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PUBLIC SUMMARY REPORT

THIRD ANNUAL SURVEILLANCE ASSESSMENT (ASA 3)

**PT Agro Muko
(SIPEF Group)**

Located in Bengkulu Province, INDONESIA

Report Author

Haeruddin – May 2014

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SUMMARY

BSi has conducted an assessment of PT Agro Muko located in Bengkulu Province, South West Sumatra, Indonesia operations comprising two mills, eight oil palm estates, support services and infrastructure. BSi concludes that PT Agro Muko operations comply with the requirements of RSPO Principles & Criteria: November 2007 and Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: May 2008 including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module – CPO Mills: Segregation.

KMD is assessed using the IND – Ni because it is fully managed by the company.

BSi recommends that PT Agro Muko be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

ABE	Air Buluh Estate
ABKE	Air Bikuk Estate
AMDAL	Analisis Mengenai Dampak Lingkungan (Social and Environmental Impact Assessment)
AMTT	Agro Muko Tank Terminal
B3	Dangerous and Poisonous Substance
BPDL	Provincial Environmental Agency
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional (National Land Authority)
BPS	Badan Pusat Statistik (Central Statistical Office)
BTE	Bunga Tanjung Estate
BTM	Bunga Tanjung Mill
CD	Community Development
CLA	Collective Labour Agreement
COD	Chemical Oxygen Demand
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
EM	Estate Manager
EMS	Environmental Management System
ERT	Endangered, Rare and Threatened
FFB	Fresh Fruit Bunch
FSC	Forestry Stewardship Council
GMO	General Managers Office
HCV	High Conservation Value
HGU	Hak Guna Usaha (Land) title for commercial use
HO	Head Office
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
ISPO	Indonesia Sustainable Palm Oil Foundation
IUCN	International Union for Conservation of Nature
IUP	Izin Usaha Perkebunan (Plantation Licence)
KMD	Kebun Masyarakat Desa (Village Estate)
LPM	Lembaga Pemberdayaan Masyarakat (Community Development Office)
MME	Mukomuko Estate
MMM	Mukomuko Mill
MSDS	Material Safety Data Sheet
NGO	Non-Government Organisation
NKT	Nilai Konservasi Tinggi (see HCV)
OHS	Occupational Health and Safety

PCD	Pollution Control Device
PKB	Perjanjian Kerja Bersama (see CLA)
PMP	Project Management Plan
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPKS	Pusat Penelitian Kelapa Sawit (IOPRI Indonesian Oil Palm Research Institute)
PT AM	PT Agro Muko Indonesia
PT TTI	PT Tolan Tiga Indonesia
QMS	Quality Management System
RAB QSA	Quality Society of Australia
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SBE	Sungai Betung Estate
SEIA	Social & Environmental Impact Assessment
SEL	Studi Evaluasi Lingkungan (Environmental Assessment)
SEMDAL	Studi Evaluasi Mengenai Dampak Lingkungan (Environmental Impact Evaluation Assessment).
SKE	Sungai Kiang Estate
SPAM	Serikat Pekerja Agro Mandiri (Agromuko Independent Labour Union)
SOP	Standard Operation Procedure
TPE	Talang Petai Estate
TRE	Tanah Rekah Estate
TSS	Total Suspended Solids
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Effort)
UPL	Upaya Pemantauan Lingkungan (Environment Monitoring Effort)

1.0 SCOPE OF CERTIFICATION ASSESSMENT**1.1 National Interpretation Used**

The operations of the mills and their supply bases of FFB were assessed against the RSPO INA-NIWG: May 2008 of the RSPO Principles and Criteria: 2007

KMD is assessed using the IND – Ni because it is fully managed by the company.

1.2 Certification Scope

The scope of Certification covers two (2) Palm Oil Mills and the supply base comprising eight (8) companies owned oil palm Estates and also includes Kebun Masyarakat Desa (KMD).

Certification Details:

SIPEF RSPO Membership No: 1-0021-05-000-00
BSI RSPO Certificate No: SPO 556042
Initial Certification Assessment: 27/09/2010–3/10/2010
Date of Certification: 22/02/2011

1.3 Location and Maps

The AGRO MUKO Estates and Mills are located in Bengkulu Province, Indonesia (Figure 1 and Figure 2). The GPS location of the mills is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Mukomuko	E101°16'	S02°36'
Bunga Tanjung	E101°22'	S02°43'

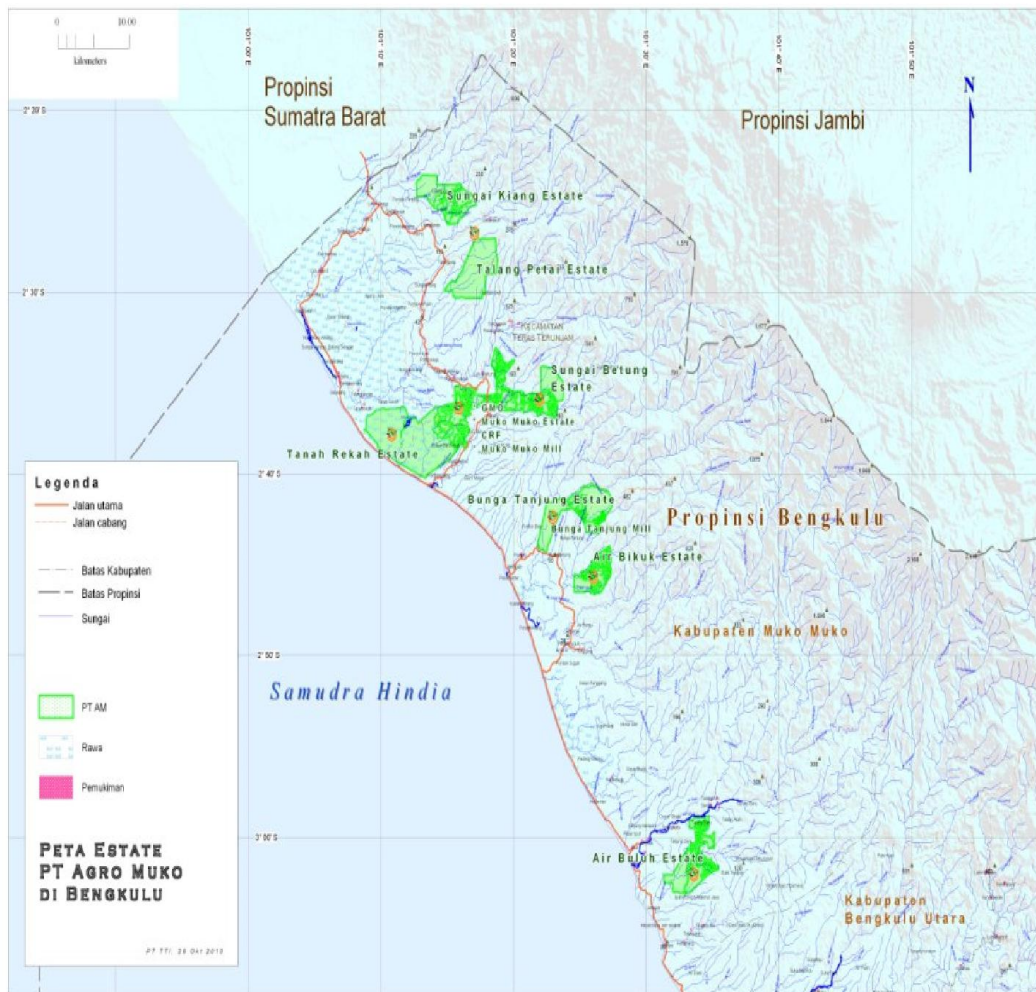


Figure 1. Location of PT AGRO MUKO estates

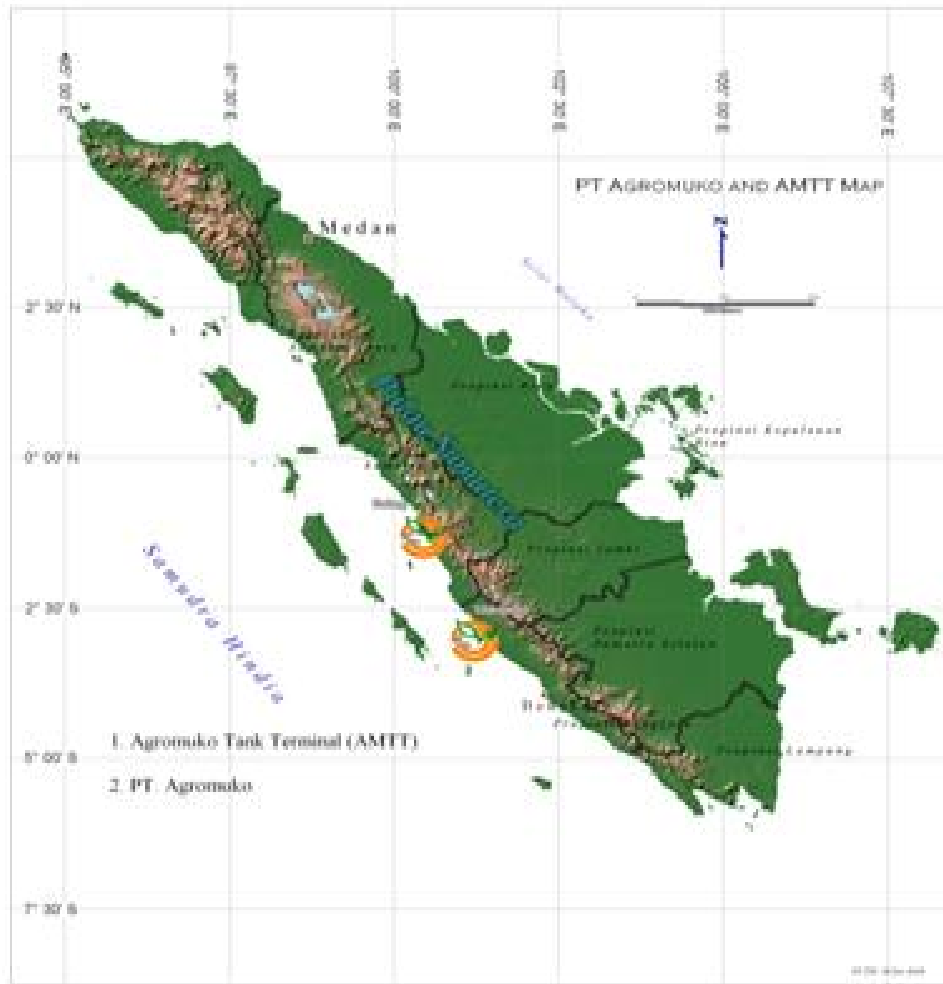


Figure 2. Location of PT. AGRO MUKO related in Sumatera Island, Indonesia

1.4 Description of Supply Base

The FFB processed at Muko Muko Mill is sourced from the 5 (five) Company Estates and a KMD Project. Since the Initial Certification, no FFB from adjacent Agro Muko Estates or outgrowers have been diverted or processed at Muko Muko Mill. Meanwhile the FFB processed at Bunga Tanjung Mill from 3 (three) Company Estates and a KMD Project. The FFB Production of Muko Muko Mill and Bunga Tanjung Mill are listed in Table 2. Thus, Muko Muko and Bunga Tanjung Mills are declaring as Supply Chain Segregation.

Table 2: Company Estate FFB Production (IncludKes KMD) 2013-2014

Source	Estimate at 22/02/2013 - 21/02/2014	Actual Production 22/02/2013 - 21/02/2014	Projected 22/02/2014 - 21/02/2015
Muko Muko POM:			
1. Muko Muko	59,331	55,411	47,235
2. Sungai Betung	16,755	15,481	9,883
3. Tanah Rekah	78,063	75,448	76,615
4. Talang Petai	30,878	31,525	35,703
5. Sungai Kiang	34,810	33,676	35,703
			205,139
6. KMD	5,397	4,797	4,689
Sub Total	225,234	216,338	209,828
Bunga Tanjung Mill			
1. Bunga Tanjung	50,529	52,089	51,284
2. Air Bikuk	29,208	27,114	27,746
3. Air Buluh	47,104	48,702	47,884
			126,914
4. KMD	4,784	4,518	8,764
Sub Total	131,625	132,423	135,678
Total	356,859	348,761	345,506

1.5 Date of Plantings and Cycle

Table 3: Age Profile of Company Estate Planted Palms

Year	Mature (Ha)	Immature (Ha)	% of Planted Area
1988	416		2.34
1989	878		4.93
1990	2,668		14.99
1991	269		1.51
1992	106		0.59
1993	209		1.17
1994	712		4.00
1995	207		1.16
1996	509		2.86
1997	927		5.21
1998	2,334		13.11
1999	1,680		9.44
2000	1,017		5.72
2001	526		2.96
2002	56		0.32
2003	102		0.57
2004	688		3.87
2005	434		2.44
2006	926		5.20

2007	350		1.97
2008	216		1.22
2009	499		2.80
2010	304		1.71
2011		26	0.15
2012		719	4.04
2013		1,018	5.72
	16,033	1,763	100
TOTAL	16,033	1,763	100

1.6 Other Certifications Held

PT Agro Muko has achieved ISO 14001 and ISO 9001 for its Palm Oil Mills.

1.7 Organisational Information / Contact Person

PT Agro Muko Indonesia is wholly owned by the SIPEF NV Group of Belgium.

PT Agro Muko Indonesia

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INDONESIA

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1.8 Time Bound Plan for Other Management Units

The other Majority owned Management Units are as listed below:

1. Hargy Oil Palms Ltd. (HOPL, Papua New Guinea)
2. PT Tolan Tiga Indonesia (certified)
3. PT Umbul Mas Wisesa, PT Toton Usaha Mandiri (coming to maturity in 2014)
4. PT Citra Sawit Mandiri (still in development)
5. PT Agro Kati Lama (still in development, added end 2011)
6. PT Agro Rawas Ulu (still in development, added early 2012).

As per its earlier time-bound plan, Sipef has achieved certification for all its palm oil mills and mature estates within three years of the certification of HOPL.

As communicated to RSPO since 2008, PT Umbul Mas and PT Toton Usaha Mandiri are currently placed under the RSPO compensation mechanism, based on a cautionary approach. once they have reached maturity and the palm oil mill receiving their crop has been commissioned. Since the last ASA of Agromuko, Sipef has added two palm oil projects in Indonesia: PT Agro Kati Lama and PT. Agro Rawas Ulu. These are new developments, and Sipef has complied with the RSPO New Plantings Procedure.

At this point Sipef has informed BSi that there are no known legal non-compliances, land or unresolved labour disputes at its other operations. BSi considers Sipef's

Time Bound Plan to conform to the RSPO requirements for Partial Certification.

1.9 Area of Plantation

The hectare statement for the company owned Estates is shown in Table 4(a), and Agro Muko Indonesia Operations area Table 4(b).

Table 4(a): Estates and Areas Planted

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Bunga Tanjung Estate (BTE)	2,468	0
Air Bikuk Estate (ABKE)	1,220	0
Air Buluh Estate (ABE)	2,330	8
Mukomuko Estate (MME)	1,640	1,159
Tanah Rekah Estate (TRE)	3,086	0
Sungai Kiang Estate (SKE)	2,041	8
Talang Petai Estate (TPE)	2,095	38
Sungai Betung Estate (SBE)	1,639	539
Total	16,519	1,744
Kebun Masyarakat Desa	501	119

Table 4(b): PT Agro Muko Indonesia hectares statement (includes KMD)

Mature area	16,519
Immature	1,744
Total area for rubber	1,660
Nurseries	48
Emplacement, Roads, Mills, Compounds etc.	659
Unplanted area	2,322
Total leased area	22,952

1.10 Approximate Tonnages Certified

Table 5: Approximate Tonnages Certified

Mill	Estimate at 22/02/2013 - 21/02/2014	Actual Production 22/02/2013 - 21/02/2014	Projected 22/02/2014 - 21/02/2015
Muko Muko POM:			
CPO	56,154	47,290	47,255
PK	12,396	11,078	11,039
OER : 21.86 % , PKR : 5.12 %			
Bunga Tanjung POM:			
CPO	30,773	30,375	30,448
PK	6,668	7,066	7,035
OER : 22.94 % ; PKR : 5.33 %			

1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the production from the two palm oil mills and their supply base (refer Table 2(a) for tonnages).

Certificate details are included as Appendix A. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

Inclusion of Smallholders

There are no small holders included in the Supply Base of PT Agro Muko.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
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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.

2.2 Qualifications of the Lead Assessor and Assessment Team

Haeruddin – Assessor (Lead Auditor)

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

Aryo Gustomo – Assessor (Team Member)

He holds a degree in Agriculture science majoring in Agronomy in the subject of oil palm plantation management; He graduated from Bogor Agriculture University. He has more than 5 (five) years of work experience related to oil palm industries i.e. as a Plant breeder/agronomist with one of the Malaysian oil palm seed producers and as a field assistant in an oil palm Plantation Company in Indonesia. He has been involved in RSPO implementation and assessment since 2009 as a team member and subsequently as a lead auditor with a RSPO approved certification body covering assessment with RSPO P&C and RSPO NPP in Malaysia, Indonesia, Thailand, and Liberia. He has completed several training programmes on ISO 9001, 14001 and attended the RSPO Lead auditor courses as well as trainings on HCV identification and management. Currently, he works for BSi Group as a RSPO scheme manager and is a RSPO lead auditor/auditor. He has an excellent oral and written command of Bahasa Indonesia and English. During this assessment, he assessed on the aspect of Legal, environment, mill and estate best practices, working safety and emergency preparedness, and supply chain requirement for CPO mill.

Pratama Agung Sedayu – Assessor (Team Member)

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

Nanang Mualib (Team member)

He graduated from Bogor Agriculture University on 1999, Forestry Faculty. He involved in RSPO certification since 2010 as a team member covering assessment against RSPO P&C in Indonesia. He completed the ISO 9001 Lead Auditor Course, Technical Training of HCV Assessment; ISPO Lead Auditor endorsed Course. During this assessment, he assessed on the aspects of social.

Unggul Prabowo (Team member)

He graduated from Indonesian University, majoring in Physic instrument. He completed ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor Course and he experiences in ISO 9001, 14001, OHSAS 18001 auditing as lead auditor. During this assessment, he assessed on the aspects of Health and Safety.

2.3 Assessment Methodology, Programme, Site Visits

A pre-audit to RSPO Principles and Criteria was conducted between 19th and 24th July 2010 to determine progress PT Agro Muko Indonesia has made towards certification. The Initial Certification Audit was conducted between 27th September and 3rd October 2010, The first Annual Surveillance Assessment was conducted between 5th and 11th February 2012, the second annual Surveillance Assessment was conducted from January 28th to 1st February 2013 and this third annual surveillance was conducted on 06th – 08th January 2014.

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

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

The Nonconformities that were assigned and the Observations that were identified during the Second Annual Surveillance Assessment were followed up to check the effectiveness of corrective actions.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders.

Contact was made with individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as local government, head of villages, employees and contractors List of stakeholders contacted as appendix D

External stakeholders included organizations such as Government, NGOs, Civil Societies and contractors who have an interest in the PT Agro Muko area and resident communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with government

agencies and NGOs were held in their respective premises within local Kampongs and work areas.

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. In a number of interviews and meetings, the presence of company representatives was discouraged so as not to restrict discussion of both the positive and negative aspects of PT Agro Muko's operations.

The company representatives only introduced the team and were requested to leave during meeting with stakeholders. For internal stakeholders the same procedure was followed and company representatives left once the consultations started (Employees are involved in consultation and committees).

There is a trade union at PT Agro Muko. The committee is elected through open elections and every year elections are held to select representatives. During the audit the committees have been interviewed.

2.5 Date of Next Surveillance Visit

Approximately December 2014.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

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

During the audit, five (5) Major Nonconformities and six (6) Minor Nonconformities were assigned against Compliance Indicators. PT Agro Muko Indonesia has prepared a Corrective Action Plan (Appendix C) for addressing the identified nonconformities that was reviewed and accepted by BSi.

Five (5) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2

BSi's assessment of PT Agro Muko Indonesia operations, comprising two palm oil mills, estates, KMD, infrastructure and support services, concludes that PT Agro Muko Indonesia operations comply with the requirements of RSPO Principles & Criteria : 2007 and INA-NIWG Indicators and Guidance : May 2008.

BSi recommends that PT Agro Muko Indonesia continue to be approved as a producer of RSPO Certified Sustainable Palm Oil.

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

Request Information mechanism as described in procedure no. ENC/SOP/08, dated 20th December 2013, request information was recorded in the "*Rekaman Informasi dan Tanggapan*", e.g. request information from:

1. Central Bureau of Statistics (BPS) Muko Muko District, dated 5th February 2013, request information of data statistical as letter no. 17.063.013.
2. Police Department of Bengkulu regarding excavation operational permit for road maintenance material as Letter No.K/1020/XII/2013/Ditreskrimsus dated 11th December 2013.
3. Mr. Dedi Suryadi, Mr. Gilani and Mr. Supian Hamidi from UD Nelan Jaya consulted about cooperation opportunities for EFB Transportation
4. UD. Tupal Bersaudara (labor contractors), inquire supply manpower on 25th March 2013.
5. Mr. Ali K (local community from Teruntung village) requesting a copy of the KMD's MOU, dated 4th December 2013.
6. Mr Busra (Local Community Leader of Sumendam Village) asking about job vacation for teacher in Elementary School (SD) PT Agromuko (1.1.1)

Response of request information is documented in the same book, namely "*Rekaman Informasi dan Tanggapan*", it is found that all of the request information have been addressed by the company timely manner, e.g. responses of requests information from Central Berau of Statistics Mukomuko District has been responded on 10 February 2013 and request information Mr. Busra (Public Figure Sumendam) has been responded in same day (1.1.2)

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.

All legal permits: Akte pendirian (Notary of Company license), Ijin Usaha Perkebunan (Plantation operational permit), HGU (land title), AMDAL (SEIA), RKL/RPL, UKL/UPL, CSR, Community Development, OHS program, SIA, HCV, waste management, compensation mechanism, dispute procedure, human right policy, etc, are available upon public request in exception for confidential financial documentation and information of RTEs species.

List of information which can be accessed by other stakeholders as documented in "Dokumen yang Dapat

Diakses oleh Publik”, the last update on 12th December, 2013.

The retention of those documents are 5 year.

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

All legal requirement comply with the regulations and laws, including those related to land status, occupational health and safety, environmental, labour, agricultural practice, and mill operation. such as:

- Izin Prinsip usaha Perkebunan (Area Allocation Permit) No. HK 350/E.4.900/11.89, dated 8th November 1989 (\pm 10.000 ha), No. HK. 350/E.4.247/06.88, dated 7th June 1988 (\pm 5.500 ha), no. HK. 350/E.4.447/07.92, dated 10th Juli 1992 (\pm 2.000 ha for oil palm plantation and 1,800 ha for rubber plantation), no. HK. 350/E.4.297/06.88, dated 7th Juni 1988 (\pm 3,600 ha) from Direktur Jenderal Perkebunan, Departemen Pertanian RI.
- Izin Lokasi (*Location permit*) No. No. 245, dated 7th July 1989 (\pm 10.000 ha), No. 156, dated 23th April 1991 (\pm 3,740 ha), No. 199, dated 12th June 1989 (\pm 6.000 ha) and No. 347/II/ BKPMD/1990, dated 30th January 1990 (\pm 2.500 ha), approved by Governor of Bengkulu.
- Izin Usaha Perkebunan (*Plantation Operational Permit*), the last revision due to increasing mill capacity (30 MT FFB/hour become 60 MT FFB/hour) No. 571/T/ Pertanian/1996, dated 17th September 1996, approved by Menteri Negara Penggerak dana Investasi/Ketua Badan Koordinasi Penanaman Modal (Coordinating investment Board).
- Hak Guna Usaha (*Land tittle rights*) No. 31/HGU/BPN/89, dated 27th June 1989 (10.000 ha), no. 04/HGU/BPN 1994, dated 2nd February 1994 (4.313 ha), no. 09/HGU/BPN/93, dated 8th March 1993 (5.786,03 ha) and no. 07/HGU/1990, dated 03 May 1990 (2.500 ha).
- Hak Guna Bangunan (Building Use Permit) No. 02/HG/BPN-RI/2011, dated 26 April 2011.
- Ijin Mendirikan Bangunan (Building permit) No. No. FP. 015/5/13/C/TBS- 04, dated 30th November 2004.
- Ijin Bulking Station from “Pelindo” No. HK-56/2/12/CTBS-2002 for 25 years.
- How about land title of the KMD???

The evidence reviewed in each mill, estate and other operational areas visited indicated that each area was familiar with the conditions with regards to permit, licenses and reporting. The records inspected indicated that each area is following and in compliance with each legal requirement.

During audit, it was found company has not been in compliance with relevant regulation, such as:

1. *Hoisting crane operator at Mukomuko POM, Heavy equipment operator (grader and compactor) in sampled estates have not valid operating license (SIO/Surat Izin Operator) as per “Permenakertrans*

No.9 tahun 2010 tentang Operator dan Petugas Pesawat Angkat dan Angkut”.

2. *Inadequate evidence the agrochemical sprayer and warehouse keeper in sampled estates have been trained for limited pesticide application required by “Permentan No.7 tahun 2007 tentang Syarat dan Tatacara Pendaftaran Pestisida, Chapter 7”.*
3. *Appointment letter for OHS Committee (Ahli K3) No. 585/M/DJPPK/2005 at Mukomuko Mill has been expired since 29 September 2008.(2.1.1)*

Major NC was raised

Also, It was found overlapping with HPK (Hutan Produksi Konversi) area, of which currently in process of forest area release (pelepasan kawasan) at Kementerian Kehutanan; The progress will be verified in the next surveillance. 2.1.1 (Obeservation was raised)

PT AM ensures staffs attend workshops where applicable with regards to laws changes in each area - e.g. Labour laws, education and others. If any changes or amendments in law and regulations, Manager Corporate Affair Head office Medan will analyse and distributed to unit operation and Head Department. (2.1.2)

A list of legal requirement and comply with is available in “Daftar Peraturan perundang Undangan yang terkait RSPO”. (2.1.3)

The company has mechanism to ensure comply with regulation, however There is not adequate evidence all relevant regulation with mill and estate operation has been evaluated for its compliance (2.1.4)

Minor NC was raised

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

PT AM holds copies of all HGU's. Copies of HGU's are held in each estate and the originals are held in Medan HO. HGU's were sighted for all concessions and all were current and readily available showing area and length of land tenure. In all cases this was for a period of 30 years and all expire from 2018 and beyond depending on the date of original lease (HGU) (2.2.1)

Legal boundaries are clearly demarcated on the map. Boundary stones were visited during field visit. It is clearly maintained and there is record of inspection of these boundary stones was conducted at least twice a year, inspected by estate survey department.

Mukomuko Estate: There are 45 boundary stones, the last monitoring in December 2013, seen 43 boundary stones demarcated well and 2 boundary stones disappear due to replanting in field and its have been replaced with new boundary stones.

Sei Betung estate: The last monitoring report on 18 November 2013, there are 17 boundary stones, during field visit, it seen demarcated well.

Air Buluh Estate: The last monitoring report on 06 Januari 2013, there are 50 boundary stones, during field visit, it seen demarcated well. (2.2.2)

There have been no major disputes with regards to land tenure in recent memory and there are no outstanding disputes that PT AM is aware of.

Mostly estates has no land disputes, due to PT AM has been operated more than 15 years. In several estates, a number of plots of company land are being occupied by local settlers. A program is in place to take the land back. Records of all negotiations are maintained although all occupations are illegal with regards to HGU as the land is legally owned by PT AM, e.g. land occupied by Mr. Tamrin (1.5 ha in Div. 3) (2.2.3)

Copy of land acquisition process is available in each estate.

Compensation agreement for each settlers who have been received compensation is documented, in 2013 (till November 2013) there are 17 land were occupied have been solved, e.g. compensation for Mr. Lamin, dated 2 April 2013 for 4.34 ha, Mr. Wanasuki compensated for oil palm trees (206 palm trees), Mr. Amis S for 1.14 ha and Mr. Zakaria for 1.36 on 15 July 2013 (2.2.4)

PT AM developed a generic SOP for dealing with land claims "Prosedur Keluh Kesah dengan Pihak Internal & Eksternal" No. 01/HRAD/CIR/10 dated 01 January 2010 which included a procedure to resolve issues that emerge during new plantings. The procedure involved receiving and extracting relevant documents and, discussion with claimants. If this fails to resolve the issues then they will be referred to court system (2.2.5).

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

It is not assessed during this surveillance

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

A documented operational plan and budget for 5 years (2014-2019), which covers area statement, FFB, CPO and PK projection, forecast price, OER and KER, profit, operational cost, ,etc. Strategic of achievement also described in budget plan.

Replanting program also covered in budget plan, detail acreage, block, and operational cost needed. Review program and progress of replanting were seen achieved.

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

The company has generic SOP's, which are up to date which cover all plantation operation from nursery until Transport FFB to the mill. The SOPs are documented in "Agricultural Manual Oil Palm"

Company may wish to adjust the width of primary drain, regulated under the SOP Penanaman di Lahan Gambut in order to meet the Permentan No.14 tahun 2009 and current practice 4.1.1. (Observation was raised) (4.11)

There are Standard Operating Procedures (SOP's) in place within all operational areas of the mills, consist of receiving FFB to dispatch of CPO. These are no changes or amendment of SOPs since the last audit. (4.1.2)

The estates are similar to the mills in that scheduled field inspections take place within an inspection programme. These are further supported by an Internal Audit Programme carried out by the Sustainability department.

The estate managers carry out regular field inspections to ensure SOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. This is further supported by the Director of Estates (D-ESD), Senior Manager of Estates (SM-ESD) and Senior Field Manager (SFM), who carry out regular field inspections which are further supported by the issuing and circulating of an inspection report to the relevant managers (4.1.3)

Records of the results of monitoring of operations are captured in the monthly progress report (MPL) which is reported and includes all mills, estates and other support areas. This includes inspections undertaken, extraction rates, tonnes per hectare, fertiliser applied, areas harvested, FFB milled, CPO produced etc. (4.1.4)

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

It is not assessed during this surveillance

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

It is not assessed during this surveillance

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

Riparian zones are observed along the main rivers in the land area where conservation green belt is visible (4.4.1)

Regular checks on river water analysis available where all result are within the limit. Water sourced from bore is tested for coli form and E.coli but nothing detected as per sample no: 445/399/Labkes.III, dated 7 November 2012, referring "Baku Mutu Air- Perda Provinsi Bengkulu No.6 tahun 2005". Best practices is implemented, e.g.

planting vertiver to prevent erosion and PT. Agro Muko , (4.4.2)

Measurement of BOD level analysis carried out every 6 months and result was seen as per “Kepmen Lingkungan Hidup no. 51/1995” (pH, Padatan Tersuspensi, Total amonia, BOD, COD, Nitrogen Total, Minyak dan Lemak) (4.4.3).

Water usage per tonne FFB is recorded in “Rekapitulasi Operasi Muko Muko Palm Oil Mill.

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

The Integrated Pest Management plan has been documented for all estates – this includes all Integrated Pest management techniques used in each estate. This includes use of barn owls for rat control, planting of beneficial plants as well as use of pesticides. PT AM are planning to minimise the use of chemicals and pesticides by these biological methods (4.5.1)

Monitoring of Integrated Pest Management Program – 2014, such as barn owl, ganoderma cencus, and Beneficial plants e.g. Turnera, Cassia tora and Antigonon,

Ganoderma attacks cencus carried out and recorded in the Census Palm Ganoderma in each division three monthly and mapped.

Integrated Pest Management Training was held on December 24, 2013, was attended by 40 staff employees PT Agro Muko of all Estates. Training covering pest and weed control. (4.5.2).

Monitoring of Agrochemical usage is done, e.g. Record of Pesticide Use per ha and Metric Ton FFB in 2013 (January to December 2013):

- Glyphosate: 202.36 gr/ha ; 0.15 gr/MT FFB.

- Methyl Metsulfuron: 167.10 gr/ha ; 0.34 gr/MT FFB.

- Trichlopyr: 124.36 gr/ha ; 0.10 gr /MT FFB. (4.5.3)

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

There is evidence in place with regards to PT AM’s documented justification for all Agrochemical use. List of pesticides used in 2013, covering registration number and period of validity. (4.6.1)

All estates are recording pesticide use including active ingredients used, area treated, amounts used per ha and

number of applications for each area, e.g. using 2 litre Smart for applied 2 ha in Block 13D09 on 7 January 2014. (4.6.2 and 4.6.3)

Hazardous waste, including agrochemicals wastes are disposed through register company, namely CV. Amindy Barokah, e.g. Delivery note no. No.001/ABE/M/11/2013, dated 19 November 2013 for used oil (870 liter), used battery (2 kg), empty chemical containers (38 kg). (4.6.4)

The use of paraquat is increasing in period of 2012 to 2013. The use of paraquat is increasing, based on comparison of "Rekaman Penggunaan Pestisida" for Gramoxone (a.i. paraquat) in Mukomuko Estate and Air Buluh Estate period 2012 to 2013. (4.6.5)

Minor NC was raised.

Records of result of health check up are available for all pesticide operators and pregnant woman will be deactivating for spraying jobs and will be given light jobs. E.g. general check up for spryng team was conducted on 6 November 2013 (period October – december 2013) for Didi Abubakar, Yanti, Safitri and 15 November for Rosmanita, Eli Diana. (4.6.6 and 4.6.7).

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

All areas have implemented and monitor the Occupational Safety and Health plan. *However it was noted there is low level of safety awareness and safety measure was inadequately implemented. During site visit to mill and estate premises:*

1. *Safety briefing in Mills and estates were not maintained properly.*

2. *During field inspection, visitors were not provide adequate Personal Protective Equipment (earplug at the mill);*

Milling operator in Mill workshop did not use glove.

(4.7.1) **Major NC was raised**

OSH organization chart has been established and approved by “Dinas Sosial, Tenaga Kerja dan Kabupaten Muko Muko”, e.g. GMO unit nomor 566/014/D3/IV/2013, dated 05 June 2013 and “Bunga Tanjung Estate” nomor 566/06/D3/IV/ 2013, dated 02 January 2013. (4.7.2)

All Workers are protected by JAMSOSTEK, included temporary worker and contractor workers. (4.7.3)

Medical check up for workers who is work in station or exposed to high risk work was conducted regularly, e.g. Medical check up for spraying team on 6 November 2013 (sample: Didi Abubakar and Yanti, Safitri), medical checkup for Yanti in June 2013 and audiometric test for genset operator (Mr Dedi Tampubolon) on 17 June 2013. (4.7.4)

The risk assessment for Occupational Health and Safety was found to be inadequate, for instance:

1. *Confined space guidance stated on EHS Manual has not considered "Pedoman K3 di Ruang Terbatas tahun 2006". It was found that cleaning tank activity at Mukomuko Mill (Clarifier Tank 1 & 2 on 12 December 2013) and Bunga Tanjung Mill (Storage Tank 2 on 3 October 2013) was not measured level of oxygen.*
2. *It was found that implementation Risk Factor Number of HIRADC has not fully accordance with Procedur of "Identifikasi Bahaya dan Penilaian Resiko no. TTI/PROS/REN/02. (4.7.5)*

Minor NC was raised

First Aid training given to estate and mill, records are available in place, e.g. First Aid training for Nanang Wijayanto and Khaidir Manurung on 22 October 2012 and for Suprpto (Genset Operator) and Ahmad (Mandor Panen) on 18 October 2012. (4.7.6)

Procedure of accident and emergency preparedness was determined, covering spilled of agrochemical, fertilizer, oil, land-fire, earthquake, tsunami, etc. Fire drill were carried out in the mill and found that the procedure is well implemented, e.g. fire drill was carried out on 26 November 2013, attended 14 workers and fire drill on 16 December 2013, attended 23 workers. (4.7.7)

All operation has first aid kit and all relevant emergency information is pasted in nearby notice boards. (4.7.8)

Trained first aider is in place at high risk area, e.g. Mr. Haryono (Supervisor) and Ahmad (Supervisor) were trained on 18 October 2012. (4.7.9)

1. *Insufficient evidence that company has reviewed HIRADC after incident occurs as required by Procedure "Identifikasi Bahaya dan Penilaian Resiko (TTI/PROS/REN/02) chapter 6". This case was observed on accident at Kernel Plant on 9 February 2013.*
2. *It was evidenced work accident reported after period of 2 x 24 hour was not recorded as work accident case. (4.7.10)*

Minor NC was raised

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

A well planned training programme and socialization records the type of training, targeted person, and by whom to be trained. This record shows monthly achievement of the trainings conducted (4.8.1)

Training record for each staff was not evidenced on Mukomuko mill. (4.8.2) Major NC was raised.

The company has conducted training for contractor's workers, e.g. replanting contractor PT Mitra Prima Usaha Maju on 3 January 2014, attended 6 workers and training on 15 March 2013, attended 12 workers.

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.

AMDAL document is available and approved by Governor of Bengkulu no. 425, year 2005 (5.1.1)

Regular reporting of every six month for both estates and mill through RKL/RPL. Latest RKL/RPL (Period January – June 2013), It is found that local authority has signed the letter as evidence. (5.1.2)

No revision noted till audit (5.1.3)

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

Identification of RTEs through HCV assessment which has been carried out by "Yayasan Sawit Berkelanjutan Indonesia" in 2010. Based on HCV assessment, RTEs identified 9 species flora and 54 species fauna (5.2.1)

Management plans and monitoring plans were developed based on the HCV consultants' recommendations and these were inspected during the document review. The management plan of HCV updated every year and monitoring of HCV is conducted by monthly, e.g. the last HCV monitoring was conducted on 27 December 2013 using computerize system, namely SMART system. (5.2.2)

PT. Agro Muko has socialized the HCV and biodiversity for all workers and communities surrounding company. Animal and habitat protection plan based on relevant law and regulation is available (5.2.3)

Company could improve the awareness and communication of protected flora and fauna to surrounding community. 5.2.4 (Observation was raised) (5.2.4)

The company has appointed a dedicated person to handle and manage HCV (5.2.5)

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

PT. Agro Muko's procedure for handling of liquid waste no..No.SOP-POM-11/ETP-OPR rev.0, dated 1 December 2012 and air emission no.SOP-POM-10/ETP-OPR rev.0, dated 1 November 2012. Identification of all waste and pollutions has been identified appropriately (5.3.1)

Waste management plan was created and implemented, e.g. CDM project (Biogas plant) for methane capture, applied EFB as fertilizer, fibre and shell are burned in boiler for electricity, organic and an-organic from

domestic waste is separated, where an-organic waste go through to the landfill.(5.3.2)

PT. Agro Muko has prepared hazardous waste each unit in estates and mill, balancing stock of hazardous waste recorded monthly in “Neraca Limbah Bahan Berbahaya dan Beracun”, included incoming, outgoing and stock each type of hazardous waste.

The hazardous waste send to the register collector company, namely “CV Amindy barokah” which has approved by “Menteri Negara Lingkungan Hidup” letter no.33 tahun 2011. (5.3.3)

Company could improve the awareness of Genset operator in Air Buluh Estate related to hazardous waste handling. 5.3.3 (Observation was raised)

It was found hazardous waste disposal is not recorded. (5.3.4) Minor NC was raised

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

It is not assessed during this surveillance

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.

There is no burning in new developments or at replanting. Burning is not allowed by PT AM and there is no evidence of burning. (5.5.1)

Fire fighter has been organized in “Bakortiba”. Fire drill is conducted, e.g. Fire drill on 21 Januari 2013 as recorded in “Berita Acara Simulasi Fire Drill No.51/MMPOM/l/2013. (5.5.2)

The company a has policy to anticipation and prevent land fire were covered in policy document “Tanggap Darurat” dated 11 January 2010, which mention procedure of prevent land fire and handling if any land fire. The procedures has been implemented in field. There was no evidence of fire use in any areas visited. (5.5.3)

PT Agro Muko has facilities for prevent land fire, monitoring of fire equipments conduct regularly, hydrant and fire extinguisher checked worked effectively. There is evidence of regular routine checking of all fire fighting equipment. *However, Land fire infrastructure in Sei Betung Estate was not based on appropriate risk assessment. (5.5.4) Minor NC was raised.*

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

It is not assessed during this surveillance.

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

Social Impact Assessment (SIA) was conducted by “Yayasan Kelapa Sawit Berkelanjutan (YASBI)” in 2010 covering 15 villages surrounding company.

Monitoring and management of social impact is conducted regularly with involving local communities (6.1.2)

No any new impacts identifie related to social impact assessment since the last audit. (6.1.3)

Social impact Monitoring and Management plan (RKL/RPL) to “Badan Lingkungan Hidup Kab. Mukomuko” every six months, report of RKL/RPL period I (January – june 2013) and period II (July – December 2013) has sent to “Badan Lingkungan Hidup Kab. Mukomuko”. Receipt letter which sign by BLH officer as evidence. (6.1.4)

Company has set up scheme smallholder (KMD - Kebun Masyarakat Desa) for 38 villages (524 Ha) where KMD is managed fully by company (6.1.5).

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

PT. Agro Muko has documented a procedure of communication with internal and external stakeholders in “Prosedur keluh Kesah no. SOP/025/HRA, dated 23 December 2009. (6.2.1)

List of stakeholders is maintained and updated regularly, stakeholders list consist stakeholders, both internal and external and NGOs. (6.2.2)

Local communities aspiration and response given documented in “*Rekaman Informasi dan Tanggapan*”, based on interviewed with local communities confirm that PT. Agro Muko has responded aspiration sufficiently, e.g. response for Pondok Baru Head village on 24 july 2013, response for Mr. Busra (Local community Head – Sumendam) related job vacancy for PT. Agro Muko Elementary School in December 2013.(6.2.3)

A dedicated person appointed who is responsible for consulting and communicating with local stakeholders, e.g.Mr. Deni Anjana (Estate Manager – MME), H. Bakri (HA-MME), M. Ali Napy S. (Act HA-MME), Achmad Chosi'in (OA-MME) in Muko Muko Estate and Mr. Zulkawi, SP (Act Estate Manager SBE), Surya (Act field Head Assistant SBE), Benjamin N. Siregar (Oice Assistant SBE) in Sungai Betung Estate.

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.

PT. Agro Muko has established procedure dealing with complaint and grievance as regulated in "Prosedur Keluh Kesah dengan pihak Internal dan eksternal" No SOP/025/HRA, dated 23 December 2009, during interview and document review, it was seen implemented well.(6.3.1)

Complaint and grievances is recorded in "Buku Komplain" in each estate and mill, it was noted that there are 7 complaints were received in Bunga Tanjung estate and it has been solved, e.g. from Safrin (Mandor I) on 21 January 2013 related pipe leak in housing complex and it has been repaired on 10 February 2013 and complaint from Head of Villages related FFB quality from scheme smallholder (KMD) on 29 December 2013, the company taken action to socialize quality of FFB to the KMD members on 29 December 2013. (6.3.2)

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.

Procedure of compensation calculation has determined in SOP/CA/02, dated 01 July 2012 which regulated: review evidence of documents, land investigation, land survey, mapping, negotiation, payment of compensation. (6.4.1)

PT. Agro Muko has compensated in 2013 up to November 2013 as noted in Agreement "Surat Keterangan Ganti rugi Tanah Garapan", e.g. for Mr. Lamin, it has been compensated on 2 April 2013 (4,34 ha), Mr. Wanasuki on 2 April 2013 (2,22 ha) and compensated 206 oil palm tree. (6.4.2)

Record of negotiation process is documented for each compensation process, e.g. compensation processes for Mr. Jafri (local community from Penarik Village), evidence was verified are minutes of meeting, letter of intent, map, and negotiation record and compensation for Mr. Amin S (1.14 ha) and Mr. Zakaria (1.36 ha) from Air Merah Village, document verified letter of intent, minutes of meeting, negotiation process, and compensation record, photograph and receipt. (6.4.3 and 6.4.4)

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

The company follow the government announcement for the minimum wages Rp. 1,200,000 per month for 2013 as regulated by Bengkulu governor no. D.308.XIV tahun 2012, dated 12 October 2012, Overtime, Bonus

(once per year). Then minimum wages from government discussed it with labour union and stipulated Rp. 1,280,000 per month. Document of payment list verified during audit, it was noted that the employees paid similar and/or more than minimum wages, e.g. payment slip for Mr. Afrizal (Rp. 2,842,000) and Mr. Suratman (Rp 1,817,251) in November 2013. (6.5.1)

Work contracts for all staffs and employees is available in place and abide the national law, review of contract during audit seen that detail of contract, such as Right and duties of the workers, salary, bonus, housing, working hours, facilities, etc. (6.5.2)

The company provide housing 98 units for staff and 1,320 unit for employee), electricity, water, medical facility, crèche 913 units), kindergarten (16 unit), school (4 units), mosque (26 units), church (1 unit), community hall (15 unit) playground, clinic (11 units), school bus, school bus, sport facilities. (6.5.3)

Surat *Perjanjian Kerja* (Working agreement) with external contractors including rights and obligation of both company and contractors, sanctions with annex Undang-Undang No.1 tahun 1970 regarding working safety and others referring law. Review of contract during audit confirms that contracts abide the law, e.g. contract between PT. Agro Muko and PT. Sentana Adidaya Pratama, contract no. 113/MME-HO/PS-NPK 13/2013, dated 17 May 2013, CV. Ari Putri, contract no. 25/MME-GMO/2013, dated 15 May 2013, and contract CV. Dharma Putra, no. 042/MME-GMO/2013, dated 08 March 2013. (6.5.4)

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

Policy for freedom of association dated 01 March 2013. Labour union has been established, namely "Serikat Pekerja Agro Muko Mandiri (SPAM)" which has been registered to the government officer "Dinas Sosial dan Tenaga Kerja dan Transmigrasi Kab. Muko Muko" register letter no. D.3/560/16/PC-F.SP.PPSI/IV/2011, dated 18 February 2011. (6.6.1)

Meeting with labour union is conducted monthly, e.g. meeting on 28 September 2013 to address temporary worker status, up-grading permanent worker, re-scheduling school bus, etc, it was attended 40 participants. Minutes of meeting, photograph and list of attendances is evidence. (6.6.2)

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

A policy "Pekerja Anak" dated 01 March 2013 and procedure "Penerimaan karyawan", dated 19 September 1997, state that age accepted for work is only 18 years above. (6.7.1)

There is a list of overall employee which indicates the age of workers at the time of employment, document review confirm that no any workers was hired below 18 year, e.g. the youngest worker Mr. Sandi Santoso, date of birth 29 February 1992, start worked at PT. Agro Muko on 01 May 2013 (21 years old). (6.7.2)

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

Policy ""Persamaan Kesempatan kerja" dated 01 March 2013 was established by company.

PT. Agro Muko implementing policy with announce of job vacancies in local newspaper "Radar Muko Muko" and company website.

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.

Policy to prevent sexual harassment and reproduction right, dated 1 March 2013.

menyatakan: PT. Agro Muko mendukung pelaksanaan ketat hukum dan peraturan Republik Indonesia tentang pelecehan seksual. (6.9.1 and 6.9.2)

PT. Agro Muko has established gender committee to solve sexual harassment cases and enhance reproductive right for women workers. Gender committee conduct meeting regularly, e.g. the last meeting on 24 December 2013 to address reproduction right and maternity leave, minutes of meeting, attendance list and photograph as evidence.

Company giving maternity leave for 3 months with monthly wages, e.g. Rini Puspita sari, leave from 17 January 2013 – 04 May 2013, paid for February, March, April 2013 (Rp. 1.280.000/bulan) and Dewi, leave from 7 September – 7 December 2013, paid for September 2013 (Rp. 1.454.526), Oktober 2013 (Rp. 1.467.572), November 2013 (Rp. 1.465.717). (6.9.3 and 6.9.4)

A Procedures of sexual harassment by identifying type of harassment & report to Gender committee and investigation will be conducted by management team & if found guilty, disciplinary action will be taken. (6.9.5)

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

PT. Agro Muko has regulated FFB pricing for KMD, the company update the FFB pricing weekly, e.g. the last FFB pricing in letter no. GM-AM/EDB/12, dated 18 December 2013, period 16 – 22 December 2013, FFB pricing

- a. Grade A = Rp. 1.553,-/Kg
- b. Grade B = Rp. 1.538,-/Kg
- c. Grade C = Rp. 1.523,-/Kg

However, interviewed with the KMD members noted that supervisor inform the FFB price monthly. (6.10.1 and 6.10.2)

KMD member has not updated with FFB price, applicable each period which determined by company. (6.10.1)

Major NC was raised

PT. Agro Muko has signed many contracts with third parties, such as: KMD and contractors, e.g. contract with KMD Desa serami Baru, dated 10 September 2000 for 10 Ha, agreement no. 0-530.3-28-2002 and there are 4 contract with local contractors, such as UD Norat , KSU Karyawan Agro Muko, for upkeep, PT Mitra Prima Usaha Maju for replanting and CV Bintang Terang for Road Preparation & Sreading, agreement no. 05/XII/CV.BT-SBE/Div i/2013 dated 02 December 2013. (6.10.3)

Payment for contractors and KMD documented in "Rekapitulasi Tagihan Pembayaran", e.g. payment for CV. Bintang terang on 02 January 2014 (Rp. 127,261,860). (6.10.4)

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

PT. Agro Muko perform 3 programmes, namely CSR, Community development (CD) and direct contribution to local communities.

Contribution to villages surrounding the concessions in 2013, e.g. local contribution in Mukomuko estate (Rp. 67,482,976,).

Company could consider the SIA and AMDAL review result for planning the CSR program 6.11.1 (Observation was raised)

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

N/A (No any new planting)

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

N/A (No any new planting)

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

N/A (No any new planting)

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

N/A (No any new planting)

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

N/A (No any new planting)

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

N/A (No any new planting)

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

N/A (No any new planting)

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.

A continuous improvement plan has been prepared and internal audit conducted to identify environmental and social activities, e.g. in Mukomuko Estate:

- Maintenance of housing (82 units) and Community hall (1 unit)
- Modified tractor for FFB transport in hilly areas
- Seedling beneficial plant (mucuna bracteata) in EFB medium with transplant system.
- Build canopy for diesel station..
- Payment salary via bank.

Sei betung Estate:

- Terracing for replanting area.
- Planting beneficial plant (Mucuna Bracteata).
- Increasing road density for FFB transport.
- Put in zinc plate in palm tree to prevent pig attacks.

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions.

3.2.1. Non Conformities and Observation was raised in previous assessment.

3.2.1.1 Close out of Major Nonconformity in previous Assessment

Nil Major Nonconformities were assigned

3.2.1.2 Close out of Minor Nonconformities in previous assessment

Two (2) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

4.7.7 Minor NC – Ref. No. 463917-1: The emergency fire pump at Muko Muko Mill was not operational and would not start when tested and could not be relied upon in an emergency situation.

Verification during this annual surveillance audit:

Inspection to both mills (Mukomuko and Bunga Tanjung mill) found emergency fire pump located on mill premises are operational. Routine inspection done by dedicated safety officer on weekly basis. Auditor tested the emergency fire pump, can be started And spray water. (NC was closed on 08 January 2014).

6.5.3 Minor NC- Ref. No. 463917-2: It was noted that in latest water tests that the ph. was below the limits required and set by government. This reading appeared to be the same for all areas even though some sources were over 100 kilometres apart. These recording appear dubious and should have been further investigated to determine the cause. There were no complaints from residents and therefore these readings should have been in doubt.

Verification during this annual surveillance audit:

Water measurement has been conducted for pH at all certain areas, result was meeting requirements. Relevant analysis was provided and continuously monitored. (NC was closed on 8 January 2014)

PT AM has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit.

3.2.2 Non Conformities and Observation was raised during this surveillance.

3.2.2.1. Major Non Conformities were raised during this surveillance

1. Major NC 1. Ref No. 1010903M3 (RSPO P & C 2.1.1)

It was found company has not been in compliance with relevant regulation, such as:

1. Hoisting crane operator at Mukomuko POM, Heavy equipment operator (grader and compactor) in sampled estates have not valid operating license (SIO/Surat Izin Operator) as per "Permenakertrans No.9 tahun 2010 tentang Operator dan Petugas Pesawat Angkat dan Angkut".
2. Inadequate evidence the agrochemical sprayer and warehouse keeper in sampled estates have been trained for limited pesticide application required by "Permentan No.7 tahun 2007 tentang Syarat dan Tatacara Pendaftaran Pestisida, Chapter 7".

3. Appointment letter for OHS Committee (Ahli K3) No. 585/M/DJPPK/2005 at Mukomuko Mill has been expired since 29 September 2008.

Rectification Result:

1.1. The company has made agreement with “Dinas Tenaga Kerja dan transmigrasi Prov. Bengkulu” No. 008/AM-EDB/2004, dated 29 January 2014 for training and issuing licenses for heavy equipment operators according national regulation “Permenaker No. 9, year 2010”.

1.2. The company has conducted training for limited pesticides in all estates. Minutes of training, list of attendances and photograph is evidence, e.g. Air Buluh Estate was conducted limited pesticides training on 13 January 2014, attended 43 participants.

1.3. The company has sent letter to Manpower and Transmigration Department Officer “Dinas Tenaga Kerja dan Transmigrasi” Prov. Bengkulu to extend OHS committee (Ahli K3) for PT. Agro Muko. The evidences letter No. 08/SMA-AM/ENC/M/II/2014, dated 13 February 2014.

The nonconformity was closed on 06 March 2014.

2. Major NC 2. Ref No. 1010903M7 (RSPO P & C 4.7.1)

There is low level of safety awareness and safety measure was inadequately implemented. During site visit to mill and estate premises:

1. Safety briefing in Mills and estates were not maintained properly.
2. During field inspection, visitors were not provide adequate Personal Protective Equipment (earplug at the mill);
3. Milling operator in Mill workshop did not use glove.

Rectification Result:

The company has circulated letter from General Manager Office (GMO) regarding safety briefing to all suppliers and visitors prior they entering estate or mill as letter No. 11/SMA-AM/ENC/M/II/2014, dated 13 February 2014. A form was produced to monitor implementation of this matter; contractors or visitors have to sign in form as evidence that they have given safety briefing, also in circular letter, the company pay attention to ensure that visitor using PPE during visit in estates or mills. OHS training has been given regularly for all workers, PPE training was conducted to refresh how important using PPE in all units in mill, specially operator in Mill Workshop, e.g. training “Alat Pelindung Diri (PPE)” for Workshop Mechanic in Bunga Tanjung POM, attended 10 mechanics on 20 February 2014 and attended 4 Workshop Mechanics in Mukomuko POM on 22 February 2014.

The nonconformity was closed on 06 March 2014.

3. Major NC 3. Ref No. 1010903M10 (RSPO P & C 4.8.2)

Training record for each staff was not evidenced on Mukomuko mill.

Rectification Result:

Record of training for each employee/staff was created, record showing that the historical of training, e.g. Soekamto (HRAD Department), position Office Assistant, date of joining 01 May 1991, he was trained “Pelatihan Perpajakan” on 18/02/2006, “Pemeriksaan Perpajakan dan sanksinya” on 09 February 2014, “A Miracle of Communication” on 11/12/2011, and “The Power of Creative Thinking” on 20-21/02/2012 and Bastian Margolang (Bunga Tanjung POM-office Assistant), he was attended in 5 training since joining on 20 December 2009 as recorded in “Employee training and education record”

The nonconformity was closed on 06 March 2014.

4. Major NC 4. Ref No. 1010903M16 (RSPO P & C 6.10.1)

KMD member has not updated with FFB price, applicable each period which determined by company

Rectification Result:

The company has take action to inform FFB price to all KMDs weekly basis as circulated letter from GMO dated 27 January 2014. Then, estates pass on to KMDs, e.g. circular letter on 6 January 2014, FFB prices on 6 – 12 January 2014, Grade A (Rp. 1,641), Grade B (Rp. 1,626) and grade C (Rp. 1,611), “Bukti Tanda Terima” by KMD as evidences that KMDs has informed the FFB prices (e.g. Tanda Terima Surat Pemberitahuan harga TBS period 06 – 12 January 2014 signed by Mr. Iwan SH (KMD Air Bikuk), Mr. Darisman (KMD Air Berau), Mr. Razi Yahya (KMD Pondok Suguh), etc. The company also announces the FFB prices in “Weight-Bridge” weekly (photograph as evidence).

The nonconformity was closed on 06 March 2014.

5. Major NC 5. Ref No. 1010903M18 (RSPO SCCS D.3.4 & D.4.1)

The specific trade name in relevant document of purchase and sales were not clearly indicated supply chain model used.

Review of record upon delivery note of FFB from Estate to the mill, weighbridge ticket of FFB reception on the mill and delivery order of CPO does not clearly stated prefix SG, sample of records taken for FFB reception and certified CPO delivery on July and August 2013.

The nonconformity was closed on 06 March 2014

3.2.2.2. Minor Non Conformities were raised during this surveillance

1. Minor NC 1. Ref. No. 1010903N1 (RSPO P & C 2.1.4)

There is not adequate evidence all relevant regulation with mill and estate operation has been evaluated for its compliance

2. Minor NC 2. Ref. No. 1010903N6 (RSPO P & C 4.6.5)

The use of paraquat is increasing in period of 2012 to 2013. The use of paraquat is increasing, based on comparison of "Rekaman Penggunaan Pestisida" for Gramoxone (a.i. paraquat) in Mukomuko Estate and Air Buluh Estate period 2012 to 2013;

3. Minor NC 3. Ref. No. 1010903N8 (RSPO P & C 4.7.5)

The risk assessment for Occupational Health and Safety was found to be inadequate, for instance:

1. Confined space guidance stated on EHS Manual has not considered "Pedoman K3 di Ruang Terbatas tahun 2006". It was found that cleaning tank activity at Mukomuko Mill (Clarifier Tank 1 & 2 on 12 December 2013) and Bunga Tanjung Mill (Storage Tank 2 on 3 October 2013) was not measured level of oxygen.
2. It was found that implementation Risk Factor Number of HIRADC has not fully accordance with Procedur of "Identifikasi Bahaya dan Penilaian Resiko no. TTI/PROS/REN/02

4. Minor NC 4. Ref. No. 1010903N9 (RSPO P & C 4.7.10).

1. Insufficient evidence that company has reviewed HIRADC after incident occurs as required by Procedure "Identifikasi Bahaya dan Penilaian Resiko (TTI/PROS/REN/02) chapter 6". This case was observed on accident at Kernel Plant on 9 February 2013.
2. It was evidenced work accident reported after period of 2 x 24 hour was not recorded as work accident case.

5. Minor NC 5. Ref. No. 1010903N13 (RSPO P & C 5.3.4.)

It was found hazardous waste disposal is not recorded.

6. Minor NC 6. Ref. No. 1010903N15 (RSPO P & C 5.5.4)

Land fire infrastructure in Sei Betung Estate was not based on appropriate risk assessment

3.2.2.3. Observation

1. Observation 1 (RSPO P & C 2.2.1)

It was found overlapping with HPK (Hutan Produksi Konversi) area, of which currently in process of forest area release (pelepasan kawasan) at Kementerian Kehutanan; the progress will be verified in the next surveillance

2. Observation 2 (RSPO P & C 4.1.1)

Company may wish to adjust the width of primary drain, regulated under the SOP Penanaman di Lahan Gambut in order to meet the Permentan No.14 tahun 2009 and current practice

3. Observation 3 (RSPO P & C 5.2.4)

Company could improve the awareness and communication of protected flora and fauna to surrounding community

4. Observation 4 (RSPO P & C 5.3.3)

Company could improve the awareness of Genset operator in Air Buluh Estate related to hazardous waste handling.

5. Observation 5 (RSPO P & C 6.11.1)

Company could consider the SIA and AMDAL review result for planning the CSR program

3.3 Issues Raised By Stakeholders

1. The company has compliance with legal requirements related environmental, social, labour, etc.
2. The company has sent report as obligated by Indonesian laws and regulation
3. No any issues were raised by stakeholders regarding environmental management and company obtained mandatory environmental assessment from Environmental Ministry with grade "HIJAU"
4. The company has provided housing, electricity, potable water, etc.
5. The local communities confirmed that they get many positive impact related company operational, e.g. road access, education, local contribution (CSR), Village plantation (KMD), etc.
6. No any land dispute issues was noted.

4. 0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit will be scheduled not later than twelve months of the approved Certificate date.

4.2 Date of Closing Nonconformities (Major and Minor)

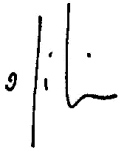
Table 5: Status of Nonconformities

Reference	Category	ISSUED	CLOSED
CR01	Minor	01/10/2010	10/02/2012
CR02	Minor	01/10/2010	10/02/2012
A675812/1	Major	10/02/2012	10/02/2012
A675812/1	Minor	10/02/2012	01/02/2013
A675812/2	Minor	10/02/2012	01/02/2013
A675812/3	Minor	10/02/2012	01/02/2013
A675812/4	Minor	10/02/2012	01/02/2013
A675812/5	Minor	10/02/2012	01/02/2013
463917-1	Minor	01/02/2013	08/01/2014
463917-2	Minor	01/02/2013	08/01/2014
1010903M3	Major	08/01/2014	06/03/2014
1010903M7	Major	08/01/2014	06/03/2014
1010903M10	Major	08/01/2014	06/03/2014
1010903M16	Major	08/01/2014	06/03/2014
1010903M18	Major	08/01/2014	06/03/2014
1010903N1	Minor	08/01/2014	"Open"
1010903N6	Minor	08/01/2014	"Open"
1010903N8	Minor	08/01/2014	"Open"
1010903N9	Minor	08/01/2014	"Open"
1010903N13	Minor	08/01/2014	"Open"
1010903N15	Minor	08/01/2014	"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 Agro Muko Indonesia



Mr Olivier Tichit
Director
Date: 22 May 2014

Signed for on behalf of
BSi Group Singapore Pte Ltd



Haeruddin
Lead Auditor
Date: 22 May 2014

Appendix "A"
RSPO Certificate Details

PT Agro Muko
Gedung Bank Sumut Lt.7
Jl. Imam Bonjol 18
20152 MEDAN, NORTH SUMATRA
INDONESIA

Certificate Number: SPO 556042

Website: www.tolantiga.co.id

Applicable Standards: RSPO Principles & Criteria : 2007; **RSPO INA-NIWG May 2008**

Standard: Supply Chain Certification requirement for CPO Mills – Module D Segregation

Mukomuko Palm Oil Mill and Supply Base				
Location Address		Teruntung, kec.Teras Terunjam, kab.Mukomuko, Bengkulu, Indonesia		
GPS Location		E101°16' – S02°36'		
CPO Tonnage Total		47,255 MT		
PK Tonnage Total		11,039 MT		
Own estates FFB Tonnage		209,828 MT		
Non-company Suppliers FFB Tonnage		4,689 MT		
SIPEF estates	Mature (ha)	Immature (ha)	Total land-use titles (ha)	Annual FFB Production (mt)
Mukomuko Estate	1,640	1,159	3,731	47,235
Tanah Rekah Estate	3,086	0	3,849	76,615
Sungai Kiang Estate	2,041	8	2,171	35,703
Talang Petai Estate	2,095	38	2,270	35,703
Sungai Betung Estate	1,639	539	4,080	9,883
Kebun Masyarakat Desa (KMD)	260	60	320	4,689
TOTAL	10,761	1,804	16,101	209,828

Bunga Tanjung Palm Oil Mill and Supply Base				
Location Address		Berangan Jaya, kec.Teramang Jaya, kab.Mukomuko, Bengkulu, Indonesia		
GPS Location		E101°22' – S02°43'		
CPO Tonnage Total		30,448 MT		
PK Tonnage Total		7,035 MT		
Own Estates FFB Tonnage		135,678 MT		
Non-company Suppliers FFB Tonnage		8,764 MT		
SIPEF Estate	Mature (ha)	Immature (ha)	Total land-use titles (ha)	Annual FFB Production (mt)
Bunga Tanjung Estate	2,468	0	2,903	51,284
Air Bikuk Estate	1,220	0	1,410	27,746
Air Buluh Estate	2,330	8	2,500	47,884
Kebun Masyarakat Desa (KMD)	241	59	300	8,764
TOTAL	6,259	67	6,326	135,678

Appendix "B"
ASA 3rd Surveillance Audit Programme

AUDIT AGENDA							
Date	Time	Description	Aryo Gustomo	Unggul	Sedayu Pratama	Nanang Muallib	HR
Sunday, 05/01/2014	06.20 – 08.10	Flight Jakarta – Padang (by Garuda)	√	√	√	√	√
	13.00 – 14.50	Flight Padang - Muko Muko	√	√	√	√	√
Monday, 06/01/2014	08.30 – 09.00	Opening Meeting (Pertemuan pembukaan) - Presentation by PT. Agro Muko - Opening meeting by BSI Indonesia (including introduction of team members and assessment agenda).	√	√	√	√	√
	09.00 – 12.00	Document Review in GMO (Including general information, time bound plan and partial certification verification)	√	√			
		Interview with stakeholder (Government)				√	
		Muko – Muko estate: Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, etc.			√		
		Muko – Muko estate: Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, etc.					√
	12.00 – 13.00	Makan Siang					
	13.00 – 16.30	Muko – Muko Mill: SCCS system and standard	√				
		Muko – Muko Mill: Document review		√			
Muko – Muko Estate: Document review				√	√	√	
Tuesday, 07/01/2014	08.00 – 12.00	Muko – Muko Mill: SCCS system and standard (Continue)	√				
		Muko Muko 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.		√			
		Sei Betung estate: Herbicide application programmes, harvesting, fertilising operations, HCV's., riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, etc.			√		
		Sei Betung estate: Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, etc.					√

AUDIT AGENDA							
Date	Time	Description	Aryo Gustomo	Unggul	Sedayu Pratama	Nanang Muajib	HR
		Interview with local communities surrounding PT. Agro Muko, KMD and NGOs				√	
	12.00 – 13.00	Lunch					
	13.00 – 16.30	Bunga Tanjung Mill: SCCS system and standard	√				
		Bunga Tanjung Mill: Document review		√			
		Sei Betung Estate: Document review			√	√	√
Wednesday, 08/01/2014	08.00 – 12.00	Bunga Tanjung Mill: SCCS system and standard (Continue)	√				
		Bunga Tanjung 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.		√			
		Air Buluh estate: Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, etc.			√		
		Air Buluh estate: Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, etc.					√
		Interview with local communities surrounding PT. Agro Muko, KMD and NGOs (continue)					√
	12.00 – 13.00	Lunch					
	13.00 – 16.30	Air Buluh estate: (Document review) Preparing SCCS report			√	√	√
Thursday, 08/01/2014	08.00 – 10.30	Preparing report for closing meeting	√	√	√	√	√
	10.30 – 12.00	Closing Meeting	√	√	√	√	√
	12.00 – 13.00	Lunch					
Friday, 09/01/2014	07.00 -	Travelling Muko Muko - Padang					
	18.40	Flight Padang - Jakarta					

Appendix "C"

**CORRECTIVE ACTION PLAN - PT. AGRO MUKO
(SIPEF - Group)**

Annual Surveillance Audit - 3 RSPO P&C PT. Agro Muko 06-09 January 2014

Last update : 13-Jan-14

Approved by : Olivier R Tichit - Marketing Director

Distribution : PD/DED/D-ENG/DFAD/GM-AM/GM-Sumut/CA/MM/EM/M-CWS/M-AMTT

FINDINGS and CORRECTIVE ACTIONS		LOCATION	IN CHARGE	SUPPORT	TIME TARGET	STATUS
1010903M3 Major NC	RSPO P&C 2.1.1 Company is not complying with relevant regulations, such as : 1. Hoisting crane operator at Mukomuko POM, Heavy equipment operator (grader and compactor) in sampled estates have not valid operating license (SIO/Surat Izin Operator) as per "Permenakertrans No.9 tahun 2010 tentang Operator dan Petugas Pesawat Angkat dan Angkut".					
<i>corrective action</i>	<i>Ensure that all operators have adequate licences as per regulations (identify all relevent employees, obtain licences from relevent authorities)</i>	<i>Estates & mills</i>	<i>SMA-AM</i>	<i>HRAD</i>	<i>February 2014</i>	
	2. Inadequate evidence the agrochemical sprayer and warehouse keeper in sampled estates have been trained for limited pesticide application required by "Permentan No.7 tahun 2007 tentang Syarat dan Tatacara Pendaftaran Pestisida, Chapter 7".					
<i>corrective action</i>	<i>Conduct training for sprayers and pesticides sheds keepers on handling of restricted use pesticides as per relevent regulations</i>	<i>Estates</i>	<i>SMA-AM</i>	<i>ESD / HRAD</i>	<i>February 2014</i>	
	3. Appointment letter for OHS Committee (Ahli K3) No. 585/M/DJPPK/2005 at Mukomuko Mill has been expired since 29 September 2008.					
<i>corrective action</i>	<i>Ensure that all OHS officers have valid appointment letters, arrange for renewal as needed, and plan for timely renewals</i>	<i>all operations</i>	<i>SMA-AM</i>	<i>HRAD</i>	<i>February 2014</i>	<i>Planned</i>
1010903M7 Major NC	RSPO P&C 4.7.1 Low level of safety awareness and safety measures were inadequately implemented 1. Safety briefing in Mills and estates were not maintained properly.					

<i>corrective action</i>	<i>Ensure that safety briefings are provided by OHS officers to all visitors (including suppliers and contractors), on the first day of their visit.</i>	<i>Estates, mills, CRF, CWS, AMTT</i>	<i>All Managers</i>	<i>HRAD / ENC</i>	<i>Ongoing</i>	
	2- During field inspections, visitors were not provided adequate Personal Protective Equipment (earplugs at the mill)					
<i>corrective action</i>	<i>Provide PPE to all visitors (including suppliers and contractors) according to identified risks in the areas visited.</i>	<i>Estates, mills, CWS & AMTT</i>	<i>All Managers</i>	<i>ENC</i>	<i>Ongoing</i>	
	3. Milling operator in Mill workshop did not use glove.					
<i>corrective action</i>	<i>Provide training and awareness to all employees to achieve consistent use of PPE according to identified risks. Conduct regular inspections to check compliance.</i>	<i>Estates, mills, CWS & AMTT</i>	<i>All Managers</i>	<i>ENC</i>	<i>Ongoing</i>	
1010903M10 Major NC	RSPO P&C 4.8.2 Training record for each staff was not provided in Mukomuko mill.					
<i>corrective action</i>	<i>Ensure that all training records are kept in employees individual files, copies kept in topical files.</i>	<i>all operations</i>	<i>SMA-AM</i>	<i>HRAD</i>	<i>Februari 2014</i>	
1010903M16 Major NC	RSPO P&C 6.10.1 KMD member has not updated with FFB price applicable for each period which determined by company.					
<i>corrective action</i>	<i>Estates to ensure that they inform the KMD linked to them of the company FFB price on a weekly basis. Mills to post the company FFB price weekly in public places.</i>	<i>Estates & mills</i>	<i>Estates and mills managers</i>	<i>SMA-AM / MD</i>	<i>Ongoing</i>	
1010903M18 Major NC	RSPO SCCS D.3.4 & D.4.1 The specific trade name in relevant document of purchase and sales were not clearly indicated supply chain model used.					
<i>corrective action</i>	<i>Revise relevant SOP to ensure correct indication of supply chain model in all necessary documents. Replace existing stamps as necessary.</i>	<i>Estates, Mills, MD</i>	<i>Mgr. MD & All EM</i>	<i>ENC</i>	<i>January 2014</i>	
1010903N1 Minor NC	RSPO P&C 2.1.4 There is no adequate evidence all relevant regulation with mill and estate operation has been evaluated for its compliance.					
<i>corrective action</i>	<i>Full review of regulations relevant to Agromuko operations will be conducted. Results used to draft a new list and schedule of licences, permits and reports. Monthly update of new regulations (national and local) to be communicated during managers meeting, and minuted.</i>	<i>all operations</i>	<i>SMA-AM</i>	<i>CA / HRAD / ENC</i>	<i>mid 2014</i>	<i>Planned</i>

1010903N6	RSPO P&C 4.6.5					
Minor NC	The use of paraquat is increasing in period of 2012 to 2013					
<i>corrective action</i>	<i>SFM-AM to review and comment on use of paraquat in mature and immature areas ; identify and authorise in writing use of paraquat in specific circumstances. ESD to investigate alternative herbicides for Agromuko and communicate progress/results to GM-AM and SFM-AM for their review and implementation.</i>	<i>Estates</i>	<i>SFM-AM & all EM / ESD</i>	<i>ENC</i>	<i>2014</i>	<i>Planned</i>
1010903N8	RSPO P&C 4.7.5					
Minor NC	The risk assessment for OHS was found to be inadequate, for instance :					
	1- Confined space guidance stated on EHS manual has not considered "pedoman K3 di ruang terbatas tahun 2006". It was found that cleaning tank activity at Mukomuko mill (clarifier tank 1 & 2 on 12 december 2013) and Bunga Tanjung mill (storage tank 2 on 3 October 2013) was not measured level of oxygen					
<i>corrective action</i>	<i>Risk for confined spaces will be assessed for relevent work stations/facilities, and included in the OHS manual. Oxygen meter will be ordered as needed, and used by employees as necessary before work in identified areas.</i>	<i>Mills, AMTT</i>	<i>MM/AK3 Mill</i>	<i>ENC/EDM</i>	<i>February 2014</i>	<i>Planned</i>
	2- It was found that implementation Risk Factor Number of HIRADC has not fully in accordance with Procedur of "Identifikasi Bahaya dan Penilaian Resiko no.TTI/PROS/REN/02"					
<i>corrective action</i>	<i>OHS risk assessments to be revised as necessary to reflect correct implementation of company procedure on RFN.</i>	<i>all operations</i>	<i>AK3</i>	<i>ENC</i>	<i>January 2014</i>	<i>Planned</i>
1010903N9	RSPO P&C 4.7.10					
Minor NC	1- Insufficient evidence that company has reviewed HIRADC after incident occurs as required by Procedure "Identifikasi Bahaya dan Penilaian Resiko (TTI/PROS/REN/02) chapter 6". This case was observed on accident at kernel plant on 9 February 2013.					

<i>corrective action</i>	<i>GM-AM to remind all Managers that all work-related accidents must be investigated, and OHS risk assessments reviewed (changed if necessary). Review of the risk assessments to be documented.</i>	<i>all operations</i>	<i>all Managers / all AK3</i>	<i>ENC</i>	<i>Ongoing</i>	<i>Planned</i>
	2- It was evidenced work accident reported after period 2x24 hours was not recorded as work accident case.					
<i>corrective action</i>	<i>GM-AM to remind all Managers those work-related accidents must be reported timely, as per regulations. Company Doctor to instruct polyclinic employees to record timely and accurately all work-related accidents, and copy their reports to SMA-AM for cross-checking with MPR.</i>	<i>all operations</i>	<i>SMA-AM / all Managers</i>	<i>Company Doctor / ENC</i>	<i>Ongoing</i>	<i>Planned</i>
1010903N13	RSPO P&C 5.3.4					
Minor NC	It was found hazardous waste disposal is not recorded.					
<i>corrective action</i>	<i>Improve record-keeping of 'gudang LB3' to accurately reflect movements of industrial waste, including clear records of re-use and of disposal through licenced third-parties.</i>	<i>all operations with industrial waste shed (gudang LB3)</i>	<i>all relevant Managers</i>	<i>ENC</i>	<i>Ongoing</i>	<i>Planned</i>
1010903N15	RSPO P&C 5.5.4					
Minor NC	Land fire infrastructure at Sei Betung Estate was not based on appropriate risk assessment					
<i>corrective action</i>	<i>Revise risk assessment for field operations to consider more in detail fire-related risks. Based on revised risk-assessment, revise field fire-fighting SOP, design and implement training courses, and acquire equipment as needed.</i>	<i>all estates</i>	<i>All Managers</i>	<i>SFMAM / ENC</i>	<i>March 2014 (before dry season)</i>	<i>Planned</i>

Appendix "D"
LIST OF STAKEHOLDERS CONTACTED

No.	Stakeholders
1	Kantor Lingkungan Hidup Kab. Muko Muko
2	Dinas Tenaga kerja dan transmigrasi Kab. Muko - Muko
3	Dinas Pertanian, Perkebunan dan Kehutanan Kabupaten Muko-Muko
4	Badan Pertanahan Nasional (BPN) Kabupaten Muko-Muko
5	Kepala desa Desa Air Dikit
6	Kebun Masyarakat Desa (KMD) Air Dikit
7	Kepala Desa Desa Sari Bulan
8	Kebun Masyarakat Desa (KMD) Sari Bulan
9	Kepala Desa Talang Baru

Appendix "E"

Supply Chain
Agro Muko Muko Oil Mill Supply Chain

Requirements	SG
1. Documented procedures	
<p>1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p style="margin-left: 20px;">a. up to date procedures covering all elements of supply chain requirements</p> <p style="margin-left: 20px;">b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Muko Muko Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Olivier Tichit Responsibility: Olivier Tichit - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
2. Purchasing and goods in	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p> <p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>Around 98% of material comes from NBPOL Estates therefore there is no PO. 2 % comes from KMD estates which are managed by Agro Muko. With KMD the company uses a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p>
3 Record keeping	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p> <p>It is company policy that all records and reports are retained for a minimum of 5 years. This was demonstrated in company archives.</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p>

chain model used should be clearly indicated.	The supply chain model is clearly indicated on all sales contracts – This is indicated on dockets and transport records and marked as SG – a number of transport documents where noted.
4. 4 Sales and goods out	
4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated) d) The quantity of the products delivered; e) Reference to related transport documentation.	The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials. This is included on each sales contract Date of issue of invoice is recorded for example 14 November 2012 Description of product is included – including supply chain model – segregation. This is via an arrival alert that client has received product
5. Processing	
5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.	There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated
5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material	All material is RSPO certified
5.3 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: <ul style="list-style-type: none">• The crush operator conforms to these requirements for segregation• The crush is covered through a signed and enforceable agreement	Not applicable to Agro Muko or its mills

6. Training	
6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company & KDM – all RSPO. There are records of competency of staff in weighbridge. There are records of training for all involved in Supply Chain activities. This is in the form of attendance records at training sessions on supply chain

7. Claims	
D.7.1 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	All RSPO material - the company has not made claims outside of the RSPO rules for Communications and Claims.

Agro Muko Bunga Tanjung Oil Mill Supply Chain

Requirements	SG
1. Documented procedures	
1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum a. up to date procedures covering all elements of supply chain requirements b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard	At this stage there are written/documented procedures for the chain of custody for Bunga Tanjung Mill. Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011 Approved by Olivier Tichit Responsibility: Olivier Tichit - Sustainability Manager
1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.	The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline
2. Purchasing and goods in	
2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.	Around 97% of material comes from NBPOL Estates therefore there is no PO. 3 % comes from KMD estates which are managed by Agro Muko. With KMD the company uses a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because

<p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified There is no projected over production for each mill.</p>
<p>3 Record keeping</p>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p>
<p>3.2 Retention times for all records and reports shall be at least five (5) years.</p>	<p>It is company policy that all records and reports are retained for a minimum of 5 years. This was demonstrated in company archives.</p>
<p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p>	<p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p>
<p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>The supply chain model is clearly indicated on all sales contracts – This is indicated on dockets and transport records and marked as SG – a number of transport documents where noted.</p>
<p>4. 4 Sales and goods out</p>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated) d) The quantity of the products delivered e) Reference to related transport documentation. 	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials. This is included on each sales contract Date of issue of invoice is recorded for example 14 November 2012 Description of product is included – including supply chain model – segregation. This is via an arrival alert that client has received product and included in transport documentation.</p>
<p>5. Processing</p>	
<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 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:</p> <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	<p>Not applicable to Agro Muko or its mills</p>
<p>6. Training</p>	
<p>6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Staff in the weighbridge are already competent in separating the source of the material and this can be related to company & KDM material – all RSPO. There are records of competency of staff in weighbridge. There are records of training for all involved in Supply Chain activities. This is in the form of attendance records at training sessions on supply chain</p>
<p>7. Claims</p>	
<p>D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims</p>	<p>All RSPO material - the company has not made claims outside of the RSPO rules for Communications and Claims.</p>

CSPO/CSPK sales registered with Utz : 0mt.

Greenpalm CPO certificates sold for 2012 period : 68'246 in total for PTAM. SIPEF has sold 91'273 certificates in total for all its mills.

Greenpalm CPKO certificates sold for 2012 period : 8'336 in total for PTAM. SIPEF has sold 16'216 certificates in total for all its mill.

ACTUAL FFB PRODUCTION

Certified FFB received Monthly – 22 February 2013 to 21 February 2014 (MUKO MUKO MILL)

Month	Muko Muko Estate	Sungai Betung Estate	Sei Jerinjing Estate	Tanah Rekah Estate	Talang Petai Estate	Sungai Kiang Estate	Kebun Masyarakat Desa	Total FFB/month
Feb'13	1,449	336	98	1,707	679	609	94	4,972
Mar	5,584	1,438	354	6,133	2,001	2,388	254	18,152
April	5,122	1,458	269	6,405	2,142	2,545	290	18,231
May	4,601	1,200	263	6,362	2,449	2,169	435	17,479
June	4,733	1,497	272	6,620	2,754	3,482	504	19,862
July	4,528	1,581	279	6,444	2,994	3,724	437	19,987
Aug	3,773	1,286	165	5,675	2,290	2,859	393	16,441
Sept	4,280	1,245	132	6,324	2,772	2,615	411	17,779
Oct	5,002	1,331	37	7,023	3,187	3,412	441	20,433
Nov	5,084	1,376	3	6,752	2,899	1,900	488	18,502
Dec	4,752	1,308	0	5,919	3,086	3,540	474	19,079
Jan'14 (estimate)	3,917	883	0	6,089	2,600	2,838	329	16,656
Feb (estimate)	2,587	542	0	3,996	1,672	1,597	246	10,640
TOTAL	55,412	15,481	1872	75,449	31,525	33,678	4,796	218,213

Certified FFB received Monthly – 22 February 2013 to 21 February 2014

Month	Bunga Tanjung Estate	Air Bikuk Estate	Air Buluh Estate	Kebun Masyarakat Desa	Total FFB/month
Feb'13	928	594	659	62	2,243
Mar	3,177	1,672	2,383	210	7,442
April	3,134	1,854	2,583	227	7,798
May	3,666	1,486	3,304	302	8,758
June	4,874	2,379	4,700	349	12,302
July	5,206	2,682	4,905	339	13,132
Aug	4,144	2,217	4,314	359	11,034
Sept	4,896	2,603	4,953	375	12,827
Oct	4,907	2,649	4,836	434	12,826
Nov	4,943	2,757	4,757	445	12,902
Dec	5,566	2,570	5,632	402	14,170
Jan'14 (Estimation)	3,941	2,205	3,624	614	10,384
Feb (estimation)	2,706	1,447	2,050	460	6,663
TOTAL	52,088	27,115	48,700	4578	132,481