Hidup (Environment management And monitoring document)
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GPS	Global Positioning System
HCV	High Conservation Value
HGU	Hak Guna Usaha
HO	Head Office
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
ISO	International Standards Organisation
ISPO	Indonesia Sustainable Palm Oil Foundation
IUCN	International Union for Conservation of Nature
KUD	Koperasi Unit Desa (Cooperatives)
MSDS	Material Safety Data Sheet
NGO	Non Government Organisation
OER	Oil Extraction rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PMP	Project Management Plan
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPKS	Pusat Penelitian Kelapa Sawit

PT IIS	PT Inti Indosawit Subur
R&D	Research and Development
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SEIA	Social & Environmental Impact Assessment
SOP	Standard Operation Procedure
SPSI	All Indonesian Workers Union

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mill and their supply bases were assessed against the RSPO INA-NIWG: May 2008 and INA-SWG: 2009 of the RSPO Principles and Criteria: 2007; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance, and RSPO Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

1.2 Certification Scope

The scope of Certification covers one (1) Palm Oil Mill and the supply base comprising one (1) company's owned Estate and six (6) cooperatives of Scheme Smallholder.

1.3 Location and Maps

The Muara Bulian Group Mill, Estate and Scheme smallholders are located in Batang Hari District, Jambi Province, Indonesia (Figure 1). The GPS location of the mills is shown in Table 1.

Table 1: Mills GPS Locations

MILL	Longitude	Latitude
Muara Bulian (Capacity: 60 t/hr)	E 103°12'20"	S 01°35'09"

1.4 Description of Supply Base

Oil palm FFB is sourced from company owned estate, scheme smallholders and from third party/outgrowers, where outgrowers are excluded from certification scope. The Muara Bulian Group's projection of FFB productions (certified) for the year 2014 are listed in Table 2 as shown below.

Table 2: Muara Bulian Mill FFB Supply Details

Source	Estimation as at ASA01 (2013)	Actual as for 2013	Projection as at ASA2 (2014)
Estate Supply Base			
Muara Bulian estate	47,598	35,876	44,059
Sub-total	47,598	35,876	44,059
Scheme Smallholders:			
KUD Barokah	28,050	27,015	26,870
KUD Sumber Makmur	26,320	24,641	24,480
KUD Budi Sari	19,676	16,680	24,275
KUD Makmur Rejeki	17,210	15,005	14,692
KUD Karya Lestari	16,450	13,845	15,345
KUD Tuah Sakato	41,193	34,513	39,513
Sub-total	148,899	131,699	145,175
Total Certified FFB	196,497	167,575	189,234
Outgrowers *	34,189	53,042	25,000
Total Muara Bulian supply	230,686	220,617	214,234

*Outgrowers is excluded from the certification scope

The scheme smallholders comprise six cooperatives and management advice on best practices given by the scheme manager from PT IIS. There are 3,455 members in these smallholder schemes covering an area of 6,958 ha planted with oil palm. The scheme smallholder contributes about 64% of the total FFB processed in the certification units (Muara Bulian mill).

Muara Bulian Scheme Smallholder was developed as a part of PT IIS – Muara Bulian Group plantation development. The cooperatives of scheme smallholder were assessed by BSI as part of company's commitment to bring the scheme smallholder into RSPO certification scheme.

In this summary report, the findings of the scheme smallholders are incorporated due to the certification unit of Mill and Estate are already certified and were assessed as part of the first surveillance.

1.5 Date of Plantings and age profile

PT IIS – Muara Bulian Group own estate was planted in early 1991. The smallholder scheme was planted between 1991 and 2006. About 100 % of the palms are at prime mature stage and still in the first planting cycle. A replanting programme has been developed for the replanting of palm aged more than 25 years. The age profiles of the palms are shown in Table 3a and 3b below.

Table 3a: Own estate's Age profile of palms

Age (years)	Total Planted area (ha)	% of Planted area Muara Bulian Estate
21 – 30	978	55.19
11 – 20	794	44.81
4 – 10	-	-
0 – 3	-	-
Total	1,772	100.00

Table 3b: Scheme Smallholders' Age profile of palms

Age (years)	Total Planted Area (ha)	% of planted area
1991	548	7.88
1992	924	13.28
1993	2,544	36.56
1994	644	9.26
1995	50	0.72
1999	175	2.52
2000	1,172	16.84
2001	513	7.37
2006	388	5.58
Total	6,958	100.00

1.6 Other Certifications Held

PT IIS which managing the scheme smallholder has implemented an Environmental Management system and was awarded ISO 14001 Certification on 10th June 2011 – Certificate Number ID05/65250 – expiry date 10 June 2014. The palm oil mill is also under ISCC certification on 3th September 2014 with Certificate number: EU-ISCC-Cert-DE100-20141661

1.7 Organisational Information / Contact Person

The contact details as follows:

PT Inti Indosawit Subur
Contact Person: Ms. Asrini Subrata
Email: asrini_subrata@asianagri.com

Jakarta Office:

Jl. M.H. Thamrin No. 31 Jakarta INDONESIA 10230

Phone: +62 21 2301119

Fax: +62 21 230 1120

Site Location:

Singoan / Bukit Sari Bullian Jaya Village, Muara Bulian/
Pemayang District, Batang Hari Regency
Jambi – Indonesia

1.8 Time Bound Plan for Other Management Units

PT Inti Indosawit Subur is a member of RSPO and has been involved in the Roundtable process since 2006; RSPO Membership No: 1-0022-06-000-00.

There are 19 palm oil mills and supply base (estates and plasma smallholder schemes) covering approximately 60,000 ha. PT IIS already submitted the time bound plan to BSI during the initial assessment of this Muara Bulian Group. **Appendix A** shows the time bound plan which includes the smallholders. Once the palm oil mill is certified, expansion of the palm oil mill certificate is carried out by including the smallholders into the existing certificate.

BSI assessment team considers the time bound plan is challenging and still relevant to their management. During this annual surveillance assessment and scheme smallholder assessment as part of the scope expansion, it is noted that some changes were made to the time bound plan by bringing forward some of the assessment earlier than the original plan and one assessment was withdrawn because it was legally released on 1 may

2014. BSI audit team found that the company comply with the Time bound Plan. The details are shown in Appendix A.

BSI also assessed the requirement for partial certification and concluded that:

1. There are no unresolved significant land disputes.
2. No replacement of primary forest or loss of HCV. New land acquisition follows the RSPO NPP process including public notification of new planting.
3. No labour disputes that are not being resolved through an agreed process.
4. No evidence of noncompliance with law noted.

1.9 Area of Plantation

The area of palms at company owned estates and smallholders are listed in Tables 4a and 4b.

Table 4a: Estate and Area of Palms

Estate	Mature (ha)	Immature (ha)
Muara Bulian	1,722	0
Sub total	1,722	0

Table 4b: Scheme Smallholders members and Area of Palms

Scheme Smallholder	Mature Area (ha)	Number of members
KUD Barokah	1,240	615
KUD Sumber Makmur	1,130	560
KUD Budi Sari	900	445
KUD Makmur Rejeki	730	360
KUD Karya Lestari	710	350
KUD Buah Sakato	2,248	1,125
Total	6,958	3,455

1.10 Approximate Tonnages Certified

The approximate tonnages certified reported during initial certification was based on the budget for the year 2010. During this expansion of the scope, the approximate tonnage certified includes the production from the scheme smallholder based on the budget for the year 2014. The detail is shown in Table 5.

Table 5a: Muara Bulian Mill – Approximate CPO Tonnages Certified and actual production

Muara Bulian Mill	CPO (Tonnes)		
	2013 Budget	2013 Actual	2014 Budget
Muara Bulian Estate	11,185	8,308	10,226
Scheme Smallholder	33,741	28,935	32,229
Subtotal Certified	44,926	37,243	42,495
Outgrowers*	6,972	10,092	4,737
Total	51,898	47,335	47,232

* Outgrowers is excluded from certification scope.

Table 5b: Muara Bulian Mill – Approximate PK Tonnages Certified and actual production

Muara Bulian Mill	PK (Tonnes)		
	2013 Budget	2013 Actual	2014 Budget
Muara Bulian Estate	2,689	1,968	2,533
Scheme Smallholder	8,413	7,220	8,348
Subtotal Certified	11,102	9,188	10,881
Outgrowers*	1,932	2,910	1,437
Total	13,034	12,098	12,318

* Outgrowers is excluded from certification scope.

Table 5c: Approximate Tonnages Certified during ASA2

Mill	2014 Budget	
	CPO	PK
Muara Bulian Estate	10,266	2,533
Scheme Smallholder	32,229	8,348
Grand Total	42,495	10,881

1.11 Date of Certificate Issued and next surveillance visits

The scope of the certificate includes the production from the company owned estates and scheme smallholders which processed at the Muara Bulian Palm Oil Mill. The reissuance date of certificate would be after the approval of the summary report. The next surveillance visit will be not longer than 12 month of certificate anniversary date.

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 a Regional Office in Singapore and an Office in Kuala Lumpur, Jakarta and Bangkok.

2.2 Qualification of the Lead Assessor and Assessment Team

Haeruddin Tahir – Lead Assessor

Graduated from the Faculty of Forestry of Hasanuddin University and has experiences in timber concession, wood industry, sales of medical equipment, and oil palm plantation since 1995. He is experienced in international training and auditing in Organic standard, Common Code

Coffee of Community (4C), UTZ certified, FSC, PEFC, RSPO, and ISO 9001. During this assessment, he assessed the mill, estate and smallholder legal and social issues.

Nanang Muallib – Assessor

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

He graduated from University of Jenderal Soedirman - Indonesia on 2008, majoring in Social Economic of Agriculture. He involved in RSPO certification since 2009 as a team member covering assessment with RSPO P&C in Indonesian and Malaysia. He completed the ISO 9001 and OHS 18001 Lead Auditor training, HCV identification and management, ISPO auditor training, and has planned to attend RSPO Lead auditor endorsed course in May 2013. He can communicate fluently in Bahasa Indonesia and English both oral and written. During this assessment, he assessed the estate and smallholder best practices, environment, working safety, and emergency preparedness.

This summary report was reviewed by Mr. Aryo Gustomo. He is one of the BSI RSPO Lead auditor and internal reviewer who has involved in report reviewing and certification decision.

2.3 Assessment Methodology and Programme

The Second Annual Surveillance Assessment (ASA2) of the Mills and Estates was carried out on 2 – 6th June 2014. The Assessment Programme is included as Appendix C. The Programme included assessments of the One Mill, One company managed Estate of Muara Bulian, and two sampled KUDs (Barokah and Makmur Rejeki) against all of the RSPO Principles & Criteria and applicable RSPO indicators. The two sample KUDs had not previously been assessed.

BSI Audit team conducted an assessment of the scheme smallholders operation comprising six cooperatives by

sampling two cooperatives (KUDs) based on the RSPO sampling formula ($0.8 \sqrt{Y}$ whereby Y is number of cooperatives). This sampling strategy was developed based on the RSPO sample size, the geographical location of the cooperatives and number of smallholder members. The RSPO sampling formula also used for the selection of members to be assessed.

The assessors carried out follow-up checks on the effectiveness of corrective actions for the nonconformities and Observations/ Opportunities for Improvement that were identified during ASA1.

The methodology for collection of objective evidence included physical site inspections, observations of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information.

This report is structured to provide a summary for each Principle and Criterion, together with details for selected indicators to demonstrate conformance. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

Mr Aryo Gustomo, BSI RSPO Lead auditor and Internal Reviewer, has reviewed this report for conformance with BSI Procedures and the RSPO Certification System requirements.

2.4 Stakeholder Consultation and a List of Stakeholders Contacted

During the onsite assessment, stakeholder consultation was conducted involving internal and external stakeholders. Meeting was held to seek feedback on the performance of the company and scheme smallholders with respect to RSPO requirements and aspects that they consider need improvements. Stakeholders included those immediately linked with the operation of the company such as workers, staff, smallholders, contractors, government officials, and NGOs, whose activities covers same geographical area as the Muara Bulian Group. Stakeholder consultation took place in the form of meetings, interviews and phone calls without the present of the management members of the company.

Based on stakeholder's inputs, auditor team subsequently verify all relevant positive and negative comments to PT IIS and scheme smallholder's representative. These inputs were also used for consideration of audit conclusion. The summary of stakeholder comment is provided in Section 3.5 of the body of this report. The list of stakeholder contacted is included as **Appendix D**.

2.5 Date of Next Surveillance Assessment Visit

The next surveillance assessment visit would be not later than 12 months from anniversary date of certificate. This

surveillance assessment will include the one certified mill, one estate and the scheme smallholders which has been included in the certified scope.

3. ASSESSMENT FINDINGS

The assessment findings are reported in two parts. Section 3.1 is referring to the finding of the Annual Surveillance Assessment covering the two certified mills and estates. Section 3.2 is referring to the findings of the Scheme Smallholder annual surveillance assessment.

2 (two) major nonconformities rose against indicator 2.1.1 of RSPO P&C for Mill and Estate and indicator 6.2.1 of RSPO P&C for Scheme Smallholder. 2 (two) minor nonconformity raised against indicator 5.3.3 of RSPO P&C for Mill and Estate, and indicator 6.10.3 of RSPO P&C for Scheme Smallholders. Several Observation/Opportunity for Improvement are also highlighted. The evidence for closing out the major nonconformities was verified during NCR Closure assessment. PT IIS has submitted Corrective Action Plan for Minor nonconformities and Observation/Opportunity for Improvement.

BSI Audit team has accepted the evidence of closing our major nonconformities and concluded those were closed out. BSI auditors have also accepted the Corrective Action Plan for minor nonconformities and will be verified during subsequent surveillance visit. The detail of the findings during assessment is explained in the summary of findings below.

BSI recommends that Muara Bulian Group to maintain the existing certificate.

3.1 Summary of Findings – Existing certified units (RSPO P&C INA-NIWG, May 2008)

Principle 1: Commitment to transparency

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

PT IIS has maintained Standard Operating Procedure for handling information request and response under AA-GL-5008.1-R1 effective date 22nd August 2011. Under the procedure, the response must be provided to stakeholder in 15 working days. The retention time for information request and response records sets as 3 years. Appointed officer is responsible to receive any information request from stakeholders, both written and unwritten. The officer also maintains the logbook for information request and responses. The information request from relevant authorities recorded under “Permintaan Informasi rutin” (Routine Information Request Book). The information request from other interested parties recorded under “Permintaan Informasi Lain” (Others Information Request Book).

Document review confirmed PT IIS has made response to information request in appropriate and timely manner. The Response of information request from relevant authorities is compiled under “Laporan Rutin” (Routine report book). Based on the procedure SOP AA-GL-5008.1-R1, the record of information requests and responses were kept for 3 years. Document review confirmed all of current records are kept does not exceed 3 years. Example: Information request from Batanghari Regency Secretariat No.800/SPT/2013 dated 5th June 2013, in relation with Coordination of local government oil palm estate 85.6Ha. Subsequent follow up with a coordination meeting on the same date, attended 12 representatives from various government office and PT IIS.

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

PT IIS has a policy stated that all legal, social and environmental document and permits are publicly available. The procedures for information request regulated under SOP AA-GL-5008.1-R1 dated 22 August 2011. List of available document for public is listed under “Daftar Perizinan” (List of Permits), covers Copies of government related documents such as AMDAL, RKL, RPL and land ownership documents are available on request. Other document includes Social Impact Assessment, Safety and Health Plan and continuous improvement plans. These records are maintained for a minimum of three years and government related documents maintained as per requirement of the law. Stakeholder information request recorded under “Logbook permintaan dan Tanggapan terhadap Permintaan Informasi dari Stakeholder”.

PT IIS has put in order, a document register under “Master List Dokumen”. The list regulates in detail the time frame to maintain each document. For example, the decree related to forest area release maintains period “continuous” while “Dokumen Pendaftaran LKS Bipartit”- Bi-party body (for industrial resolution) registration document will be maintained for three (3) years. Company consistently implement the procedure related to publicly available document, retention time, information request and response were maintained for 3 years after fulfilment.

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 IIS maintained SOP for compliance with legal indicators and its changes under SOP AA-GL-5001.1-R0 dated 5th December 2009. PT IIS maintained document “Evaluasi Kepatuhan Hukum” (Evaluation of Legal Compliance) dated 6th May 2014. The Legal Department

of PT IIS's Head office issued a Memorandum for all units under PT IIS management with regards Updating Current Regulation. PT IIS has evaluated the changes with the latest regulation. A documented system has been prepared to demonstrate compliance with all applicable legal requirements, under "Bukti Pemenuhan Hukum".

Any changes or amendment of regulation occurred, "Hubungan masyarakat - Humas" – Public relation and "Kepala Tatausaha - KTU" – Administration Head, make evaluation accordingly. "Humas" and "KTU" is responsible for changes in regulation within local level, while Head Office is in charge for national – level regulation.

Sample of legal documents were checked in the mill and estates. Land ownership (such as land title/HGU, location permit, etc) documents are valid.

Boiler permits, sterilizer permits, turbine engine permits, power generator permits and lightning arrester permit found to be tested and valid. Test for generator emission and ambient air quality and the latest report confirm compliance to the legal requirements.

PT IIS has carried out compliance evaluation against applicable legal requirement including evaluation of every chapter, the fulfilment level and evidence of compliance. For example the compliance evaluation against "Undang-Undang No.5 Tahun 1960 tentang Pokok Agraria", "Undang-Undang No.18 Tahun 2004 tentang Perkebunan", "Peraturan Daerah Kabupaten Batanghari No.2 Tahun 2011 tentang Izin Usaha Perkebunan", "Peraturan Pemerintah No.27 Tahun 2012 tentang Izin Lingkungan", "Peraturan Pemerintah" No.18 Tahun 1999 tentang Pengelolaan Limbah B3", etc.

Legal requirement-evaluation and fulfilment mechanism regulated under "SOP Pemenuhan Peraturan Perundang-undangan dan Perubahannya" (No. SOP; AA-GL-5001.1-RO) dated 5th December 2009. The procedure explains the stages for evaluation applicable legal requirements, person in charge for evaluation and ensures implementation of such requirement.

However, Audit team found a number of legal requirements have not been complied:

- 1. Provision of social insurance (including accident insurance) for temporary worker - "Pekerja Harian Lepas" in Afdeling I;**
- 2. Provision of first aider license in Muara Bulian Estate and Palm Oil Mill (Major NC raised under 2.1.1).**

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

Legally, the land ownership gained by PT IIS through Surat Persetujuan Menteri Pertanian – Minister of Agriculture Approval Letter No.KB.320/859/Mentan/XI/1983 dated 7th November 1983 on Principal Approval Oil Palm Development

totalling 65,000Ha in Jambi Province for PT Inti Indosawit Subur. Subsequently through "Surat keputusan Gubernur Daerah Tingkat I Jambi" - Decree letter of Jambi Governor No.242 tahun 1987 dated 19th June 1987 on "Pencadangan Tanah untuk Keperluan Perkebunan Kelapa Sawit dengan Pola PIR Transmigrasi PT Inti Indosawit Subur di Lokasi Kecamatan Muara Bulian Kabupaten Daerah Tingkat II Batanghari dan Lokasi Kecamatan Tungkal Ulu Kabupaten Daerah Tingkat II tanjung Jabung seluas 12.000 Ha (Kabupaten Batanghari)" – land allocation of 12,000Ha located in Muara Bulian and Tungkal Ulu district for oil palm plantation with PIR-transmigration scheme.

Forest area release through "Surat Keputusan Menteri Kehutanan No.494/Kpts-II/1991 tentang Pelepasan areal hutan seluas 17,500Ha terletak di Kelompok Hutan S. Lampisi-S. Palik-palik Kabupaten Dati II Tanjung Jabung dan Seluas 9,356Ha terletak di Kelompok Hutan S. Kehidupan-S. Singoan Kabupaten Batanghari, Provinsi Jambi untuk Usaha Budidaya perkebunan dengan pola PIR-TRANS atas nama PT Inti Indosawit Subur" dated 7th August 1991.

PT IIS demonstrate a valid land ownership covering:

1. "Surat Keputusan Kepala BPN Pusat No. 14/HGU/1992 tentang Pemberian HGU atas nama PT Inti Indosawit Subur seluas 1.256,18 Ha" dated 15th September 1992. Subsequently issued certificate HGU No. I Tahun 2003 dated 3rd December 2003 based on "Surat Ukur No. 01/Msi/2003 terletak di Desa Singoan, Kecamatan Muara Bulian, Kabupaten Batanghari", valid until 31st December 2027.
2. "Surat Keputusan Kepala BPN Pusat No.51/HGU/BPN/2003 tentang Pemberian HGU atas tanah terletak di Kabupaten Batanghari, Provinsi Jambi seluas 523.42 Ha" dated 10th September 2003. Subsequently issued HGU certificate No.4 Tahun 2003 dated 3rd September 2003 based on "Surat ukur No. 56/BSa/2003 terletak di Desa Bukit Sari, Kecamatan Pamayung, Kabupaten Batanghari" valid until 6th October 2038.
3. "Surat Keputusan Kepala BPN Provinsi Jambi No.03-540.1-06-2003 tentang Pemberian HGU atas nama PT Inti Indosawit Subur atas tanah terletak di Kabupaten Batanghari, Provinsi Jambi seluas 32,48 Ha" dated 10th July 2003. Subsequently issued certificate HGU No.2 Tahun 2003 dated 12th August 2003 based on "Surat ukur No.2/BuJ/2003 terletak di Desa Bulian Jaya, Kecamatan Muara Bulian, Kabupaten Batanghari", valid up to 13th August 2038.
4. "Surat Keputusan Kepala BPN Provinsi Jambi No. 02-540.1-06-2003 tentang Pemberian HGU atas nama PT Inti Indosawit Subur atas tanah terletak di Kabupaten Batanghari, Provinsi Jambi seluas 17,09 Ha" dated 10th July 2003. Subsequently issued certificate HGU No.2 Tahun 2003 dated 12th August 2003 based on "Surat ukur No.1/BuJ/2003 terletak di Desa Bulian Jaya,

Kecamatan Muara Bulian, Kabupaten Batanghari” valid until 13th August 2038.

5. “Surat Keputusan Kepala BPN Provinsi Jambi No.01-540.1-06-2003 tentang Pemberian HGU atas nama PT Inti Indosawit Subur atas tanah terletak di Kabupaten Batanghari, Provinsi Jambi seluas 27,27 Ha” dated 10th July 2003 subsequently issued certificate HGU No. 1 Tahun 2003 dated 12th August 2003 based on “Surat ukur No. 55/BSa/2003 terletak di Desa Bukit Sari, Kecamatan Pelayung, Kabupaten Batanghari”, valid until 13th August 2038.

PT IIS has demonstrated boundary maintenance every 6 months, documented within “Laporan Pemeriksaan dan Perawatan Patok Batas”. The latest check carried out on 23rd December 2013 for 49 units of boundary poles.

BSI verifies the information request book, and found no complaint filed related to conflict. Based on interview with Bulian Jaya village head and Mukti Jaya village head, stating there is no land conflict between communities and PT IIS noted. In addition, records of compensation resolution during estate development made available. For instance:

Agreement based on Minutes of meeting for Payment upon Plantation Compensation of Pasar Terusan, Malapari and Muara Singoan tanggal 21st October 1991 signed on by Batanghari Regency Secretary and witnessed by village head, Camat -- district head, community leader and relevant government office (Plantation office - Batanghari regency, Law bureau – Batanghari Regency, Economic office – Batanghari Regency, Land office – Batanghari Regency).

Based on the agreement, compensation paid for Mr. Id, from Malapari village. Mr. Id compensated Rp.200,000 for 6Ha land and joined into local transmigration, in line with agreement dated 21st October 1991.

PT IIS made available the SOP No.AA-GL-5003.1-RI for land conflict, approved by management on 5th December 2009 and first revision on 22nd August 2011. The procedure contains flowchart and mechanism for conflict resolution. This conflict resolution mechanism has been communicated to relevant parties within stakeholder meeting dated 27th June 2011, attended by 43 participants.

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

PT IIS – Muara Bulian was developed in parallel with government program PIR-Trans back in 1991. Based on document verification and interview with local government stakeholders, stating the whole area of PT IIS – Muara Bulian has been compensated against traditional rights bear within. Copies of negotiation under Agreement based on Minutes of meeting for Payment upon Plantation Compensation of Pasar Terusan, Malapari and Muara Singoan tanggal 21st

October 1991 signed on by Batanghari Regency Secretary and witnessed by village head, Camat -- district head, community leader and relevant government office (Plantation office - Batanghari regency, Law bureau – Batanghari Regency, Economic office – Batanghari Regency, Land office – Batanghari Regency).

Based on the agreement, “Surat Penyerahan Hak atas Tanah dan Pelaksanaan ganti rugi lahan”- Handing of land right and compensation paid for Mr. Id, from Malapari village. Mr. Id compensated Rp.200,000 for 6Ha land and joined into local transmigration, in line with agreement dated 21st October 1991.

PT IIS’s Muara Bulian group has not acquired any new land since the previous assessment (ASA1). PT IIS’s Muara Bulian does not restrict local peoples’ access through the main Estate roads. This was confirmed during interview with company representative and stakeholder consultation with local community. Based on interview with stakeholders, stating there is no land conflict between communities and PT IIS noted. In addition, records of compensation resolution during estate development made available. Furthermore, it is also stated currently no traditional right within area of PT IIS – Muara Bulian.

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 IIS’s Muara Bulian has 3 Year working plan for Productivity per planting year of the estate, under “Rencana Kerja 3 tahunan, Pengelolaan Minimum 3 tahun Kebun Muara Bulian”. The plan indicates the target for 2014 (current), as well as 2015, 2016 and 2017. The estimation based on actual production realization from 2011, 2012, 2013 and actual as of April 2014. The estimation including OER average, KER average, Production cost (Rupiah/tonne CPO) divided between estate cost and mill cost.

The Estimate productivity for the year 2014 with consideration of mature planted area is 27.15 tonnes/Ha. The costs comprise of upkeep activities (such as weed control, fertilizer application, pest and disease management, pruning and castration, oil palm census and thinning out, ditch/terrace/platform maintenance, road and bridge maintenance, survey and maintenance of boundary poles) and Harvesting cost (harvesting, transport and weighing).

Replanting programme is available, commencing in 2016 (725 Ha) and continues in 2017 (49 Ha). The replanting programme is prepare by the estate managers as guidance to implement replanting work such as felling, chipping, terracing, cover crop planting, planting of palms and maintenance up to maturity stages. The zero burning technique during replanting was communicated to all executives in the plantation as part of replanting

program. Seed are from company's own research station (Topaz Oil Palm Research Station).

Yearly review of replanting programme is available for 2014. The review result showed replanting postponement up to 2016, and general process to prepare the re-planting program such as survey and field block boundary, stacking methods, ganoderma census, culvert and road marking, felling, chipping and stacking, hoeing, planting spot marking, making platform, planting leguminous crop planting, making planting hole, and planting procedures.

Principle 4: Use of appropriate best practices by growers and millers

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

Estate is using Agronomy Policy Manual dated 1 February 2009 as guidance for good agriculture practise. SOPs related to all the estate operations such as nursery, land preparation, planting, field maintenance, harvesting, FFB collection and transport are referred to the manual. The SOPs cover all aspects of oil palm management from land development through to maintenance and harvesting. The implementation of field practices is checked daily by the Assistant Managers and the Estate Manager and monthly by the General Manager.

Palm Oil Mill has a separate manual which includes SOPs for each processing stations covering 16 sections from receiving of FFB, grading, processing, lab analysis, storage and despatch. The mill revised Policy Manual was dated 26 August 2011. Two new SOPs were incorporated during the revise to include the supply chain requirement on traceability, Mass Balance and quarterly report.

Implementations of the SOPs are monitored through field inspection by the estate assistant managers, Agronomist, Plantation advisers, mill adviser and by RSPO internal audits. PA visit report dated 17-20 March 2014 No.KMB/VA/FULL 01-14 was checked and found that all the field operations are covered and monitored during the visit. Another report presented was Laporan Operasional Audit PT Inti Indosawit Subur-KMB No.OA-12-VI-Plt.II-est.017. Corrective action plans are prepared for any findings and it is checked during the subsequent visits. Estate and mill carry out daily monitoring through field inspection records and mill inspection records. It is a routine that the estate and mill management prepare monthly reports and send to the company's head office for monitoring purpose as well. All field inspection results are recorded in Monthly Report.

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

Result of annual leaf sampling test made available for fertilizer application recommendation. The latest leaf sampling conducted in 2013 for fertilizer (organic or inorganic) recommendation on 2014. Result of soil sampling analysis (physic and chemical) made available with recent dated May 2009. Another soil fertility analysis reported under "Hasil Analisa Tanah Kebun Plasma Muara Bulian" from sample taken 22 July 2013.

Fertilizer application carried out as per recommendation from R&D and leaf analysis. PT IIS Muara Bulian implements land application and Empty Fruit Bunches (EFB) for area with low natural fertility. PT IIS Muara Bulian Estate presented under "Rekomendasi Pemupukan Kelapa Sawit 2014". Record of fertilizer application including POME for land application and EFB for land mulching is recorded in "Program dan realisasi pemupukan 2014".

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

PT IIS developed semi-detailed soil map for Muara Bulian Estate. PT IIS Muara Bulian shows Semi Detail Soil Map scale 1:25,000. The semi detail soil map indicating the slope class, topographic map and soil series identified in the plantation. Soil map made available with the soil type and topographic class. Based on the soil map the larger part of the estate were *Dystrudepts* composed of clay with sandy particle. No peat soil is identified.

PT IIS developed strategy to minimize erosion on slope areas. Record shows manual terracing, mechanical terracing and platform has been built and re-instated on areas with steep slope of block A92a. Field inspection to block A92a shows the platform and manual terracing evident. Control of erosion demonstrated minimum impact on soil degradation and sedimentation on the low-lying land.

Road maintenance programme made available completed with road maintenance realization. Record of "Realisasi Prasarana Jalan tahun 2014" (*Realization on the Road facility year 2014*) consisted installation of permanent cross drainage, road hardening block A92c and A92d programmed 2,583 meters, required 232 m³ sand-rock aggregate and 542 m³ laterite. Actual road maintained as at March 2014 is 3,833 meters. Field visit to block A92c, A92d and B91b shows the road maintenance evident.

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

PT IIS Muara Bulian presented document entitled Conservation Management Plan PT Inti Indosawit Subur Muara Bulian. The document explains the plan for riparian conservation and other HCV area. The riparian buffer zones for re-establishment at replanting were clearly marked with poles painted red and the adjacent palms marked with yellow paint. Inspections showed the

vegetation appeared within riparian area are well protected from disturbance.

PT IIS Muara Bulian demonstrates a set of record for water conservation programme implementation. "Program Restorasi Riparian Group Muara Bulian for Sungai Singoan and anak Sungai Singoan 2014" where the conservation officer planted *Vertiver* grass (*Vetiveria zizanioides*), native species such as *Sungkai* (*Pheronema canescen*), *Ketapang* and *Bamboo* seedlings. PT IIS Muara Bulian presented a Memorandum No.05/Plt.III/KMB-Group/2011 dated 31 March 2011 related to cease of agrochemical application in protected area effective 1 April 2011.

The Mills sample and test water quality of river water, domestic water, and monitoring well. The independent Laboratory collects samples and tests the raw water of river and monitoring well 6 monthly for compliance. Domestic water was tested internally through Mills laboratory in monthly basis. Review of the results for the previous year confirmed both Mills complied with all parameters.

The BOD of the treated Mill effluent discharge was maintained consistently less than 5,000 mg/L throughout 2012. The independent Laboratory (UPTB Provinsi Jambi) collects samples and tests the effluent discharge monthly for compliance. Review of the results for the previous year confirmed both Mills complied with all effluent discharge licence parameters (KepmenLH No. 28 with regards to BOD limits of effluent discharge for land application).

Both mills monitor the use of water includes monitoring of water usage for mill processing and domestic usage. Result of water usage monitoring is recorded under "Mill Operation Summary 2014". Review on record confirmed met with the approved budget for processing and domestic.

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

PT IIS's Muara Bulian continued the program at each of the Estates of establishing the beneficial plants *Turnera subulata* and *Cassia coganensis* along boundaries and roadsides. Barn Owl boxes have been installed at each of the Estates with routine census conducted every 3 month.

Muara Bulian Estate operates an early warning census programme to monitor leaf-eating pest numbers and rat damage. The census monitors numbers of nettle caterpillars, bagworm pests and rats at the Estates. The most recent census was done on January-February 2014.

Latest IPM training for field operator was conducted on 15th April 2013.

There is no pesticide usage noted during this assessment. Agrochemical used mainly is herbicide for the circle and selective weed controls. PT IIS Muara Bulian maintains records of herbicide use in 2013-2014.

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 chemicals that are registered and approved by the Department of Agriculture are used. Data on pesticides usage are recorded on the PT IIS's Muara Bulian Group Estate office.

Agrochemicals used are monitored each time it is used. Records includes active ingredients used, area treated, quantity applied per hectare, type of equipment used and number of applicators involve.

PT IIS Muara Bulian control weeds through identification to select appropriate control to be applied. Identification record of weeds comes under "Identifikasi Gulma Dominan". The record is identifying the target of weeds, the location, and active ingredient. Dosage used for herbicide application refers to Agricultural Policy Manual AA-APM-OP-1100.08-R1. To ensure that applicators are trained, all personnel handling agrochemical was trained with limited pesticide training in collaboration with Manpower office of Batanghari regency. Record of training for spraying operators is kept in estate office. Field visit to Muara Bulian estate chemical's storage showed the pesticide stores continued to be well maintained and the chemicals were labelled clearly and stored within spill containment. Observation of spray-mix preparation and spraying showed that the workers were wearing PPE correctly and they were working safely and in accordance with the chemical manufacturer's recommendations.

Based on procedure SOP AA-KL-06-EFP R4 Penanganan Limbah B3 dated 1 November 2008, all agrochemical waste material and container are collected and stored at hazardous waste storage. The hazardous waste storage holds valid permit at present. Triple rinse and punch-a-hole method is used before storing the empty containers in the B3 store. The waste material are transported within 180 days limit, as regulated in the permit. These containers are recycled for the same purpose to prepare pre-mixed agrochemical to be used in the field. The surplus waste materials are disposed through permitted waste collector PT Emulson Indo Nusa Indah.

Health check up conducted on 6 monthly basis. The latest medical checkup for sprayer and fertilizer operator conducted on 26th March 2014.

Company policy on prohibiting pregnant or breast feeding female workers from agrochemical application is implemented continuously. Based on interview with female worker and paramedic in clinic, regular pregnancy test was conducted in order to monitor the fertility. Female worker with indication of pregnancy is not allowed to work with agrochemical.

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

Mill and estate in PT IIS Muara Bulian made reference for OHS implementation to company policy and “Program Manajemen K3 KMB” (consist of OHS Plan, training programme and action plans with designated responsible person identified in term of P2K3 (Safety and Health Committee)). Field inspection to the mill confirms the OHS policies have been implemented, such as use of PPE for workers, routine medical checkup, emergency response procedure, monitoring of work accident, etc.

Mill and Estate in PT IIS Muara Bulian designated responsible person for OHS programme is identified under P2K3 committee approved by Manpower office of Batanghari regency. The monthly meeting for health and safety comes under “Rapat P2K3”. Latest meeting recorded 28th May 2014 for mill and estate.

PT IIS Muara Bulian Mill and Estate workers are covered by work accident insurance (JAMSOSTEK). Document review on the worker’s payroll, all workers in the Mills and Estates are covered by accident and medical insurances under JAMSOSTEK as per May 2014.

PT IIS Muara Bulian Mill and Estate provided a documented risk assessment in term of HIRADC. Latest review of HIRADC was on 16th December 2013. All activities along with potential hazards and risks have been assessed and identified.

OHS training programme is developed under Training Programme of Environmental and Sustainability, PT IIS Muara Bulian Group. There was training for first aider and fire fighting.

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

PT IIS developed Training programme of Environmental & Sustainability 2014. While for training programme of 2013, PT IIS made the record available. Example: Fire drill simulation dated 26 July 2013, worker and emergency team participating

Mill, estate and smallholder scheme manager maintain all the training records and this was checked and verified through interview with the staff, workers, smallholders and contractors interview.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

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.

PT IIS demonstrate Analisis Mengenai Dampak Lingkungan (AMDAL) consist of document ANDAL, RKL and RPL as approved through “Persetujuan Komisi Amdal Departemen Pertanian No. 014/Andal/RKL-RPL/BA/V/1995 tentang Persetujuan ANDAL dan RKL-RPL perkebunan Kelapa Sawit dan Pabrik Minyak Kelapa Sawit PT Inti Indosawit Subur” dated 3rd May 1995. The document covers scope of areal of 32,000 Ha consist of Kuala Tungkal Estate 20,000Ha and Muara Bulian Estate 12,000Ha and palm oil mill capacity 90 Tonnes FFB/hour for Kuala Tungkal and 30 Tonnes FFB/hour for Muara Bulian.

PT IIS - Muara Bulian reports twice a year to Government on the RKL&RPL monitoring program results and the most recent RKL & RPL report was July – December 2013. The RKL/RPL covers all the operating units including the scheme smallholders. Based on interview with village heads, community is involved in the environment management, especially social aspect through coordination meeting quarterly including Plantation office from Batanghari Regency.

Revision on AMDAL document is available for PT IIS - Muara Bulian through “Surat Persetujuan Kepala Badan Lingkungan Hidup Provinsi Jambi No. 474/BLHD/2010 tentang Persetujuan Revisi Rencana Pengelolaan Lingkungan Hidup (RKL) dan Rencana Pemantauan Lingkungan Hidup (RPL) PT Inti Indosawit Subur seluas 9.188 Ha dan Pabrik Minyak Kelapa Sawit Kapasitas 60 Ton/Jam di Kecamatan Maro Sebo Ilir, Kabupaten Batanghari, Provinsi Jambi” dated 10th August 2010. The revision occurs due to changes in mill capacity from 30 Tonnes FFB/hour into 60 Tonnes FFB/hour, land application separation from Tungkal Ulu Group and social dynamics back in 2010.

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.

PT IIS – Muara Bulian has carried out Initial HCV assessment by RSPO’s HCV approved assessor from Agriculture University of Bogor, Indonesia on October 2011. The presence of HCVs at PT IIS Muara Bulian is mainly under category HCV 1.1, HCV 1.2, HCV 4.1 and HCV 5 with total HCV areas of 76.18Ha; where mostly the identified HCV areas were determined as riparian area and protected area. The HCV report has been peer

reviewed by WWF (Mr. Deni Rahadian) on 23rd September 2011.

Based on field visit, PT IIS – Muara Bulian demonstrate efforts to protect rare species and its habitat through planting of wooden tree, HCV area patrol, flora and fauna monitoring. The Estates have maintained notice-boards at the entrance to the properties and next to buffer zones or worker housing to prohibit the capture or hunting of fauna and disturbance of vegetation. Interview of Smallholders confirmed that PT IIS Muara Bulian had carried out awareness on HCVs and the farmers were able to list the protected species of birds and mammals in the local area.

PT IIS – Muara Bulian created posters listing all protected flora and fauna, endangered and threatened species and placed on location accessible to public such as Estate offices, worker housing, village offices as well as entrance way to plantation area.

Company has appointed dedicated – trained personnel, Mr. Suhendra as person in charge for HCV management as specified under Manager Memorandum KLM/KMP No.001/MUT-KMB/VI/2011 dated 30 June 2011. Inspections of records confirmed that the appointed personnel at each of the Estates have continued to monitor the riparian buffer zones and graveyard. Plan for 2014 to monitor and maintain the identified HCV area at the estate was also sighted and kept in Estate manager office.

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

Waste and pollution sources have been identified and documented, including used lubricant and filter, old battery, used laboratory chemical, clinical/medical waste, mill effluent, EFB, smoke, dust, fiber and shell, empty agrochemical container, boiler ash, scrap iron, used tires, waste water and domestic household refuse. Record of identification was presented in “Evaluasi Aspek Dampak Lingkungan” EMS-431-003-LT issued 1st January 2014. .

There is a mechanism “Mekanisme Penanganan Sampah Domestik” to segregate organic and an-organic waste, further to re-use or re-cycle an-organic domestic waste (such as plastic) and composting the organic domestic waste. Socialization of this mechanism takes place in 24th December 2012.

Document seen: Surat Perjanjian Kerja No.001/SPK/KMB/I/2013 between PT IIS Muara Bulian and Sholikun, domestic waste collector dated 15th January 2013. The agreement is covering the collection of plastic waste, plastic container (non-hazardous waste), scrap metal from domestic refuse, card boxes. “Tanda Terima Barang Bekas dari PT IIS Muara Bulian” dated 24 May 2014, for collection of milk can 16 kg, tin can 8 kg, card boxes 11 kg, bottle 14 kg, plastic 19 kg..

Hazardous waste (B3) such as used lubricant and filters, old battery, clinical waste (sharp and infectious waste), empty chemical container and light bulbs are stored in a dedicated permitted hazardous waste store. The hazardous waste, then dispose off through licensed transport contractor not later than 180 days, in accordance to product label and existing regulation/license. However, a minor NC raised.

Document seen:

1. “Keputusan Kepala Kantor Lingkungan Hidup Kabupaten Batang Hari No.17 tahun 2011 tentang Izin Sementara Penyimpanan Sementara Limbah B3 di PT Inti Indosawit Subur – Muara Bulian”, valid for three years since 1st August 2011. The permit covers used lubricants, oil filter, old battery, empty container, old light bulbs, expired chemicals and clinic waste.
2. “Rekomendasi Pengangkutan Limbah B3” – Recommendation of hazardous waste transportation from Kementerian Lingkungan Hidup to Dirjen Perhubungan Darat Kementerian Perhubungan RI No.B-2106/Dep.IV/LH/PDAL/02/2014 for PT Elmusonsetindo Nusaindah dated 28th February 2014, valid for five (5) years.
3. “Berita Acara Pengambilan Limbah B3 dari PT IIS Muara Bulian” – Minutes dated 5th May 2014 for 7 drums of used oil, 20 pieces old battery, 18 drums empty agrochemical container, 1 drum filters and contaminated goods.
4. Hazardous waste manifest No.CA0014723 for transporting of 7.50 drums of used oil to PT Elmusonsetindo Nusaindah dated 5th May 2014; Hazardous waste manifest No.CA0014725 for transporting of 1.50 drum of contaminated goods to PT Indocement Tunggal Prakasa dated 5th May 2014; Hazardous waste manifest No.CA0014735 for transporting of 22 pieces old battery to PT Muhtomas dated 5th May 2014; Hazardous waste manifest No.CA0014736 for transporting of 19.25 drum empty agrochemical packaging to PT Indocement Tunggal Prakasa dated 5th May 2014; .

However, In the storage of hazardous waste was not in line with applicable regulation. It was found medical waste (sharp edges, infectious waste, etc) stored in hazardous waste storage since January 2013 - for over than 1 year; while the maximum storage time frame permitted by license is 90 days + 90 days (180 days) – Minor NC was raised under 5.3.3

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

All energy used in both mills is monitored and recorded under document of “Pemakaian Energi 2014” (The Energy Usage 2014). Fossil fuel records are maintained and trends shown. Energy use records include accurate measurements of renewable energy use per tonne of FFB processed. Company already maximise the renewable energy use. All the shell and fibre is consumed internally as boiler fuel.

PT IIS – Muara Bulian has also recorded the use of fossil fuel for operational purpose, including the efficiency analysis. Recorded in Monthly report 2014: shows January (3,598 litres), February (3,282 litres), March 2014 (3,928 litres) and April 2014 (3,596 litres).

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 IIS Muara Bulian has continuously implemented a Zero Burn Policy since the beginning of oil palm development. Although replanting has not yet been carried out, PT IIS Muara Bulian has stated its commitment to adhere to the Zero Burn Policy during future replant.

PT IIS has procedure on “Pengendalian kebakaran lahan” (Land Burning Control) AA-KL-14-EFP. The person responsible for each working unit has been appointed. Patrol conducted on holiday to monitor any activities on the field during the time including fire. Based on patrol report, the latest patrol conducted on May 2014.

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

PT IIS - Muara Bulian has documented all pollution and emission sources under document of Environmental Aspects and Impacts Register – 14001 EMS, latest update on December 2013.

The boiler and generator emission tests conducted every 6 month, in collaboration with Sucofindo Laboratory of Pekan baru. The results on 14th July 2013 show compliances to allowable limits (e.g. NOx, SOx, Opacity, and particulate). The indoor noise and air ambient at the mills were also tested and comply with allowable limits. The last results for 2013 (semester 2) are still hold by the laboratory and has not been given to the PT IIS.

All environmental parameter tests for air pollution and emission was compiled in the RKL-RPL report and submitted to Environmental agency of Batanghari.

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills

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.

PT IIS - Muara Bulian has developed Social Impact Assessment in coordination with Faculty of Forestry from Bogor Agriculture University (IPB) in 2011. The focus of assessment covers:

- Relation between company and its stakeholders in terms of social economic interaction;
- Perception, hopes and ideal captured from local community to company;
- Land ownership;
- Social and economic activity required by local community.

Within chapter IV, the impact of PT IIS – Muara Bulian existence to scheme smallholder and surrounding community were discussed, both positive and negative side.

PT IIS - Muara Bulian reports twice a year to Government on the RKL&RPL monitoring program results and the most recent RKL & RPL report was July – December 2013. The RKL/RPL covers all the operating units including the scheme smallholders. Based on interview with village heads, community is involved in the environment management, especially social aspect through coordination meeting quarterly including Plantation office from Batanghari Regency.

Revision on AMDAL document is available for PT IIS - Muara Bulian through “Surat Persetujuan Kepala Badan Lingkungan Hidup Provinsi Jambi No. 474/BLHD/2010 tentang Persetujuan Revisi Rencana Pengelolaan Lingkungan Hidup (RKL) dan Rencana Pemantauan Lingkungan Hidup (RPL) PT Inti Indosawit Subur seluas 9.188 Ha dan Pabrik Minyak Kelapa Sawit Kapasitas 60 Ton/Jam di Kecamatan Maro Sebo Ilir, Kabupaten Batanghari, Provinsi Jambi” dated 10th August 2010. The revision occurs due to changes in mill capacity from 30 Tonnes FFB/hour into 60 Tonnes FFB/hour, land application separation from Tungkal Ulu Group and social dynamics back in 2010.

Interview with local villagers and head of village in Desa Bulian Jaya and Desa Karya Mukti stated local community was invited to participates in social impact management, through coordination meeting – once every quarter with Plantation office from Batanghari Regency, village head and camat – district head.

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.

Company has developed a communication procedure under “Mekanisme Penanganan Permintaan Informasi Stakeholder “(No. SOP; AA-GL-5008.1-R1) dated 22nd August 2011, which explains the company responses against all information request sent by stakeholders including response time of 14 working days after information request accepted.

Records of communications and consultations are available recorded under “Log Book Permintaan” (Log Book Request). During 2012, only three request received community’s villages by PT IIS Muara Bulian from community’s villages, and all were responded in timely manner. No outstanding issues were highlighted.

Stakeholder lists are available and are up dated covers international stakeholders, national stakeholders, provincial stakeholders, Regency – level stakeholders, District – level stakeholders, and local community and surrounding 29. The stakeholders comprise of local and provincial governments, contractor, and NGOs. Minutes of meeting with stakeholders, record of request and action taken is recorded.

PT IIS – Muara Bulian has appointed Mr. Lindu Simatupang, Public relation based on Transfer Letter Regional Head Plt 3 No.003/RO3-MEMO/HRD-JBI/TL/I/2011 dated 11th January 2011 as officer responsible to communicate and consultation with local community and stakeholders.

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.

Company has established a mechanism to handle complaint from external party, as written in “Mekanisme Penanganan Keluhan” – complaint handling mechanism (Doc. No.SOP AA-GL-5005-RO 01) while complaint from internal regulated under “Mekanisme Penyampaian Keluhan dan Penyelesaian Keluhan Karyawan” – Employee’ complaint and resolution mechanism (Doc. No.SOP-AA-HR-3008-RO 05). These mechanisms has been communicated to external parties and disseminated to PT IIS employees. Based on interview with Bulian Jaya village head, Karya Mukti village head, Gender committee leader and worker union leader; they understood the procedure and mechanism to communicating complaint and/or grievance to company.

All records of grievance from external party available under “Logbook Surat Keluar dan Logbook Surat Masuk”. However there is no complaint and/or grievance noted during period of 2013 – May 2014.

Mechanism to identify and calculate fair compensation or loss of legal or customary rights to land set out in the standard operating procedure (SOP) No. AA-GL-5003-1-R1 on Land Conflict adopted by management on 5 December 2009 and has undergone first revisions on 22 August 2011. The mechanism described is similar to conflict resolution procedures involving community representatives and others stakeholders.

Complaint procedure for external and internal stakeholders includes flow chart of the procedure and this is displayed at all the notice board and has been informed to stakeholders. Complaint book available and records of all the complaints with updated action taken is recorded in Log Book Requests.

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.

Mechanism to identify and calculate fair compensation or loss of legal or customary rights to land set out in the standard operating procedure (SOP) No. AA-GL-5003-1-R1 on Land Conflict adopted by management on 5th December 2009 and has undergone first revisions on 22nd August 2011. The mechanism described is similar to conflict resolution procedures involving community representatives and others stakeholders.

There is no negotiation/compensation payment currently. PT IIS has settled all land compensation since 1991 at the beginning of land preparation process. The Company has made the completion of land compensation to all the working area as recorded into the document "Implementation of land compensation" back in 1991, such land in the name of Mr. Id from Malapari village having land area of 6Ha and compensated of Rp.200,000 and the participation in Local Transmigration scheme as recorded to the agreement dated 21st October 1991 and comes with a Letter of Submission of Land Rights.

There is no negotiation/compensation payment currently. Negotiation document and/or compensation agreement from early stage of oil palm development is available. Agreement based on Minutes of meeting for Payment upon Plantation Compensation of Pasar Terusan, Malapari and Muara Singoan tanggal 21st October 1991 signed on by Batanghari Regency Secretary and witnessed by village head, Camat -- district head, community leader and relevant government office (Plantation office - Batanghari regency, Law bureau – Batanghari Regency, Economic office – Batanghari Regency, Land office – Batanghari Regency).

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.

PT IIS - Muara Bulian has implemented the latest decree “Keputusan Gubernur Jambi No.620/Kep.Gub/Dissosnakertrans/2013 tentang Penetapan Upah Minimum Provinsi (UMP) Jambi tahun 2014” dated 23rd October 2013 as a reference in determining the minimum wage. The minimum wage for Jambi Province is Rp.1.502.230 per month. While for permanent worker the salary based on collective agreement between “Badan Kerjasama Perusahaan Perkebunan Sumatera (BKS-PPS)” - Plantation company in Sumatera with “Pengurus Daerah Federasi Serikat Pekerja Pertanian dan Perkebunan Serikat Pekerja Seluruh Indonesia (PD FSP.PP-SPSI) Propinsi Jambi” – Worker union federation for agriculture and plantation sector, Jambi. The collective agreement dated 4th December 2013, stating the lowest permanent worker 2014 is Rp.1.540.000 per month.

Permanent-monthly worker; Based on verification against salary payment slip SKU under name Mr.En, Mr. Ad and Mr. Sut in period of January 2014, shows company has implemented the minimum wage of Rp.1.540.000. Each worker received Rp.1.591.354.

Temporary-daily worker; Based on verification against salary payment slip of fertilizer applicator under name Mrs.Sum, Mrs. Sun and Mrs. Fit in period of January and April 2014, shows company has implemented the minimum wage of Rp.60.090 per manday with additional premium Rp.2.000 in line with minimum wage of Rp.60.090 per manday.

PT IIS – Muara Bulian and the worker union agreed to use collective agreement as work contract. Collective agreement between “Badan Kerjasama Perusahaan Perkebunan Sumatera (BKS-PPS)” - Plantation company in Sumatera with “Pengurus Daerah Federasi Serikat Pekerja Pertanian dan Perkebunan Serikat Pekerja Seluruh Indonesia (PD FSP.PP-SPSI) Propinsi Jambi” – Worker union federation for agriculture and plantation sector, Jambi. The collective agreement has been registered to Ministry of Manpower and Transmigration as written in “Keputusan Dirjen PHBI No. Kep; 191/PHIJSK-PKKAD/PKB/XII/2012” dated 17th December 2012. The collective agreement is valid until 13th November 2014.

PT IIS Muara Bulian provides a good standard of housing for staff and workers as well as free electricity, water, elementary schooling, crèche, places of worship, and medical facilities. In addition, company employs a doctor fulltime and makes regular visits to each of the clinics for consultations.

Based on document verification for heavy equipment rental agreement/contract No.045//E3KMB14/02 dated 13th February 2014 and SPK No.026/E3KMB/14/01 dated 2nd January 2014 between PT IIS – Muara Bulian with PT UNITEDA ARKATO shows there is a clause requirement that contractor has to meet the regulation related to man power – Chapter 12 Responsibility. Based on interview with worker of PT UNITEDA ARKATO, states the contractor has registered their worker into JAMSOSTEK programme, however has not met the minimum wage requirement and not equipped with Operator License (SIO).

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

PT IIS – Muara Bulian has a company policy signed by Deputy Managing Director dated 26th November 2012. One point in the company policy is “to respect the right of all employee’ to form and join worker union of their choice and to bargain collectively”. Based on interview with leader of “PUK SPSI PT IIS” – worker union in PT IIS,

company supports the existence of worker union. Furthermore company has established LKS Bipartit as a mean to resolve any industrial dispute between company and employees.

The worker union in PT IIS - Muara Bulian is “Serikat Pekerja Seluruh Indonesia (SPSI)” as part of “Federasi Serikat Pekerja Pertanian dan Perkebunan-Serikat Pekerja Seluruh Indonesia (FSP.PP-SPSI)” established through “Surat Keputusan Pengurus Cabang FFP.PP-SPSI Kabupaten Batanghari No. 02/PC F.SPPP-SPSI/Batanghari/IV/2011 tentang Pengesahan Komposisi dan Personalial PUK F.SPPP-SPSI PT Inti Indosawit Subur masa bakti 2011 – 2016” dated 16th April 2011. Further, PUK SPPP.SPSI PT Inti Indosawit Subur – Muara Bulian has been registered in Manpower and Transmigration Office Batanghari Regency as written under “Surat Keputusan Kepala Disosnakertrans No. 568/505/DSKT tentang Pendaftaran PUK SPPP.SPSI PT Inti Indosawit Subur” dated 18th April 2011.

Records of meeting between company and worker union; Meeting on 16th November 2013 discussing general issues, attended by 27 participants from company representative and worker union committee. Attendance list and minutes of meeting maintained.

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 IIS Muara Bulian is also display Company policy on workers age in accordance with national laws. Policy about worker age under SOP AA-HR-305-2-RO mentioned that the company’s will employ worker age above 18, document check on workers register reveal that the workers are above 18 years old.

All new hires are required to produce their National Identity Card and a copy was held on file as a check for age. Inspections of the Mills and Estates did not find any children or under-age workers at the workplace. Based on document verification Afdeling II worker as of May 2014 and interview with leader of worker union, shows no worker below age of 18 years employed.

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

PT IIS – Muara Bulian has company policy stating PT IIS committed to treat all employees equally, in term of recruitment, appraisal, work condition and environment without discrimination based on tribe, caste, origin, religion, disability, gender, sexual orientation, union membership, political association and/or age.

Interviews of male and female workers confirmed that PT IIS Muara Bulian anti-discrimination policy was strictly enforced. They were not aware of any cases of

discrimination. Inspection of pay records for the Mills and Estates did not find any evidence of discrimination.

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

PT IIS - Muara Bulian has implemented the Company Policy on prevention of sexual harassment and violence against women. The policy is prominently displayed on notice boards at the Mills and the Estates muster areas. Interviews of female staff, workers and union representatives confirmed that PT IIS - Muara Bulian has continued to observe their rights under the Company Policies.

PT IIS – Muara Bulian has a written Company Policy stating company committed to prevent sexual harassment and any form of violence against women and to protect their reproductive rights.

There is a gender committee established in 11th February 2011, actively meets and discussing general agenda and other issue related to handling sexual harassment, dissemination of sexual harassment prevention and specific grievance mechanism.

Based on interview with the leader of gender committee, company has implemented the protection of women reproductive rights, in form of maternal leave, period leave, regular pregnancy check for female sprayers and strictly prohibit pregnant and/or breastfeeding female worker applying pesticides. Female staff and workers stated they were not aware of any cases of sexual harassment and they understood the process for raising such issues through the Grievance Mechanism.

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

Interviews of Head of KUDs confirmed they had a very good working relationship with PT IIS - Muara Bulian and received good support in the form of training by Smallholder Development Assistants. The Head of KUDs confirmed they understood the FFB price that is determined twice monthly by a Committee consisting of Provincial Government, Palm Oil Producers and Smallholder Cooperative Representatives. The Head of KUDs meet with PT IIS weekly and are involved in the negotiation of prices for FFB transport and premium for FFB quality. The KUDs manage all transport of smallholders' FFB to the PT IIS Muara - Bulian Mill and the contracts for road maintenance.

PT IIS – Muara Bulian referring to FFB pricing structure as determined in “Rapat Tim/Pokja Penetapan harga TBS provinsi Jambi” - weekly meeting of Jambi Province FFB-pricing working group. The working group consist of government body, Plantation Company and oil palm farmer. The manual for calculation of FFB pricing based

on “Peraturan Menteri Pertanian No.14/Permentan/OT.140/2/2013 tentang Pedoman Penetapan Harga Pembelian TBS kelapa sawit produksi pekebun”, “Peraturan Gubernur Jambi No.36 tahun 2011” and “Keputusan Gubernur Jambi No.206/KepGub/Disbun/2014 tentang pembentukan Tim Penetapan dan Pemantauan Harga Pembelian TBS produksi Pekebun di Provinsi Jambi”.

Interviews with KUD Barokah and KUD Makmur Rezeki, states they understood the agreement of plasma development signed with PT IIS – Muara Bulian. KUD understand the FFB pricing mechanism referred by company.

Interviews of partnering-KUD and contractors at the Mills and Estates found they had worked for PT IIS - Muara Bulian for more than 5 years and considered the terms and conditions fair. The Head of KUDs and contractors stated that PT IIS - Muara Bulian makes payments in a timely manner.

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

Based on “Laporan Pelaksanaan RKL-RPL Semester II tahun 2013” – Environment management and monitoring report 2013, PT IIS – Muara Bulian has spend CSR budget of Rp.602.275.037. The CSR consist of heavy equipment for road maintenance, building material for public infrastructure facility, community' economic empowerment (fishing net, rice seedling, cattle), cattle-raising training, clean water source facility, education and cultural.

Interviews with Bulian Jaya village head and Karya Mukti village head, PT IIS – Muara Bulian has implemented their social programme such as helping the education facility, plasma farmer development, donation to orphanage, heavy equipment provision, and so on. The social-economic impact significantly to community is the development of plasma farmer.

Principle 7: Responsible development of new plantings

No new planting planned on any estate included in the scope of this assessment. Not applicable.

Principle 8: Commitment to continuous improvement in key areas of activity

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.

PT IIS Muara Bulian reviewed and updated the continuous improvement plan, which lists the improvements for the company's strategic objectives. The company has achieved improvement in FFB yield from its estates and OER for the mills in the current year.

PT IIS Muara Bulian has continued to support its Smallholders through the Farmer Development Department. In particular, PT IIS Muara Bulian has been working with smallholders to improve their FFB yields as well as to maintain their RSPO Certification.

PT IIS – Muara Bulian continues to reduce the use of paraquat over time. The performance of waste segregation continues to improve.

Muara Bulian Mill manages to save 448 liters of water per hour during kernel station operating. Further, Mill manages to reduce the use of power as much as 11kW, through modification of wet-dry kernel 1 and 2 into single-motor and chute dry kernel lines.

Records of follow-up action against RSPO audit findings are maintained. Corrective action taken has been verified and found to be satisfactory.

3.2 Summary of Findings – Scheme Smallholder (RSPO P&C INA-SWG, 2009)

Principle 1: Commitment to Transparency

Criterion 1.1 Scheme Manager 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 on decision making.

Sampled cooperatives, KUD Barokah and KUD Makmur Rezeki provide information on environment, social, legal issues that publicly available for external parties. Request for information regulated under “Permintaan Informasi Eksternal”. Maximum time limit to response any information request determined for 14 working days. Retention time for record of information request and responses determined as 3 years. Review on Log Book confirmed all of responses to information request are within 14 days.

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.

A document master list is available, explains type of document owned by KUDs, validity, retention time. The list of document comprise of MoU between KUD with PT IIS, KUD’ Deed of establishment, Tax registration number, Social Activity programme, AMDAL – Social Environmental Impact Assessment, HCV identification document, Social Impact Assessment, FFB price records, Replanting plan, etc. The management made available upon request documents such as land use right, social and environmental impact assessment report, organizational structure information. Land title information is in section 2.2 below.

KUD Karya Tani developed a mechanism for legal checking. There is a list of legal requirement maintained

to ensure all legal documents are valid and registered prior to its expiry date. KUD Karya Tani provided the list:

- "Tanda Daftar Perusahaan Koperasi" No. 040624700002 dated 6th February 2012, valid until 6th February 2017. Re-registration No.62/BPMD DAN PPT/TDP/II/2012 dated 1st February 2013.
- "Surat Izin Usaha Perdagangan Menengah" No.15/BPMD DAN PPT/SIUP-PM/II/2012 dated 6th February 2012, valid until 6th February 2017. Re-registration No.62/BPMD DAN PPT/SIUP-PM/II/2013 dated 1st February 2013.
- "Izin Tempat Usaha" No.85/BPMD&PPT/II/2012 dated 6th February 2012, valid until 6th February 2017. Re-registration No.70/BPMD-PPT/I/2013.
- "Pengesahan Akta Perubahan Anggaran Dasar Koperasi Unit Desa Karya Tani" No.01/KPTS/PAD/BH/IV.2/02/V/2009.
- "Nomor Pokok Wajib Pajak" No.1.488.576.8-213.
- "Akta Perubahan Anggaran Dasar Koperasi KUD Karya Tani" with decree No.01/KPTS/PAD/IV.2/02/V/2009 dated 18th May 2009.

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.

Document review and interviews with scheme manager, confirmed that PT IIS – Muara Bulian is supporting smallholders to comply with essential regulation. List of regulations relevant to smallholder operation consisted of 38 regulations. Smallholder supported by Scheme Manager has evaluates all relevant regulation as per 31st December 2013.

Some example showing compliance to relevant regulation as follows:

- KUD Barokah was established in 1996 and has been registered as per letter No.BH.28/KWK.5/VI/96 dated 12th June 1996. The cooperative has tax registration No.1.782.653.8-331. The latest RAT - Annual member meeting was held on 27th March 2014.
- KUD Makmur Rezeki was established back in 1992, registered through establishment deed No.1020/BH/1992 dated 21st September 1992. The latest RAT - Annual member meeting was held on 24th March 2014.

Scheme manager will inform the scheme smallholders (cooperative) if there is any a change or amendment in laws and regulations. Scheme manager conduct meetings with the cooperative members to ensure compliance. Summary of permits and licenses checked and recorded in regulation record book - “Daftar Regulasi yang berhubungan dengan perkebunan dan KUD”.

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

Document review on two sample KUDs (KUD Barokah and KUD Makmur Rezeki), found that Smallholders are able to show legal ownership of the land or land-use rights (land certificate). Scheme smallholders head keeps copy of the land title and individual members. Maps are available at the scheme smallholders (cooperative office) and the head of scheme understands the map.

Boundary among farmers and cooperative level are clearly identified and available in field. Smallholders are able to show the boundary during the field inspection and operate within their boundary.

No disputes noted or highlighted during the interview with cooperative members and surrounding community. Should any dispute raise, cooperative will receive and response into, record and based on “Mekanisme Komunikasi, Konsultasi dan Keluhan”.

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

Interview with the PT. IIS - Muara Bulian Group Scheme Manager, Head of KUDs and members revealed that the land is not a customary land. Originally the land was from the government and allocated to the smallholders since late 1990s. This was also captured from stakeholder consultation with community surrounding.

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.

Estimation on production and estimation on cost developed by scheme smallholders and their team with assistance from PT IIS scheme manager for 2014 – 2016; covering FFB Production, cost of planting (seedling, fertilizing, maintenance, harvesting) and nett profit.

Replanting program planned for 2018 under oil palm planted in 1990; PT IIS help KUD develop guidance for replanting programme under Draft Replanting documents. Under the guidance, the replanting technique from felling, chipping and stacking, harrowing, terracing, stop bund, leguminous cover crop planting. The draft includes replanting cost estimation.

Replanting Program KUD Barokah:

660 Ha in 2018 for KT 78 – KT 91;

570 Ha in 2019 for KT 93 – KT 104.

Replanting Program KUD Makmur Rezeki:

548 Ha in 2016 for planting year 1992, KT 1-13;

152 Ha in 2018 for planting year 1992, KT 14-16;

20 Ha in 2019 for planting year 1992, KT 106 only;

10 Ha in 2020 for planting year 1992, Tanah Kas Desa;

Principle 4: Use of appropriate best practices by Scheme Manager.

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

KUD Barokah and KUD Makmur Rezeki refer to Agricultural Policy Manual issued by PT IIS - Muara Bulian. The Manual comprise of seedling preparation, pest and disease control, fertilizer application, spraying, pest control, IPM, harvesting, pruning, road maintenance and transport, and FFB harvesting.

Scheme Manager assisted by their own field assistant and assistant from PT IIS to conduct daily inspection and monitoring to ensure the procedures is implemented and there are records for fertilizing, spryng, census, etc. KUD Barokah and KUD Makmur Rezeki demonstrate the monitoring records of harvesting activity in their oil palm field.

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

Record of distribution of fertilizer from Scheme Manager to cooperative and further distributed to scheme smallholders/members through cooperative is available. Type of fertilizer (ZA, MOP, Kiserite, Dolomit, Borat, etc) and quantity (kg) is available. The fertilizer recommendation is based on annual leaf sampling and analysis result. Application follows the recommendation. Record of application maintained in cooperative.

Production records for the past 3 years available, shows the production for 2011 – 2013 and projection for 2014.

There was no application of EFB and/or POME in KUD Barokah and KUD Makmur Rezeki, this was due to access road is distant from the mill.

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

Field visit to sampled plots of KUD Barokah and KUD Makmur Rezeki, existing planting has been prepared with terrace. Frond stacking in “U” letter is consistent in all farmer blocks to minimize erosion. Furthermore, smallholders members are also explained the function of U-Shape frond stacking to control erosion in slope area, and they have implemented on their plots.

The planting year in sample plots visited was 1993 and 1994, there is no such immature plant.

Based on soil map, there is no peat soil. Low land does occur in a number of area (KT), drainage maintenance implemented on annual basis. Field visit suggest the farmer tries to maintain drainage in low-lying area to minimize water-log.

Criterion 4.4 Practices maintain the quality and availability of surface and ground water.

Training on soil and water conservation in form of Penyuluhan Panen/Susun Pelepah dated 10 February 2014. The purpose of the training is to minimize soil erosion to water ways. The training attended by 10 KUD members, representative from farmer sub-groups (KT).

Monthly records of fertilizer and pesticides usage available with detail of balance stock, area applied, type and quantity (litre/gram). Document review on two sample KUDs confirmed all fertilizer and pesticides usage are available and up to date until second semester of 2013. Frond stacking in “U” letter for flat area and frond stacking against slope direction is practiced to minimize erosion.

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

Scheme smallholder in collaboration with PT IIS’s Scheme manager perform census on pest attack on monthly bases and recorded under “Laporan Hasil Pengamatan dan Pengendalian Hama dan Penyakit” (Report on monitoring and control of Pest and Disease) latest record on January 2014. Monitoring was conducted for leaf pest (bag worm, caterpillar) attack monitoring on rat attack, Tirathaba attack and Ganoderma symptoms.

Scheme smallholder members are able to explain the IPM and pest control measures including census of leaf eating pest (nettle caterpillar). They are also aware of the benefit of barn owl. Beneficial plants (*Turnera* and *antigonon*) are planted and evidence noted during inspection of the smallholders block. No serious pest attack was seen during field visits. PT IIS provide appropriate training for smallholders. KUD Barokah “Penyuluhan Pengendalian Hama Terpadu” dated 28th December 2013, attended by 22 members. A representative of each KT is participating in the training. KUD Makmur Rezeki - “Penyuluhan Pengendalian Hama Terpadu” dated 2nd December 2013, attended by 36 members. A representative of each KT is participating in the training. The training material covers identification and handling of leaf-eating pest and ganoderma. Followed up with Planting of beneficial plant: “Monitoring penanaman bunga Cassia tora/*Turnera subulata*” 20-22nd April 2014, 6 seedlings at each farmer plot. Installation of barn owl boxes, 1 boxes per sub-group (KT).

Criterion 4.6 Agrochemicals are used in such a way that does not endanger health or the environment. There is no prophylactic use, and 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.

KUD employs spraying team (Team Unit Semprot – TUS) of PT IIS –Muara Bulian to apply herbicides. The spraying

team has received appropriate training from PT IIS’s Scheme Management. Scheme Manager controls the dosage, type of herbicide use (to each target species) and area of application. PT IIS stored and regulates the herbicide to be applied on the field as per farmer/sub-group requisition. Upon requisition, PT IIS pesticide storage will issue the amount of herbicide to spraying team, field application supervised by scheme management.

KUD Barokah and KUD Makmur Rezeki no longer stores herbicide and/or pesticide. Herbicide and/or Pesticide comes from PT IIS’s storage. As written in 4.6 for PT IIS above, only herbicide registered and approved by the Department of Agriculture were used, such as Triclophyr, Metil metsulfuron, Glyphosate, and Paraquat.

The members of the Scheme Smallholders have agreed to the PT IIS’s management to eliminate paraquat. At the moment paraquat use is minimized with combination of manual slashing. PT IIS ensured that smallholders are well understood with the use of paraquat. Appropriate training was conducted for smallholders on 2012.

There is no use of pesticide, only herbicide. Record of herbicide used for the targeted weeds with appropriate dosage as per the recommendation on the label. Quantity used, method and time of application is referring to guidance from Scheme Manager. The members of the Scheme Smallholders have agreed with PT IIS Muara Bulian management to reduce paraquat. No blanket spraying noted at the field visit.

Herbicide is applied by spraying team – “Team Unit Semprot”. “Team Unit Semprot” is equipped with goggle, hat, masker, apron, rubber glove, coverall suit and rubber boot.

Agrochemicals are stored at the scheme pesticide storage. Empty containers are kept and collected, then delivery to PT. IIS for further disposal through the authorised dealer who is collecting the schedule waste together with PT IIS.

Spraying team - TUS is appointed to spray herbicide, for weed controlling. TUS workers are under PT IIS – Muara Bulian pay roll. Scheme Manager demonstrates the medical checkup result from 22 TUS workers.

KUD Barokah demonstrates “Pelatihan Penyuluhan Pupuk dan TUS” dated 1st May 2014, attended by 30 members. KUD Makmur Rezeki shows “Sertifikat Pengguna Pestisida Terbatas No.KP3/VI/2012” under name Hamid dated 4th July 2012.

Scheme manager regulates the use of herbicide, with maintained records. Records showed: “Program penggunaan paraquat untuk semprot gawangan, pakisan dan clydemia tahun 2014”: February: 42.6 liter, actual 0; March: 41.4 liters, actual 0; April: 41.4 liters, actual 0; May: 40.2 liters, actual 0; June: 41.4 liter, actual 0; July: 48.6 liters, actual 0.

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

Health and safety guidelines are developed and prepared by the PT IIS Scheme Manager for implementation in smallholder area. All the scheme smallholders have this document which covers safe operating procedure, training, PPE implementation, awareness posters and signage.

“Rencana Kerja dan Keselamatan Kerja” explains the emergency response plan in the case of emergency situation such as earthquake, flood, landslide and fire break. “Panduan Kesehatan Keselamatan Kerja” identifying the typical personnel protective equipment for each of oil palm activities. Example: PPE for harvester identified: helmet, goggle, glove, safety shoes, sickle cover. “Program Manajemen K3 PT IIS Kebun Plasma Muara Bulian tahun 2014” Health and Safety Management Program for KUD Barokah and KUD Makmur Rezeki.

Current Health and Safety Program: Fire extinguisher location mapping, Exit route mapping, assembly point mapping, etc; with target date of completion 31st December 2014; Prepare and train Emergency Response Team on 30th June 2014; Conduct drill and measure the effectiveness on annual basis, at minimum; Safety briefing for FFB transporter driver, on 31st December 2014;

KUD Barokah and KUD Makmur Rezeki has a structure of Emergency Response Team. The team commander is KUD’s chairman. The structure is being formalized through “Surat Keputusan KaDisNaKer Kabupaten Batang Hati No.568/032/DSKT/VI/2012 tentang Pengesahan Susunan Keanggotaan Panitia Pembina Keselamatan dan Kesehatan Kerja Unit KLM PT IIS” dated 23rd June 2012.

Scheme Manager provide training on health and safety to all KUD. Record shows training for KUD Barokah “Penyuluhan Kesehatan dan Keselamatan Kerja (K3)” related to hazard identification, risk level, and risk management. The health and safety training conducted on 30th December 2013, attended by 51 smallholder member. For KUD Makmur Rezeki, “Pembahasan K3 Panen dan Pupuk”, dated 8th May 2014 and attended by 19 cooperative members.

Scheme Manager helps KUDs to monitor the health and safety performance, including field activity. Record of accident is maintained. KUD Barokah shows “Rekaman Kecelakaan Kerja tahun 2012”, 6 cases recorded - No accident recorded throughout 2013 and 2014. KUD Makmur Rezeki shows no accident recorded throughout 2013 and 2014.

KUD Barokah and KUD Makmur Rezeki held meetings to discuss health and safety performance. Record shows

“Pembahasan K3 KUD Barokah” dated 30th December 2013, attended by 51 KUD members.

“Pembahasan K3 Panen dan Pupuk - KUD Makmur Rezeki”, dated 8th May 2014 and attended by 19 cooperative members.

PPE provided by Cooperative and farmers group for all workers. Fire extinguisher and first aid box available at the office and store. Field supervisor (mandor) is also trained and equipped with first aid box.

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

Training Program identified according smallholders’ need which was arranged by both PT IIS Scheme Manager and Scheme Smallholders. Training includes GAP, pesticide application, soil and water conservation, IPM, HCV, harvesting, OSH, first aid, socialization on AMDAL, ERP, fire fighting, zero burning technique for replanting etc. Training is documented and kept at the scheme smallholders/cooperative office. A number of training has been planned. “Pestisida Terbatas” – The use of limited pesticide training planned for September 2014; Integrated Pest Management training planned for September 2014; Balanced fertilizer training planned for April and October 2014; Weed control training, planned for April 2014; Basic Fire training planned for 2nd November 2014;

Realization of training programme recorded for two sample KUDs recorded under “Rencana dan realisasi pelatihan petani plasma tahun 2014”, for example:

KUD Barokah:

“Pelatihan HCV, SIA, AMDAL & Konservasi Tanah dan Air” – Soil and Water conservation training planned for May 2014, actual 10th February 2014; “Pelatihan Pengendalian Gulma” – Weed control training planned for April 2014, actual 25th April 2014 attended by 21 members.

KUD Makmur Rezeki:

“Pelatihan HCV, SIA, AMDAL & Konservasi Tanah dan Air” – HCV, SIA, water and soil conservation training planned for May 2014, actual 12th March 2014 and attended by 30 members; Training replanting planned for January 2014, actual 29th May 2014 and attended by 44 cooperative members;

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity.

Criterion 5.1 Aspects of plantation and mill management 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.

KUD Barokah and KUD Makmur Rezeki is using environmental impact assessment from PT IIS – Muara Bulian’ - Analisis Mengenai Dampak Lingkungan (AMDAL), consist of document ANDAL, RKL and RPL. PT IIS – Muara Bulian’ environmental document includes

the impact assessment of KUD, and cannot be separated.

Environmental Impact Assessment - Analisis Mengenai Dampak Lingkungan (AMDAL) consist of document ANDAL, RKL and RPL as approved through “Persetujuan Komisi Amdal Departemen Pertanian No. 014/Andal/RKL-RPL/BA/V/1995 tentang Persetujuan ANDAL dan RKL-RPL perkebunan Kelapa Sawit dan Pabrik Minyak Kelapa Sawit PT Inti Indosawit Subur” dated 3rd May 1995. The document covers scope of areal of 32,000 Ha consist of Kuala Tungkal Estate 20,000Ha and Muara Bulian Estate 12,000Ha and palm oil mill capacity 90 Tonnes FFB/hour for Kuala Tungkal and 30 Tonnes FFB/hour for Muara Bulian.

Revision on AMDAL document is available for PT IIS - Muara Bulian through “Surat Persetujuan Kepala Badan Lingkungan Hidup Provinsi Jambi No. 474/BLHD/2010 tentang Persetujuan Revisi Rencana Pengelolaan Lingkungan Hidup (RKL) dan Rencana Pemantauan Lingkungan Hidup (RPL) PT Inti Indosawit Subur seluas 9.188 Ha dan Pabrik Minyak Kelapa Sawit Kapasitas 60 Ton/Jam di Kecamatan Maro Sebo Ilir, Kabupaten Batanghari, Provinsi Jambi” dated 10th August 2010. The revision occurs due to changes in mill capacity from 30 Tonnes FFB/hour into 60 Tonnes FFB/hour, land application separation from Tungkal Ulu Group and social dynamics back in 2010.

PT IIS - Muara Bulian reports twice a year to Government on the RKL&RPL monitoring program results and the most recent RKL & RPL report was July – December 2013. The RKL/RPL covers all the operating units including the scheme smallholders. Based on interview with village heads, community is involved in the environment management, especially social aspect through coordination meeting quarterly including Plantation office from Batanghari Regency.

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.

Interview with smallholder member from two sample KUDs confirmed that smallholders are able to mention protected flora and fauna in their local terms, for example: Rusa (Deer), Cobra, Cekakak Belukar, Macan Akar (root tiger), Phyton, burung hantu (Barn Owl), Biawak, musang (fox). KUDs made available a list of protected flora and fauna. The list consist of 82 flora not protected, 5 species of IUCN’s LR-DD status. The list also encompass 74 fauna (7 species of mammals, 63 species of birds, 4 species of reptiles) of which 20 species protected, 7 species under CITES Appendix II, 1 species under CITES Appendix III and 1 species under IUCN-Vu (vulnerable) and 48 species under IUCN-LC.

KUD Barokah has appointed Mr. Arianto as responsible officer for HCV management.

KUD Makmur Rezeki has appointed Mr. Muzamil as responsible officer for HCV management as per “Surat Keputusan Pengurus KUD Makmur Rezeki No.01/Kpts/KUD Makmur Rezeki/VII/2012 tentang Penunjukkan atau pengangkatan Petugas Perlindungan Satwa Liar dan Tumbuhan dilindungi” dated 10th July 2012.

There is no potential conflict between human and animal; as there is not any fauna identified has potential conflict with human.

KUD Makmur Rezeki kept the result of HCV identification in KUD office. KUD Barokah has disseminated the HCV identification result to its member; dated 16th January 2014 attended by 11 cooperative members.

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

Agrochemical waste management plan developed by the PT IIS Scheme Manager and scheme smallholders in term of “Rencana Pengelolaan Sumber Polusi & Limbah di Perkebunan Petani”. Waste management information is posted on the cooperative office notice board. Agrochemical empty containers collected and sent to the estate central collection store and disposed through licensed collectors. Scheme smallholders are able to explain clearly of measures to dispose hazardous chemical empty containers. Interview with smallholders and stakeholders found no complaint related to disposal of hazardous chemical.

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

Guidance to improve the efficiency of energy use is given by the Scheme Manager to the members of the scheme during the monthly meeting. Smallholders carry out their operational works manually and none mechanised except for the FFB transport.

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

Zero burning policy is available for the scheme smallholder and applicable for them similar to the PT IIS Muara Bulian Group. Members of the scheme understand the policy. No replanting in near future but the understanding and awareness of zero burning technique during replanting is already explained to the scheme members and they are able to explain during interview.

Emergency Response Plan has been developed with PT IIS Scheme Manager. Emergency Response Team, identified the emergency commander, logistic commander, transportation commander, etc. Contact number of local authorities, companies and Search and

Rescue team has been prepared. Basic Fire simulation planned for November 2014.

KUD Barokah and KUD Makmur Rezeki own a complete set of simple firefighting equipment. A list of equipment is prepared to control the readiness, consist of simple alarm, bucket, shovel, hoe, hook, machete, axe, knapsack, portable water pump and water hoses.

Smallholder prepared saving program to support the cost for replanting. PT IIS introduce replanting programme explained under Draft replanting PT IIS Kebun Plasma Muara Bulian.

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

Similar to previous assessment, Identification of pollution is carried out by the Scheme Manager with the participation of the scheme members. Copy of the identification is available at the scheme office. Pollutants identified are dust emission from the road and noise from transport. The emission in the smallholders operation is mainly from the noise during FFB transportation by the truck. The drivers are advised and briefed to drive slowly when passing by the roads at the villages. Dust emission is identified during the drought season.

Principle 6: Responsible consideration of employees and of individuals and communities affected by scheme smallholders.

Criterion 6.1 Aspects of plantation and mill management 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.

Similar to previous assessment, Social Impact Assessment document available and mentioned within frame references of AMDAL documents. All impact assessment conducted and referenced to the nucleus estate including monitoring of social impact (RPL/RKL). Implementation timetable described in master plan of continual improvement. Inspection to two sample KUDs confirmed the AMDAL documents were kept in KUD offices.

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

Visit to two sample KUDs, the smallholders' organization has records on communication and consultation with local communities. All responses related to communication and consultations are well documented/recorded in details. Regular communication and consultation with local communities

conducted by Smallholders organisation and recorded in Logbook. Minutes of farmer group communication through forum, coordination meeting and annual meeting. Smallholders have a periodic meeting, known as annual general assembly. Smallholders organisation has a division which responsible on communication and consultation.

However, KUD Barokah has not been able to demonstrate records on communication and consultation with local communities. Document review upon "Logbook Surat Masuk dan Surat Keluar". (Major NC was raised under 6.2.1)

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.

In relevant to Criterion 1.1 and 6.2, system for complaints is in place at the smallholder organisation. The system has been described in mechanism resolution flow chart. Records are kept in logbook, minutes of meeting and respond recorded in the complaint and grievances book. No complaint was noted.

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 stake holders to express their views through their own representative institutions.

During ASA2, there are no disputes on land acquisition and ownership because the land belongs to farmers and they have land certificate.

Criterion 6.5 Wage and conditions for employees and for employees of contractors always meet at least legal or minimum industry standards and are sufficient to meet basic needs of personnel and to provide some discretionary income.

Visit to two sample KUD and review on payroll of the workers confirmed the wage structures are met with minimum wage regulation.

Work contract are also available for each full time workers in both KUDs. Field work and harvesting is carried out by the smallholders themselves and sometime by seasonal part time workers.

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.

Policy is available for freedom to join and form workers union and installed on smallholder notice boards. However interview with workers reveal that they did not

form the union although they have the freedom to form and join trade union.

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

Smallholders are aware that child labour is not used. Interview with smallholder members confirmed and noted during the field inspection, No child labour is being used.

Criterion 6.8 The employer shall not engage in or support discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.

No migrant workers are engaged by the smallholders. Amongst the scheme members, equal opportunity policy is similar to PT IIS Muara Bulian Group. All the employees and scheme members are treated equally. Interview with employees and scheme members confirmed that they are treated equally and no any kind of discrimination.

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.

Prevention of Sexual Harassment policy is extended to the scheme smallholder by the management of PT IIS - Muara Bulian and the information is briefed to the members by the Scheme Manager and the Group Heads. Female employees in the office aware of the policy and confirmed they aware of the grievances procedure.

Criterion 6.10 Scheme Managers deal fairly and transparently with smallholders and other local businesses.

Review on the documentation (Log Book), No repetition of complaint received from nucleus estate (partner companies) and/or other local business partners to KUD.

In relation to Criteria 6.10 (RSPO P&C for Mill and Estate), FFB Pricing is decided through the committee comprised by government Agriculture Department (Dinas Perkebunan), smallholder cooperative representatives and palm oil producers. Flow chart of the FFB pricing is available at the scheme smallholder office. The weekly FFB pricing is posted on the notice board at the office and this information is available to all the scheme members. FFB pricing, calculation of the payment and summary of the payment by scheme manager is posted on the notice board and available to all the scheme members. Interview with the scheme members revealed that it is very transparent and easy to understand.

However, based on document review, KUD Makmur Rezeki has not been able to demonstrate contract/work agreement with FFB transport contractor. (Minor NC was raised under 6.10.3)

Criterion 6.11 Scheme Manager contribute to local sustainable development wherever appropriate.

Members of the scheme smallholder contribute monthly for welfare fund which is used for the surrounding local community development such as contribution to schools, mosque, orphanage home and for the village social activities. Record of contribution to local development recorded under "Dokumen Kegiatan Sosial".

Principle 7: Responsible development of new plantings.
There is no new development. This principle is Not Applicable.

Principle 8: Commitment to continuous improvement in key areas of activity.

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

Similar to previous assessment, the continuous improvement plan includes training enhancement to the scheme members focusing on best agriculture management practices. The Scheme Manager in consultation with the scheme members developed improvement plan based on the social and environmental impacts.

3.3 Detailed identified Nonconformities, Corrective Actions and Auditor Conclusions

Corrective actions with respect to the nonconformities raised at the last assessment have been reviewed and found to be effectively implemented.

During ASA2, There are 2 (two) Major nonconformities against indicator 2.1.1 of RSPO P&C for Mills and Estates and indicator 6.2.1 of RSPO P&C for scheme smallholder.

Also, There are 2 (two) Minor nonconformities raised against indicator 5.3.3 of RSPO P&C for Mills and Estates; and indicator 6.10.3 of RSPO P&C for scheme smallholders and There are several Observation/ Opportunity for improvement highlighted.

PT IIS Muara Bulian Group has prepared Corrective Action for addressing Major nonconformities and submitted to BSI. The evidence for closing out the major nonconformities was verified during NCR Closure assessment. PT IIS has also submitted Corrective Action Plan for Minor nonconformities and Observation/ Opportunity for Improvement.

BSI auditor has accepted the evidence of closing out Major nonconformities and concluded those have been

closed. BSI auditor has also accepted the Corrective Action Plan for minor nonconformities and will be further verified for effective implementation during subsequent surveillance visits (ASA3)

MAJOR NONCONFORMITIES

1. RSPO P&C for Mills and Estate

CAR reference 105536M9

2.1.1 Audit team found a number of legal requirements have not been complied:

1. Provision of social insurance (including accident insurance) for temporary worker - "Pekerja Harian Lepas" in Afdeling I;
2. Provision of first aider license in Muara Bulian Estate and Palm Oil Mill.

Corrective Action:

1. PT Inti Indosawit Subur - Muara Bulian has registering 98 temporary workers (Pekerja Harian Lepas (PHL)) into social insurance scheme (Jamsostek) as of June 2014. Furthermore, PT Inti Indosawit Subur - Muara Bulian presented evidence of payment upon social insurance period of June 2014.

2. PT Inti Indosawit Subur - Muara Bulian has nominated and trained the paramedic, under name Lilis Anggreni Simanjuntak as trained and licensed first aider. First aid training carried out back in 4th February 2014. Lilis Anggreni Simanjuntak has hold the valid Licensed Trained First Aider from Dinas Tenaga Kerja Kabupaten Batanghari for PT Inti Indosawit Subur - Muara Bulian up to 4 August 2017.

(NC Major closed out in 4th August 2014)

2. RSPO P&C for Scheme smallholders

CAR reference 105536M20

6.2.1 KUD Barokah has not been able to demonstrate records on communication and consultation with local communities. Document review upon "Logbook Surat Masuk dan Surat Keluar".

Corrective Action: KUD Barokah and KUD Makmur Rezeki has made available the record of communication and consultation with local communities in form of "Log Book Surat Keluar dan Surat Masuk". These organization have started to record communication with local communities in the logbook. Example on 30th June 2014, Diky Widodo from Karya Mukti village made inquiry related to payment of land and building taxes, responded by KUD on the same date.

(NC Major closed in 17th July 2014).

MINOR NONCONFORMITIES

(RSPO P&C for Mills and Estates)

CAR reference 105536N1

5.3.3 The storage of hazardous waste was not in line with applicable regulation. It was found medical waste (sharp edges, infectious waste, etc) stored in hazardous waste storage since January 2013 - for over than 1 year;

while the maximum storage time frame permitted by license is 90 days + 90 days (180 days).

Corrective Action Plan:

Company planned to find a solution to dispose-off the existing medical waste. In parallel company will find another licensed transporter to dispose-off the medical waste in appropriate manner.

BSI auditor accepted the Corrective Action Plan and will follow up during subsequent surveillance visits.

(RSPO P&C for Scheme smallholders)

CAR reference 105536N22

6.10.3 Based on document review, KUD Makmur Rezeki has not been able to demonstrate contract/work agreement with FFB transport contractor.

Corrective Action Plan:

KUD Makmur Rezeki has established contracts with all FFB transport contractor. Scheme manager will monitor the validity of contract from time-to-time.

BSI auditor accepted the Corrective Action Plan and will follow up during subsequent surveillance visits.

Observation/Opportunities for improvement

There are seven (7) Observations identified for Mill and Estate; 2 (two) Observation for Scheme Smallholders; and None for Supply Chain for CPO Mills. Details are in the section below.

- 01 (4.7.1) PT Inti Indosawit Subur may wish to consider providing PPE for sprayer is in good and safe condition. Based on field visit and interview, herbicide sprayer complained on safety goggles distracted by mist.
- 02 (4.7.4) Care should be taken to consistently provide doctor evaluation upon medical checkup result.
- 03 (4.7.7) Company may consider to completing "Rencana Tanggap Darurat" - Emergency response plan to include other emergency situation such as accident, natural disaster, etc. in relation to health and safety condition.
- 04 (4.8.2) Care should be taken to update the record of training for each employee in Muara Bulian Estate.
- 05 (5.3.2) 1. Serious consideration required to consistently dispose-off all an-organic waste from domestic refuse into dedicated waste bin, instead of oil palm area; 2. Company may wish to consider the collection of empty-motorcycle oil bottles to be disposed off into hazardous waste storage;
- 06 (5.5.4) Company may wish to consider replacing existing plastic bags (karung plastik) into gunny-fibre bags (karung goni), as fire fighting tool.
- 07 (6.5.3) PT Inti Indosawit Subur provide medical clinic in Muara Bulian Estate, care should be taken to complete legal requirement, such as clinic permit.

08 (5.5.3) Care should be taken to ensure the firefighting equipment such as portable water pump, knapsack/sprayer and axe is available and ready-to-use at all time.

09 (5.3.2) Care should be taken to handle waste sourced from fertilizer's inner-bag, consistent with "Mekanisme Pengelolaan Sampah".

Review Status of Nonconformities (Major and Minor) Previously Identified

MAJOR NONCONFORMITIES

No open major nonconformities were identified at previous assessment.

MINOR NONCONFORMITIES

CAR reference A824450/1

4.6.5 Based on document review and field visit it was found the plan for paraquat in 2011 was 960 litres and reduced into 840 litres in 2012; it was noted the actual paraquat applied in 2011 was 491 litres and management decided to carried over the plan for 2011 into 2012, as a consequence the actual application of paraquat 2012 was increasing up to 933 litres (as per October 2012).

ASA2 finding:

*PT Inti Indosawit Subur - Kebun Muara Bulian demonstrate "Historis Pemakaian Paraquat (Gramoxone) Kebun Muara Bulian". The record shows paraquat use in 2013 has been declined significant from total 1,143 liters in 2012 into total 260.55 liters for year 2013. Further decline trends continued for year 2014, paraquat budget in total 132 liters. **The nonconformity is closed on 6th June 2014.***

CAR reference A824450/2

4.7.5 Risk assessment document for occupational health and safety have been made available for Muara Bulian Estate, however the procedure for hazard identification and risk assessment, including the review upon effectiveness of control applied have not been determined.

ASA2 findings: *A procedure for hazard identification and risk assessment has been established. **The nonconformity is closed on 6th June 2014.***

CAR reference A824450/3

5.3.3 Waste sourced from estate office such as photocopy machine toner, printer cartridge, used cleaner container has identified as hazardous waste, however these office wastes have not been recorded and treated into hazardous waste.

ASA2 findings: *PT Inti Indosawit Subur - Kebun Muara Bulian demonstrate consistent handling of hazardous waste sourced from estate office. Hazardous waste such as photocopy machine toner, printer cartridge and cleaner container has been handed over to licensed temporary hazardous waste storage in Muara Bulian Palm Oil Mill, record is available.*

Record seen:

*"Catatan Serah Terima Limbah B3" - Hand over minutes, dated 6 September 2013 for 9 pieces of printer cartridge. Cross check against "Lembar Neraca Limbah B3 Pabrik Muara Bulian" - Hazardous waste balance, dated 6 September 2013, total is 179 pieces. **The nonconformity is closed on 6th June 2014.***

CAR reference A824450/4

6.1.2 Parameters identified in Social Impact Assessment report has not been incorporated into RKL/RPL. Furthermore management has not been able to demonstrate the local communities participation during development of social management plan (Dokumen Manajemen Pengelolaan Sosial).

ASA2 findings: *PT Inti Indosawit Subur has demonstrated the local community's participation during development of Social Management Plan - "Dokumen Pengelolaan Sosial".*

*Based document verification, shows that social impact parameter, reviewed within Social Impact Assessment has been incorporated into "Laporan Pelaksanaan RKL-RPL Periode Semester II tahun 2013". **The nonconformity is closed on 6th June 2014.***

Review previous Nonconformities and Observation for Scheme smallholder assessment and the details as follows.

MAJOR NONCONFORMITIES

No open Major nonconformity was identified. All these nonconformities were closed out last year (2013)

MINOR NONCONFORMITIES

Two Minor Nonconformities identified on previous assessment were successfully closed out. Detail of these nonconformities is listed below.

CAR reference A824450/5

Scheme Smallholder 4.1.2 Based on field visit, some area under KT 67, KT 70 member of KUD Karya Lestari and some area under KT 15, KT 24, KT 37 member of KUD Tuah Sakato shows minimum effort in upkeep including appropriate weed control, pruning and fertilizer application.

ASA2 findings: *Scheme manager supports KUD Karya Lestari and KUD Tuah Sakato through best management practice training. The training contains oil palm upkeep including weed management, pest and disease control, pruning and fertilizer application.*

KUD Tuah Sakato has provided a document "Dokumen Realisasi Program Upkeep tahun 2013" demonstrating weed control effort with Circle and path, inter-row, ferns and Clydemia spraying program. The program covers KT 15, KT 24 and KT 37 of KUD Tuah Sakato.

KUD Karya Lestari has provided a document "Dokumen Realisasi Program Upkeep tahun 2013" demonstrating weed control effort with Circle and path, inter-row, ferns and Clydemia spraying program. The program covers KT

67 and KT 70 of KUD Karya Lestari. Field verification suggest oil palm belong to members improved. **(The nonconformity is closed on 6th June 2014).**

CAR reference A824450/6

Scheme Smallholder 6.10.3 Based on interview with Ketua KUD, KUD Buah Sakato did not have an agreement contract with FFB transporter.

ASA2 findings: KUD Buah Sakato has demonstrate agreement "Surat Penjanjian Kontrak Angkutan TBS". Document sighted: "Surat Penjanjian Kontrak" No.18/SPK/TS/I/2014 dated 22 January 2014 related to FFB transporter agreement between "KKPA Koperasi Buah Sakato Desa Danau Embat, Kecamatan Maro Sebo Ilir, Kabupaten Batanghari, Provinsi Jambi" with Mr. A. Syukur as FFB transport contractor. **(The nonconformity is closed on 6th June 2014)**

OBSERVATION

Observation 1 (2.1.1) PT. IIS may wish consider reviewing all relevant regulations and company's compliance upon relevant regulation. Example: Government regulation No. 37/2012 regarding Management on Watershed.

ASA 2 Verification: PT IIS has up dated the compliance evaluation and fulfilment against "Peraturan Pemerintah No. 37 Tahun 2012 tentang Pengelolaan Daerah Aliran Sungai" as of 6th May 2014.

Observation 2 (2.1.1) Mill manager may wish to ensure operator for generator-set joined training appropriate for the work in coordination with Labour Dept.

ASA2 verification: PT IIS – Muara Bulian has verified with Labour Department regarding "Surat Ijin Operator-SIO", letter no. 568/1006/Sosialnakertrans, perihal Keterangan SIO which stated that SIO for Genset operator is not mandatory, dated 13th December 2012.

Observation 3 (4.1.2) Based on field visit to Muara Bulian Mill, piles of nut kernel found on the floor around kernel silo station and it was noted management have a problem in selling the nut kernel and forced to stacked the excessive production of nut kernel which cannot be stored in the silo, management admitted this was not procedural; management may wish to organized the nut kernel stock in safe and orderly manner.

ASA2 verification: PT IIS Muara Bulian Mill has taken action to find out buyer of nut kernel, it was found no any overflow nut kernel stacking.

Observation 4 (4.7.1): PT IIS – Muara Bulian may wish to consider providing PPE for sprayer is in good and safe condition. Based on field visit and interview, herbicide sprayer complaint on safety goggles distracted by mist.

ASA2 verification: PT. IIS has prepared PPE for spryer team in good and safe condition

Observation 5 (4.7.9): PT IIS may wish to consider another series of first aid training for each PIC since worker already forgot some of first aid training.

ASA2 verification: OHS training programme is developed under Training Programme of Environmental and Sustainability, PT IIS Muara Bulian Group. There was training for first aider and fire fighting

Observation 6 (4.8.2): Care should be taken to update the record of training for each employee in Muara Bulian Estate.

ASA2 verification: The company has updated training record for each employee/staff.

Observation 7 (5.3.2): 1. Serious consideration required to consistently dispose-off all an-organic waste from domestic refuse into dedicated waste bin, instead of oil palm area;
2. Company may wish to consider the collection of empty-motorcycle oil bottles to be disposed off into hazardous waste storage.

ASA2 verification: There is a mechanism "Mekanisme Penanganan Sampah Domestik" to segregate organic and an-organic waste, further to re-use or re-cycle an-organic domestic waste (such as plastic) and composting the organic domestic waste and collected empty oil bottles to hazardous storages, Socialization of this mechanism takes place in 24th December 2012.

Observation 8 (5.3.4) Organization may wish to monitor and analyze record on waste monitoring sourced from estate office and domestic (worker housing).

ASA2 verification: The Company has recorded domestic waste.

Observation 9 (8.1.1) PT IIS may wish to consider all measurement/testing result to be regularly analyzed and provide necessary action plan for improvement, example: Testing result of emission quality, effluent, waste water, mill water consumption, etc.

ASA2 verification: PT IIS Muara Bulian consider testing result in the continuous improvement plan.

Observation 10 (6.2.1): KUD Buah Sakato may wish to ensure Annual Member meeting (RAT) conducted regularly in accordance with "Anggaran Dasar KUD Buah Sakato".

ASA2 verification: Smallholders have a periodic meeting, known as annual Member Meeting (RAT), KUD Sakato has conducted RAT in 2014.

Observation 11 (RSPO SCCS E.5.1) Muara Bulian Mill manager, staff and operator have joined supply chain training for similar certification scheme, however it is required to joined training for Modul E. RSPO supply chain mass balance for CPO mill.

ASA2 verification: Staffs in the weighbridge, inventory, storage and processing, document control have attended training. The company provided training RSPO supply chain and traceability on 28th February 2013 and 2nd July 2013 for all staff from Muara Bulian Palm Oil Mill, included RSPO Module E (Mass Balance)

Observation 12 (RSPO SCCS E.6.1) To date company has not making any claim (corporate communication) related to the use of RSPO certified palm oil product, however PT IIS may wish to consider including RSPO communication rules into existing documentation system.

ASA2 verification: the company has considered RSPO Communication rules in their document system, even though no claim so far.

3.4 Noteworthy Positive Components

PT IIS maintained commitment to bring the smallholders under their management into the RSPO certified scope. During this Annual Surveillance Assessment this was implemented successfully.

Riparian enhancement work is progressing well with trees planted along the riparian and checked during the initial assessment is now growing well.

During this assessment there was no any kind of disputes highlighted to the audit team. Interview with local community and government department officials further confirm that there is no any kind of disputes.

3.5 Issues Raised by Stakeholders and Findings with Respect to Each Issue

Appendix D contains list of stakeholders contacted. Methodology used was private meeting on 5 February 2013 and conducted by the audit team member with social auditing background. Stakeholder consultation carried out to reach internal and external stakeholders. Participants from gender committee chairperson, worker union representative, community representative, Scheme Smallholders and their head of cooperatives, contractors and government officials from local village.

During stakeholder consultation there was no negative comment or feedback received. Interview with local village was very positive and some suggestion was given to the company for continuous improvement.

A number of stakeholder's comment during meeting on 2nd June 2014:

Government:

Comment: PT IIS – Muara Bulian committed to good relationship and communication. Quarterly coordination meeting in Scheme Smallholder office

involving district head (camat), village heads and Plantation office from Batanghari. Donation and charity from PT IIS – Muara Bulian is noted, involving local community's aspiration. There is no land dispute noted. KUDs are contributed in village development for education development and village road maintenance. KUD is committed for tax payment as source of local government budgeting.

Company Response: PT IIS – Muara Bulian and KUDs committed to build mutual relationship with surrounding villages.

Auditor comment: Accepted.

Worker Union (Serikat Pekerja Seluruh Indonesia (SPSI) PUK Group Kebun Muara Bulian (KMB):

Comment: Company has paid the salary according to minimum wage requirement. There is working agreement, taking into consideration the aspiration from each unit. Company has implement worker's normative rights such as minimum wage, overtime, social insurance, facilities and amenities (housing with clean water, electricity, medical treatment, PPE, etc).

Company Response: Company agree and continuously committed to follow all agreement.

Auditor comment: Accepted, note worthy positive comment.

Gender committee:

Comment: Company supports gender committee through policy against discrimination and sexual harassment. Company protects the reproductive rights of female employees in form of maternal leave, period leave, medical examination for sprayers and fertilizer applicator. Pregnant and/or breastfeeding female employees relocates to light-work.

Company Response: Company agree and continuously committed to protect reproductive rights.

Auditor comment: Accepted, note worthy positive comment.

Contractor:

Comment: Company committed to health and safety. PT IIS request contractor to provide their worker with insurance. Company only employed skilled contractor, worker must holds valid operator license.

Company Response: Company agree and continuously committed to follow all labour regulation.

Auditor comment: Accepted, note worthy positive comment.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Assessment

The next assessment will be Annual Surveillance Assessment Visit-3 and scheduled not later than twelve months from the certificate anniversary.

4.2 Date of Closing Nonconformities (Major and Minor)

Table 6. Status of Nonconformities

Reference	Category	ISSUED	CLOSED
A824450/1	Major	15/12/2012	31/01/2013
A824450/2	Major	15/12/2012	31/01/2013
A824450/3	Major	15/12/2012	31/01/2013
A824450/1	Minor	15/12/2012	06/06/2014
A824450/2	Minor	15/12/2012	06/06/2014
A824450/3	Minor	15/12/2012	06/06/2014
A824450/4	Minor	15/12/2012	06/06/2014
A824450/5	Minor	15/12/2012	06/06/2014
A824450/6	Minor	15/12/2012	06/06/2014
105536M9	Major	06/06/2014	04/08/2014
105536M20	Major	06/06/2014	17/07/2014
105536N1	Minor	06/06/2014	"Open"
105536N22	Minor	06/06/2014	"Open"

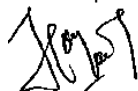
4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

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 of
PT Inti Indosawit subur

Mr. Welly Pardede
Head of Environment & Sustainability
Date: 26 September 2014

Signed for on behalf of
BSI Group Singapore Pte Ltd



Haeruddin
Lead Auditor
Date: 02 September 2014

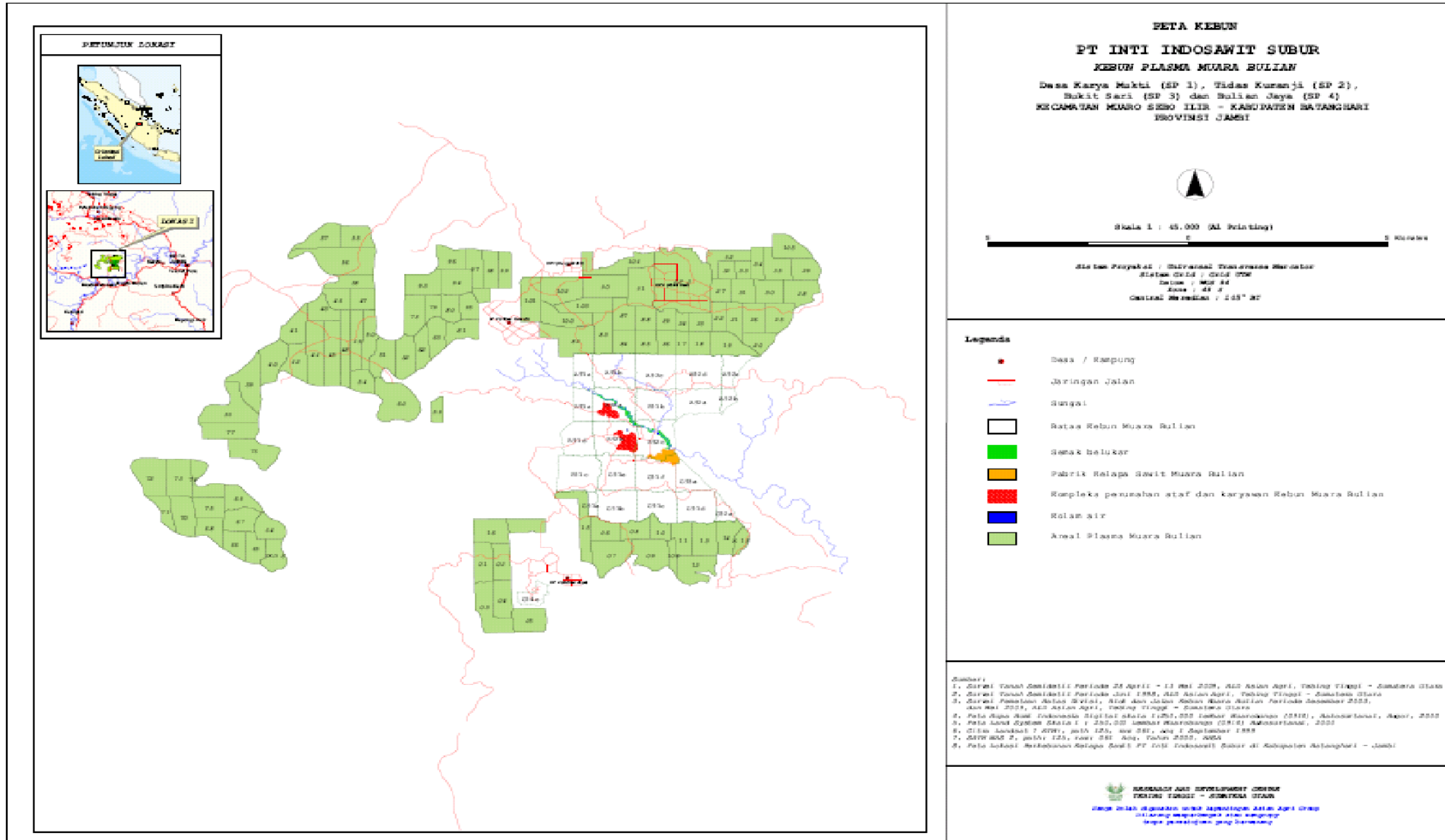


Figure 1: Location of Muara Bulian Group Estate and Scheme Smallholder

Appendix A: PT Inti Indosawit Subur Time bound Plan

Name of Mill	Address	Time bound for certification	Status during June 2014
Buatan I	Delik & Pangkalan Kerinci Village, Bunut Langgam District, Pelalawan Regency, Riau	2010	Certified on 16 September 2010
Buatan II	Delik & Pangkalan Kerinci Village, Bunut Langgam District, Pelalawan Regency, Riau	2010	Certified on 16 September 2010
Ukui I	Ukui Village, Ukui District, Pelalawan Regency, Riau	2010	Certified on 1 March 2011
Ukui II	Ukui Village, Ukui District, Pelalawan Regency, Riau	2010	Certified on 1 March 2011
Tungkal Ulu	Pulau Pauh / Penyabungan / Merlung Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2011	Certified on 15 August 2012
Muara Bulian	Singoan / Bukit Sari / Bulian Jaya Village, Muara Bulian / Pematang District, Batang Hari Regency, Jambi	2011	Certified on 28 August 2012
Topaz	Petapahan Village, Tapung District, Kampar Regency, Riau	2013	Stage 1 in December 2013 and Main Assessment in January 2014
Taman Raja	Lubuk Bernai / Kampung Baru / Pelabuhan Dagang / Pematang Pauh Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2013	Stage 1 in November 2013 and Main Assessment in January 2014
Segati	Langkan / Penarikan / Tambak / Sotol Village, Langgam District, Pelalawan Regency, Riau	2014	2014
Tanah Datar	Tanah Datar Petatal Village, Talawi District, Asahan Regency, North Sumatera	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Aek Nabara	S1-S3 / Sukadame Village, Bilah Hulu / Kota Pinang District, Labuhan Batu Regency, North Sumatera	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Teluk Panjie	Teluk Panjie Village, Kampung Rakyat District, Labuhan Batu Regency, North Sumatera	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Peranap	Simelinyang / Pauh Ranap / Sengkilo Village, Peranap District, Indragiri Hulu Regency, Riau	2016	Stage 1 in November 2013 and Main Assessment in January 2014
Bungo Tebo	Tuo Sumai / Sungai Rambai Village, PWK Sumai / Tebo Ulu District, Bungo Tebo Regency, Jambi	2016	2015
Tanjung Selamat	Kampung Padang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatera	2017	2015
Gunung Melayu I	Rahuning Village, Bandar Pulau District, Asahan Regency, North Sumatera	2017	2015
Gunung Melayu II	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatera	2017	2015
Negri Lama I	Negri Lama Seberang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatera	2018	Stage 1 in December 2013 and Main Assessment in February 2014
Negri Lama II	Negri Lama Seberang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatera	2018	2018 (So far, All FFBs from third parties)
Name of Plantation	Address	Time bound for certification	Status during June 2014
Buatan	Delik & Pangkalan Kerinci Village, Bunut Langgam District, Pelalawan Regency, Riau	2010	Certified on 16 September 2010
Ukui & Soga	Ukui Village, Ukui District, Pelalawan Regency, Riau	2011	Certified on 1 March 2011
Buatan (Plasma)	Kerinci Kanan, Pangkalan Kerinci, Dayun Village, Siak & Pelalawan Regency, Riau	2011	Certified on 13 March 2012
Muara Bulian (Plasma)	Muara Bulian & Lubuk Batu Jaya District, Pelalawan & Inhu Regency, Riau	2012	Certified on 28 August 2012
Tungkal Ulu	Pulau Pauh/Penyabungan/Merlung Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2011	Certified on 13 March 2011
Muara Bulian	Singoan/Bukit Sari/ Bulian Jaya Village, Muara Bulian/Pematang District, Batang Hari Regency, Jambi	2011	Certified on 15 August 2012
Buatan (KKPA)	Kerinci Kanan, Pangkalan Kerinci, Dayun District, Siak & Pelalawan Regency, Riau	2012	Certified 16 September 2012

Tungkal Ulu (Plasma)	Renah Mendalo, Merlung, Muara Papalik District, Tanjung Jabung Barat Regency, Jambi	2012	Certified 15 August 2012
Muara Bulian (Plasma)	Maro Sebo Ilir District, Batanghari Regency, Jambi	2012	Certified 28 August 2012
Muara Bulian (KKPA)	Maro Sebo Ilir District, Batanghari Regency, Jambi	2012	Certified 28 August 2012
Topaz & Seed Garden	Petapahan Village, Tapung District, Kampar Regency, Riau	2013	Stage 1 in November 2013 and Main Assessment in January 2014
Taman Raja & Badang	Lubuk Bernai / Kampung Baru / Pelabuhan Dagang / Pematang Pauh Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi	2013	Stage 1 in November 2013 and Main Assessment in January 2014
Segati	Langkan / Penarikan / Tambak / Sotol Village, Langgam District, Pelalawan Regency, Riau	2014	2014
Penarikan & Gondai	Pangkalan Sarik / Baru Village, Langgam / Siak Hulu District, Pelalawan / Kampar Regency, Riau	2014	2014
Penarikan (KKPA)	Pangkalan Sarik / Baru Village, Langgam / Siak Hulu District, Pelalawan / Kampar Regency, Riau	2014	2014
Gunung Sahilan (KKPA)	Gunung Sahilan Village, Lipat Kain District, Pelalawan Regency, Riau	2014	2014
Bahilang	Bahilang Village, Tebing Tinggi District, Serdang Bedagai Regency, North Sumatra	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Tanah Datar	Tanah Datar Petatal Village, Talawi District, Asahan Regency, North Sumatra	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Aek Nabara	S1-S3 / Sukadame Village, Bilah Hulu / Kota Pinang District, Labuhan Batu Regency, North Sumatra	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Teluk Panjie	Teluk Panjie Village, Kampung Rakyat District, Labuhan Batu Regency, North Sumatra	2015	Stage 1 in December 2013 and Main Assessment in February 2014
Peranap	Simelinyang / Pauh Ranap / Sengkilo Village, Peranap District, Indragiri Hulu Regency, Riau	2016	Stage 1 in November 2013 and Main Assessment in January 2014
Bungo Tebo	Tuo Sumai / Sungai Rambai Village, PWK Sumai / Tebo Ulu District, Bungo Tebo Regency, Jambi	2016	2015
Peranap (Plasma)	Simelinyang / Pauh Ranap / Sengkilo Village, Peranap District, Indragiri Hulu Regency, Riau	2016	2016
Bungo Tebo (Plasma)	Tuo Sumai / Sungai Rambai Village, PWK Sumai / Tebo Ulu District, Bungo Tebo Regency, Jambi	2016	2016
Tanjung Selamat	Kampung Padang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatra	2017	2015
Pangkatan	Sennah Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatra	2017	2015
Sentral & Batu Anam	Gonting Mahala Village, Bandar Pulau District, Asahan Regency, North Sumatra	2017	2015
Pulau Maria	Rahuning Village, Bandar Pulau District, Asahan Regency, North Sumatra	2017	2015
Negri Lama	Negri Lama Seberang Village, Bilah Hilir District, Labuhan Batu Regency, North Sumatra	2018	Stage 1 in December 2013 and Main Assessment in February 2014
Aek Kuo	Aek Korsik Village, Aek Natas District, Labuhan Batu Regency, North Sumatra	2018	Stage 1 in December 2013 and Main Assessment in February 2014

Appendix B: RSPO Certificate Details

PT Inti Indosawit Subur – Muara Bulian Group

Singoan/Bukit Sari,
Bulian Jaya Village, Muara Bulian,
Pemayung District, Batang Hari Regency
Jambi, Indonesia.

Certificate Number: SPO 594418

Initial Certificate Issued Date: 28 August 2012

Extension of Certificate with inclusion of Scheme Smallholder: 12 July 2013

Standard: RSPO Principle & criteria: 2007; RSPO P&C Indonesian National Interpretation 2008; RSPO P&C for Scheme Smallholder INA-SWG 2009; RSPO Supply Chain for CPO Mills Module E – Mass Balance: 25 November 2011.

Muara Bulian I Palm Oil Mill and Supply Base	
Location	Singoan/Bukit Sari, Bulian Jaya Village, Muara Bulian, Pemayung District, Batang Hari Regency Jambi, Indonesia.
GPS	Longitude: E 103° 12' 20" Latitude: S 01° 35' 09"
Estate FFB Tonnage processed	44,059
Scheme Smallholder FFB Tonnage processed	145,174
Outgrowers FFB Tonnage processed*	25,000
CPO Tonnage produced	47,232
PK Tonnage produced	12,318
CPO Tonnage Total claimed**	42,495
PK Tonnage Total claimed**	10,881

* Outgrowers is excluded from the Certification scope

** Tonnage volumes claimed are proportion of Company Own Estate and Scheme Smallholder

Appendix C: Assessment Programme

Date	Time	Description	Haeruddin	Sedayu Pratama	Nanang Mualib
Sunday, 01/06/2014	11.05 – 12.30	Flight Jakarta – Jambi	√	√	√
	12.30	Travelling to Muara Bulian	√	√	√
Monday, 02/06/2014	08.30 – 09.00	Opening Meeting (Pertemuan pembukaan) - Presentation by PT. Inti Indosawit Subur - Opening meeting by BSI Indonesia (including introduction of team members and assessment agenda).	√	√	√
	09.00 – 12.00	Muara Bulian Mill: General Information (Ha, FFB Prod. CPO/PK production) and time bound plan verification	√		
		Muara Bulian estate (Field visit): Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, Hazardous waste, Boundaries inspection, social amenities, housing, landfill, clinic, etc.		√	
		Stakeholder Interview: Head of villages, contractors, Labour union, Gender Committee, workers in estate, etc.			√
	12.00 – 13.00	Makan Siang			
	13.00 – 16.30	Muara Bulian Mill (Field visit): 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.	√		
Muara Bulian estate (Field visit): Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, interview with local communities, social issues, etc. (Continue)			√		
Stakeholder Interview: Head of villages, contractors, Labour union, Gender Committee, workers in estate etc. (Continue)				√	
Tuesday, 03/06/2014	08.00 – 12.00	Document Review: Muara Bulian Mill (RSPO P & C and SCCS)	√		
		Document Review: Muara Bulian Estate		√	√
	12.00 – 13.00	Lunch			
	13.00 – 16.30	Document Review: Muara Bulian Mill (RSPO P & C and SCCS) (Continue)	√		
Document Review: Muara Bulian Estate (Continue)			√	√	
Wednesday, 04/06/2014	08.00 – 12.00	Field Visit: KUD Barokah	√		
	12.00 – 13.00	Lunch			
	13.00 – 16.30	Document review: KUD Barokah	√	√	√
Thursday, 05/06/2014	08.00 – 12.00	Field Visit: KUD Makmur Rejeki	√	√	√
	12.00 – 13.00	Lunch			
	13.00 – 16.30	Document review: KUD Makmur Rejeki	√	√	√

Date	Time	Description	Haeruddin	Sedayu Pratama	Nanang Muallib
Friday 06/06/2014	08.00 – 10.00	Muara Bulian Estate: Continue document review; gather outstanding data/information and preparing report for closing meeting.	√	√	√
	10.00 – 11.30	Closing Meeting	√	√	√
	11.30 – 13.00	Lunch / Jumat Pray			
	13.00	Travelling to Jambi	√	√	√
Saturday, 07/06/2014	06.30 – 07.30	Flight Jambi – Jakarta	√	√	√

Appendix D: List of Stakeholders Contacted

<p><i>Scheme Smallholders</i></p> <p>KUD Barokah Smallholders and Cooperative Head KUD Makmur Rezeki Smallholders and Cooperative Head</p>	<p><i>Local Communities</i></p> <p>Bulian Jaya Village Representative Karya Mukti Village Representative Muara Bulian Sub District Representative</p>
<p><i>Internal Stakeholders</i></p> <p>PT IIS – Muara Bulian Group Management team and Staff Head of the Sustainability Department Manager of the Stakeholder Relation Department General Manager Plasma Manager and Assistants Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Doctor and Clinic Assistants Male and Female workers</p>	<p><i>NGO and Others</i></p> <p>WWF Indonesia – Riau branch SPSI (Worker Union) of PT IIS</p>
<p><i>Government Departments</i></p> <p>District Labour Office District Agriculture Office District Cooperative Office District Environment Office</p>	

Appendix E: Supply Chain Assessment for the Mills (Module E: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	The mill has established Procedure of supply chain as documented in procedure No.AA-MPM-OP-1400.17-R1. Record of purchasing and sales is documented in Computerized system. Person in charge to handling of RSPO Supply Chain is Mill Manager as determined in SOP.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Procedure of receiving and processing FFB No.AA-MPM-OP-1400.18-R1. Certified and non certified FFB is separated in administration.
E.2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	According to relevant procedure as above (E.1.1 and E.1.2), daily records are prepared at the entry point at the weighbridge. "Sustainable" stamp identified at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. Example: FFB received dated 2 nd June 2014, from block A 92 – Muara Bulian Estate, total 5,240 Kg, serial No.149166, truck ID. BH 8148 MF Receorded in weighbridge computerized, separates certified FFB and non-certified FFB automatically.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	Non conformances product handling by "Berita Acara"
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 certified and noncertified palm products.	Organization provided "Laporan Harian Pabrik" in which indicating the sustainable and non-sustainable FFB received. The daily report also shows the sustainable and non-sustainable CPO and palm kernel balance for the day. Further "Laporan Harian Pabrik" shows the delivery of sustainable and non-sustainable CPO and palm kernel and the balance for the day. Organization also provided evidence of delivery note from cooperative in which stamped with "RSPO certified" to indicate the sustainable FFB delivery. Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. Records: Laporan Harian Pabrik (Mill daily report), and Laporan Unit Pabrik (Mill Monthly Report).
E.3.2 Retention times for all records and reports shall be at least five (5) years	According to relevant procedure above (E.1.1 and E.1.2) the retention period is specified as 10 years and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	According to Procedure AA-MPM-OP-1400.18.R2 (Mass Balance) All the inventory records are maintained and updated on three monthly reports. No PKO and Palm kernel meal at both mill sites.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Only positive stock id delivered. No short selling.
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*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Facilities use Mass Balance model and indicated on the relevant documents, such as weighbridge ticket, Delivery order, and contract.
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.	No outsourcing activities.
E.4. Sales and goods 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	Name and address of buyer written on the invoice.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description and supply chain model is written. Mass balance model.
(d) The quantity of the products delivered	Quantity in tones.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references.
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.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Organization provided training RSPO supply chain and traceability on 28 th February 2013 and 2 nd July 2013 for all staff from Muara Bulian Palm Oil Mill. Interview with PT IIS's marketing staff through phone call shows understanding of RSPO supply chain.
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.	No claims made because the CPO is delivered/sold to downstream refineries.

Muara Bulian Palm Oil Mill

Certified Mill Production 1 January – 31 December 2013 (in tonnes)

Capacity	CPO	PK	CPKO
60 TPH	37,243 MT	9,188 MT	None

Certified Mill Production 1 January – 31 December 2014 (budget)

Capacity	CPO	PK	CPKO
60 TPH	42,495 MT	10,881 MT	None

Budget 2014

Mill	Muara Bulian Mill	
	CPO	PK
Muara Bulian Estate	10,266 MT	2,533 MT
Scheme Smallholder	32,229 MT	8,348 MT
Total	42,495 MT	10,881 MT

Sales Certified CPO (UTZ Certificates) as at June 2014

12 July 2013 – 11 July 2014

Month	Buyer (CPO)	Tonnes/Certificates
12 July 2013 – 11 July 2014	Buyer 1 (classified)	8,500 MT

Sales Certified CPO (GreenPalm Certificates)

12 July 2013 – 11 July 2014

Month	Buyer (CPO)	Tonnes/Certificates
Aug 2013	Trade in GreenPalm	1,500 MT
Sept 2013	Trade in GreenPalm	1,000 MT
Oct 2013	Trade in GreenPalm	1,000 MT
Nov 2013	Trade in GreenPalm	3,772 MT
Dec 2013	Trade in GreenPalm	3,000 MT
Apr 2014	Trade in GreenPalm	500 MT
TOTAL		10,772 MT

Sales Certified PK (GreenPalm Certificates)

12 July 2013 – 11 July 2014

Month	Buyer (PK)	Tonnes/Certificates
Jul 2013	Trade in GreenPalm	300 MT
Sept 2013	Trade in GreenPalm	350 MT
Oct 2013	Trade in GreenPalm	300 MT
Nov 2013	Trade in GreenPalm	750 MT
Dec 2013	Trade in GreenPalm	1,100 MT
TOTAL		2,800 MT

Sales Certified PKO (GreenPalm Certificates)**12 July 2013 – 11 July 2014**

Month	Buyer (CPO)	Tonnes/Certificates
None	Trade in GreenPalm	None
...	Trade in GreenPalm	...
TOTAL		...

Certified FFB Received Monthly – 1 January – 31 December 2013

Month	Company Estate	Associated Smallholder	Total FFB/Month
Jan-13	3,131	12,506	15,637
Feb-13	2,742	9,323	12,065
Mar-13	2,513	8,877	11,390
Apr-13	2,563	9,687	12,250
May-13	2,503	9,901	12,404
June-13	2,456	8,461	10,917
Jul-13	2,479	8,572	11,051
Aug-13	2,558	9,611	12,169
Sep-13	3,673	12,506	16,179
Oct-13	3,680	13,991	17,671
Nov-13	4,257	15,091	19,348
Dec-13	3,320	13,174	16,494
TOTAL	35,876	131,699	167,575