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PUBLIC SUMMARY REPORT

RSPO SECOND ANNUAL SURVEILLANCE ASSESSMENT (ASA2)

PT INTI INDOSAWIT SUBUR – TUNGKAL ULU GROUP AND SCHEME SMALLHOLDERS

Jambi Province, Sumatra, INDONESIA

Report Author:

Haeruddin Tahir – September 2014

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SUMMARY

BSI has conducted the second annual surveillance assessment of PT Inti Indosawit Subur (PT IIS) Tungkal Ulu Palm Oil Mill and supply base located in Jambi Province, Sumatera, Indonesia. PT. IIS – Tungkal Ulu comprising one mill, one owned estate and ten scheme smallholders (KUD)

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

BSI recommends the continuation of PT. IIS - Tungkal Ulu which consist of Tungkal Ulu mill, Tungkal Ulu estate and Scheme Smallholders to be extended as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS USED

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

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

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 NATIONAL INTERPRETATION USED

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

1.2 CERTIFICATION SCOPE

The scope of Certification covers one (1) Palm Oil Mill and the supply base comprising one (1) company's owned Estate and ten (10) cooperatives of Scheme Smallholder

1.3 Location and Maps

The Tungkal Ulu Group Mill, Estate and Scheme smallholders are located in Tanjung Jabung District, Jambi Province, Indonesia (Figure-1). The GPS location of the mills is shown in Table 1.

Table 1: Mills GPS Locations

MILL	Longitude	Latitude
Tungkal Ulu (Capacity: 60 t/hr)	E 102°58'53"	S 01°18'01"

1.4 Description of Supply Base

Oil palm FFB is sourced from company owned estate and scheme smallholders. The Tungkal Ulu Group's projection of FFB productions (certified) for the year 2014 are listed in Table 2 as shown below.

Table 2: Tungkal Ulu Mill FFB Supply Details

Source	Estimation as at ASA-1	Actual In ASA-1	Projection in ASA-2
Tungkal Ulu Estate	117,823	88,825	117,060
Sub Total	117,823	88,825	117,060
Plasma/Scheme Smallholders			
KUD Bina Usaha	21,874	20,773	20,220
KUD Sawit Kita	24,928	26,785	22,144
KUD Karya Kita	27,809	28,707	26,958
KUD Karya Jaya	19,537	20,884	18,588
KUD Panca Mukti	18,460	6,097	17,457
KUD Sari Bumi	17,618	3,012	17,452
KUD Manunggal Jaya	4,966	1,481	4,680
KUD Sawit Mulia	32,746	20,483	29,555
KUD Argo Makmur	25,359	23,681	24,386
KUD Harapan Jaya	23,400	0	24,519
Sub total	216,697	151,903	205,959
TOTAL	334,520	240,728	323,019

The scheme smallholders comprise ten cooperatives and management advice on best practices given by the scheme manager from PT IIS. There are 4,600 members in these smallholder schemes covering an area of 9,302 ha planted with oil palm. The scheme smallholder contributes about 63% of the total FFB processed in the certification units (Tungkal Ulu mill).

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

1.5 Date of Plantings and age profile

PT IIS – Tungkal Ulu Group own estate was planted in early 1991. The scheme smallholder was planted between 1991 and 1995. About 100 % of the palms are at prime mature stage and still in the first planting cycle. A replanting programme has been developed for the replanting of palm aged more than 25 years. The age profiles of the palms are shown in Table 3 below

Table 3: Planting years

Name of Supply Base	Planting years					Total
	Mature				Immature	
	91	96	01	06		
	-	-	-	-	11	
	95	00	05	10	14	
Tungkal Ulu Estate	4,346	0	43	7	0	4,396
Plasma / Scheme Smallholders						
- KUD Bina Usaha	910	0	0	0	0	910
- KUD Sawit Kita	1,028	0	0	0	0	1,028
- KUD Karya Kita	1,168	0	0	0	0	1,168
- KUD Karya Jaya	810	0	0	0	0	810
- KUD Panca Mukti	792	0	0	0	0	792
- KUD Sari Bumi	764	0	0	0	0	764
- KUD Manunggal Jaya	208	0	0	0	0	208

- KUD Sawit Mulia	1,362	0	0	0	0	1,362
- KUD Argo Makmur	1,130	0	0	0	0	1,130
- KUD Harapan Jaya	1,130	0	0	0	0	1,130
Total plasma	9,302	0	0	0	0	9,302
Total Supply Base (Estate + Plasma)	13,648	0	43	7	0	13,698

1.6 Other Certifications Held

PT IIS which managing the scheme smallholder has implemented an Environmental Management system and was awarded ISO 14001 Certification by **SGS, valid until 10 June 2014, audit re-certification has been conducted on 19 – 26 May 2014 and CB is conclude that the certificate is continuing for next 3 year** and ISCC valid until 10 September 2014

1.7 Organisational Information / Contact Person

PT IIS contact details as follows:

PT Inti Indosawit Subur

Contact Person: Ms. Asrini Subrata

Email: asrini_subrata@asianagri.com

Jakarta Office:

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

Phone: +62 21 2301119

Fax: +62 21 230 1120

Site Location:

Pulau Pauh / Penyabungan Merlung Village, Tungkal Ulu

District Tanjung Jabung Regency

Jambi – Indonesia

1.8 Time Bound Plan for Other Management Units

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

There are 19 palm oil mills and supply base (estates and plasma smallholder schemes) covering approximately 60,000 ha. PT IIS already submitted the time bound plan to BSI during the initial assessment of this Tungkal Ulu Group.

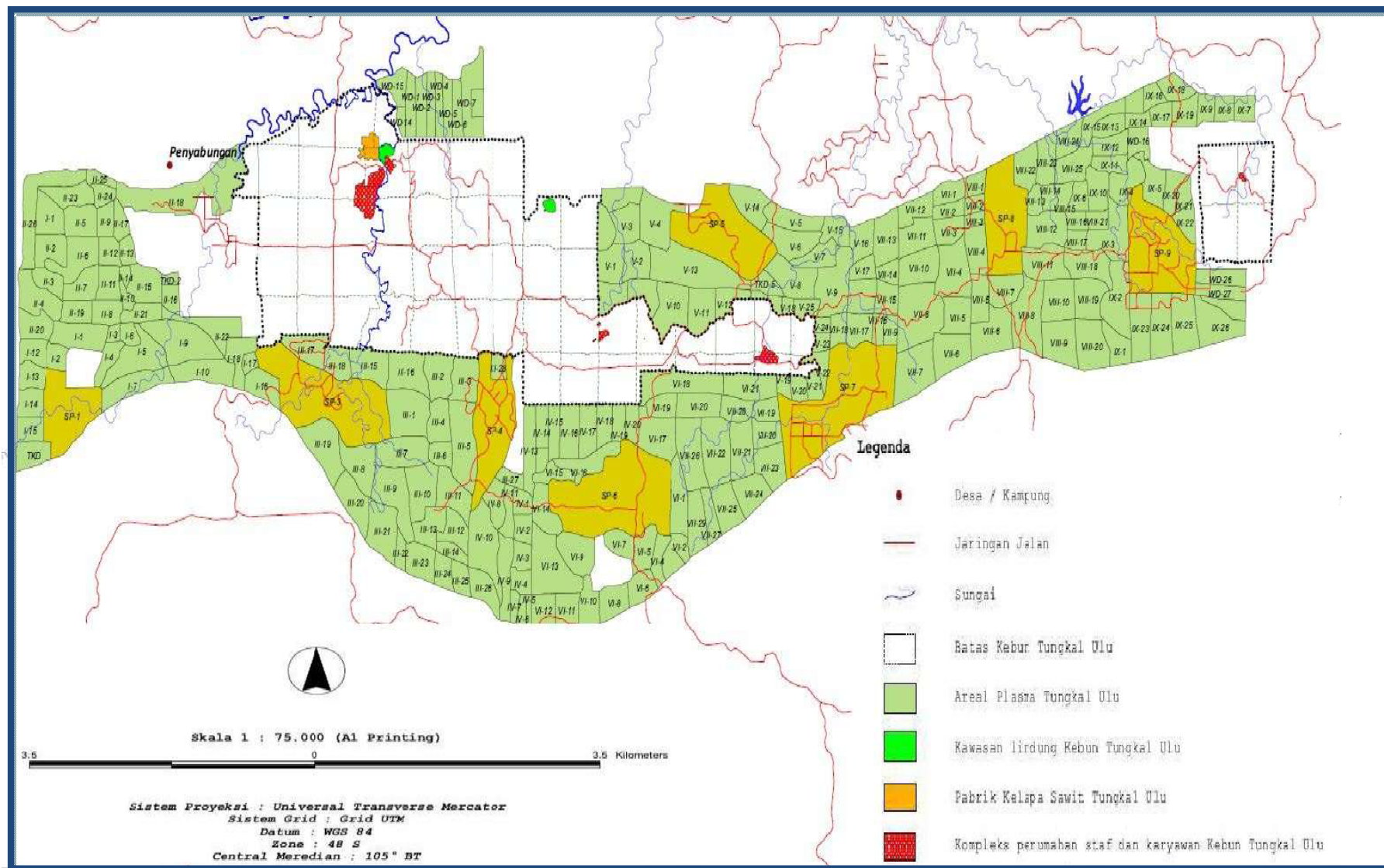
BSI assessment team considers the time bound plan is challenging and still relevant to their management. During this annual surveillance assessment, it is noted that some changes were made to the time bound plan by bringing forward some of the assessment earlier than the original plan and one assessment was withdrawn because it was legally released on 1 May 2014. BSI audit team found that the company comply with the Time bound Plan. The details are shown in the attachment A. BSI also assessed the requirement for partial certification and concluded that:

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

Figure 1. Location Map of PT Inti Indosawit Subur – Tungkal Ulu Group (Sumatera inset)



Figure 2. Location Map of Tungkal Ulu Group and Scheme Smallholders



1.9 Area of Plantation

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

Table 4(a): Estate and Area of Palms

Estate	Mature (ha)	Immature (ha)
Tungkal Ulu	4,396	0
Sub total	4,396	0

Table 4(b): Scheme Smallholders members and Area of Palms

Scheme Smallholder	Mature Area (ha)	Number of members
1. KUD Bina Usaha	910	450
2. KUD Sawit Kita	1,028	509
3. KUD Karya Kita	1,168	579
4. KUD Karya Jaya	810	400
5. KUD Panca Mukti	792	385
6. KUD Sari Bumi	764	377
7. KUD Manunggal Jaya	208	104
8. KUD Sawit Mulia	1,362	676
9. KUD Argo Makmur	1,130	560
10. KUD Harapan Jaya	1,130	560
Total	9,302	4,600

1.10 Approximate Tonnages Certified

The approximate tonnages certified FFB, CPO and PK in ASA – 2 as detailed in table 5 below.

Table 5: Tungkal Ulu Approximate tonnages of FFB, CPO and PK

Name of POM	Projected Previous Year (Tonnes/Year)		
	FFB	CPO	PK
Tungkal Ulu	334,520	50,391	11,976

Name of POM	Actual Production This Year (Tonnes/Year)		
	FFB	CPO	PK
Tungkal Ulu	240,728	58,275	14,033

Name of POM	Projected Next year (Tonnes/Year)		
	FFB	CPO	PK
Tungkal Ulu	323,019	74,123	17,638

Note: Actual OER this year (24.20%) and KER (5.83%) and projection in the next year: OER (22.95 %) and KER (5.46 %)

1.11 Date of Certificate Issued and next surveillance visits

The scope of the certificate includes the production from the company owned estates and scheme smallholders

which processed at the Tungkal Ulu Palm Oil Mill. The reissuance date of certificate would be after the approval of the summary report. The next surveillance visit will be not longer than 12 month of certificate anniversary date.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
1 Robinson Road
AIA Tower #15-01
Singapore 048542
Phone: +65 6270 0777
Fax: +65 6270 2777
Scheme Manager: Mr Aryo Gustomo
Email: Aryo.Gustomo@bsigroup.com

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

2.2 Qualification of the Lead Assessor and Assessment Team

Haeruddin Tahir – Lead Assessor

Graduated from the Faculty of Forestry of Hasanuddin University and has experiences in timber concession, wood industry, sales of medical equipment, and oil palm plantation since 1995. He is experienced in international training and auditing in Organic standard, Common Code Coffee of Community (4C), UTZ certified, FSC, PEFC, RSPO, and ISO 9001. During this assessment, he assessed the mill, estate and smallholder legal and social issues.

Nanang Muallib – Assessor

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

also familiar with RSPO P&C Certification assessment and qualified as audit team member. During this assessment, he assessed on the aspect of Legal, HCV identification and management, and also Social community engagement and stakeholders consultation.

Pratama Agung Sedayu - Assessor

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

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

2.3 Assessment Methodology and Programme

The Second Annual Surveillance Assessment (ASA2) of the Mills and Estates was carried out on 1st – 4th July 2014. The Assessment Programme is included as Appendix C. The Programme included assessments of the One Mill, One company managed Estate, Tungkal Ulu, and three samples of KUDs (Argo Makmur, Bina Usaha and sari Bumi) against all of the RSPO Principles & Criteria. The three sample KUDs had not previously been assessed.

BSI Audit team conducted an assessment of the scheme smallholders operation comprising ten cooperatives by sampling three cooperatives (KUDs) based on the RSPO sampling formula ($0.8 \sqrt{Y}$ whereby Y is number of cooperatives). This sampling strategy was developed based on the RSPO sample size, the geographical location of the cooperatives and number of smallholder members. The RSPO sampling formula also used for the selection of members to be assessed.

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

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

This report is structured to provide a summary for each Principle and Criterion, together with details for selected

indicators to demonstrate conformance. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

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

2.4 Stakeholder Consultation and a List of Stakeholders Contacted

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

Based on stakeholder's inputs, auditor team subsequently verify all relevant positive and negative comments to PT IIS and scheme smallholder's representative. These inputs were also used for consideration of audit conclusion.

2.5 Date of Next Surveillance Assessment Visit

The next surveillance assessment visit would be not later than 12 months from anniversary date of certificate. This surveillance assessment will include the one certified mill, one estate and the scheme smallholders which has been included in the certified scope.

3. ASSESSMENT FINDINGS

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

1 (one) major nonconformities and 4 Minor nonconformities were raised during this surveillance assessment. Several Observation/ Opportunity for Improvement are also highlighted. The evidence for closing out the major nonconformities was verified during NCR Closure assessment. PT IIS has submitted Corrective Action Plan for Minor nonconformities.

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

BSI recommends that Tungkal Ulu Group to maintain the existing certificate.

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

Principle 1: Commitment to transparency

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

Request information is documented in Logbook “Penyampaian dan Penerimaan Informasi” where there were 4 request information in 2014, e.g. from “Dewan Pengurus Cabang Serikat Petani Indonesia Tanjung Jabung Barat” dated 2 April 2014 No. 002/K/DPC-TJBR/SPI/III/2014 regarding confirmation of land status which claimed by local community and it has been managed by PT. IIS in Merlung Sub-district, Tanjung Jabung Barat District. The company has responded this request information, the company explained to the requester that this land is HGU’s PT. IIS as stated in HGU permit, if need any further clarification, the requester can verified to the “Badan Pertanahan Nasional/National Land Authority Board”

The retention time of record of request information is three years as regulated in SOP AA-GL-5008.1-R1, dated 22 August 2011 “Mekanisme Penanganan Permintaan Informasi Stakeholder”

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 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: land title (HGU), Location Permit, Plantation Operational Permit, Social and Environmental Impact Assessment (AMDAL), Environmental management and monitoring plan (RKL/RPL), etc.

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

Principle 2: Compliance with applicable laws and regulations

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

All relevant legal indicators are checked during this assessment where the law are followed. Tungkal Ulu Estate and palm oil mill comply with the operating and machinery permit requirement.

Relevant legal for estate and mill, such as:

1. Izin Prinsip (*Principle permit*) No. KB.320/859/Mentan/XI/1983, dated 7 November 1983, approved by Agriculture Ministry.
2. Izin Pelepasan Kawasan Hutan (*Forest converting permit*) from Forestry Ministry No. 494/Kpts-II/1991, dated 7 August 1991.
3. Izin Usaha Perkebunan – Surat Pendaftaran Usaha Perkebunan/SPUP (Plantation operational permit) no. 187/Mentanhut/VII/2000, dated 3 November 2000 ($\pm 4,759.20$ ha)
4. Izin Usaha Perkebunan Budidaya/IUP B (*Plantation operational permit*) no. 625, year 2008, dated 26 September 2008 ($\pm 1,111$ ha)
5. Renewal HGU no. 61/HGU/BPN/2005, dated 2 June 2005, approved by BPN (3,503,02 ha)
6. HGU No. 82/HGU/BPN RI/2014, dated 15 May 2014 (1,053.34 ha)
7. Land Application Permit: No. 503.8/01/KPPT dated 2/9/2010.
8. Surface water use permit no. 503.30/01/KPPT/2011 dated 5/7/2011,
9. Pesticide Store permit no. 560/386/4.3/ DSTKT.
10. Izin operasional pabrik (*Mill operation permit*) no. 532/T/Industri/2005.
11. Izin Jembatan Timbangan 1 (*Weightbridge permit*) no. 86/UPTD-BPK/Deperindag/2011, dated 01 January 2011, the last calibration on 17 April 2014 by Balai Pelayanan Kemetrolagian, Prov. Jambi.
12. Izin Jembatan Timbangan 2 (*Weightbridge permit*) no. 87/UPTD-BPK/Deperindag/2011, dated 01 January 2011, the last calibration on 17 April 2014 by Balai Pelayanan Kemetrolagian, Prov. Jambi.
13. AMDAL (SEIA) No. 014/ANDAL/RKL-RPL/BA/95
14. Izin Pemanfaatan Air Limbah (Land application permit) no. 503.8/01/KPPT/ 2012, dated 17 September 2013, valid until 17 September 2016.
15. Izin Pemanfaatan Air Permukaan (*Surface water usage permit*) o. 503.30/01/KPPT/ 2011, dated 05 July 2011, valid until 05 July 2016.
16. Izin penyimpanan sementara limbah B3 (Hazardous waste storage permit) no. 362, year 2009, dated 09 July 2009, valid until 09 July 2014 and renewal in progress now.
17. Izin sterilizer, i.e. no. 05/A.0015, dated 20 September 1994, valid until 27 February 2016, no. 51.112/W5E96, valid until 09 June 2015 and no. 140/W.5/E/1997, valid until 28 March 2015.
18. Boiler permits no. 05/A.0014, the last calibration valid until 24 March 2016, No. 05/A.0014, valid until

25 March 2016. And No. 05/A.01/A/2003, valid until 26 February 2016.

19. Izin genset (*Genset permit*) No. 30/W.5/E3/MD/1994 and No. 31/W.5/E3/MD 1994, valid until 27 February 2015, etc.

PT IIS has carried out compliance evaluation against applicable legal requirement including evaluation of every chapter, the fulfilment level and evidence of compliance.

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

Land conflict process has been well managed and documented. E.g. land claim for the land managed by PT IIS covering 1.032 Ha from 5 villages that had started since 1997/1998 had gone through very long process and discussion. For example in 2003 PT IIS has committed and agreed to give contribution to the excess of use of land outside HGU for local community development to Pemda Tabung Barat as per letter from Regent Tanjung Jabung Barat No. 540/236/Pem dated 19 November 2003 with regard to contribution to the excess of use of land outside HGU PT IIS covering 1.032 Ha.

Based on the conflict resolution agreement for the land covering 1.032 Ha between local governments of Tanjung Jabung Barat District with PT IIS dated 19 October 2007, the District of Tanjung Jabung Barat had issued land permit which is required for the issuance of HGU for PT IIS. In 2012, the implementation of compensation to the communities from 5 villages for the land claim has been written and documented in the Perjanjian Penyelesaian Tuntunan Lahan (Agreement for the resolution of land claim) covering 1.032 Ha between PT IIS and people from 5 villages at Merlung Sub-District and Renah Mandaluh Sub-District, Tanjung Jabung Barat District, Jambi province No. 10/SSL-R03/Ext-PT IIS/VI/12 dated 04 June 2012. The agreement was signed by the representative from 5 villages, community leaders from 5 villages, head of Merlung and Renah Mandaluh Sub-District, head of Villages from 5 Villages and Head of Tanjung Jabung District. The agreement is also accompanied with Statement letter signed by representative from 5 villages. The statement letter states that if in the future there is a land claim from people on behalf of the 5 villages, they will be full responsibility to solve the problem or conflict without involving PT IIS. The list of names receiving compensation stated in the letter sent by representatives from 5 villages to head of Tanjung Jabung District no 02/MLD/2011 dated 12 March 2011 regarding List of names from 5 Villages for the claim of land excess of HGU PT IIS (1.032 Ha) which consists of 150 KK (head of family) from Rantau Benar Villages, 178 KK from Pulau Pauh Villages, 135 KK from Lubuk Terap Villages and 140 KK from Penyabungan Villages.

In 2014, there is verification request for the status of 1.032 Ha land from Serikat Petani Indonesia Tanjung

Jabung Barat District branch that represent 5 villages and the company representative had responded verbally as described in the indicator 1.1.2.

Based on the interview result, the head of Penyabungan Village stated that the land claim by SPI was without his knowledge and responded that the compensation from the company has been completed and the problem of land covering 1.032 Ha has been solved

Standard Operating Procedure (SOP) No. AA-GL-5003.1-RI with Land Conflict Management was available and has been approved by Management of the company on 05 December 2009 and had been revised to revision 2 on 22 August 2011. The procedure clearly describes the process and mechanism how to handle conflict.

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

The company has documented all records and documents with regards the agreement of land compensation including the conflict land map, number of people receiving compensation that acknowledged by stake holders (Community Leaders, Head of Villages, Head of Sub-district and Head of district).

The conflict land has been measured by BPN as stated in the "Peta Bidang Tanah No. 02/2007 dated 18 December 2006 covering 1.053,35 Ha with 1:20.000 map scales.

The records of negotiation process of land compensation between the company and the government of Tanjung Jabung Barat and between the company and the people from 5 villages are available and maintained.

Principle 3: Commitment to long-term economic and financial viability

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

Estate:

- The company has develop budget plan for the next 3 years (2015 – 2017)
- The budget plan includes FFB Production Plan, OER, KER and cost of production.
- Projection of FFB in 2015 (23.09 ton/Ha/year), 2016 (21.94 ton/Ha/year) and 2017 (20.75 ton/Ha/year)
- Based on review of budget in the previous 3 years, it was seen that the actual has achieved more than 87% from the budget (e.g. budget in 2011 is 121,698 ton FFB; actual 107,093 FFB).

Mill:

- The budget plan has been made for the next 3 years (2015 – 2017)

- Estate: Budget, consist of FFB Production: 2015 (24.04 tonnes/ha), 2016 (23.83 tonnes/ha) and 2017 (23.68 tonnes/ha)
- CPO: 2015 (24,021 tonnes), 2016 (23,948 tonnes)
- PK 2015 (5,813 tonnes), 2016 (5,762 tonnes) and 2017 (5,727 tonnes).

Replanting program is documented in the budget plan. The budget plan state replanting will be started in 2016 covering 550 Ha and in 2017 covering 650 ha.

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

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

Estate is using Agronomy Policy Manual dated 1st February 2009 as guidance for good agriculture practise. SOPs related to all the estate operations such as nursery, land preparation, planting, field maintenance, harvesting, FFB collection and transport are referred to the manual. Palm Oil Mill has a separate manual which includes SOPs for each processing stations covering 16 sections from receiving of FFB, grading, processing, lab analysis, storage and despatch.

The mill revised Policy Manual was dated 26th August 2011. Two new SOPs were incorporated during the revise to include the supply chain requirement on traceability, Mass Balance and quarterly report.

Implementations of the SOPs are monitored trough field inspection by the estate assistant managers, Agronomist, Plantation advisers, mill adviser and by RSPO internal audits. PA visit report dated 2 -4 September 2013 was checked and found that all the filed operations are covered and monitored during the visit. The most recent internal RSPO audit was carried out on 30th April 2014, 21 findings recorded during the visit. Corrective action plans are prepared for any findings and it is checked during the subsequent visits. Estate and mill carry out daily monitoring through field inspection records and mill inspection records. It is a routine that the estate and mill management prepare monthly reports and send to the company's head office for monitoring purpose as well.

Checking or monitoring in mill was planned annually, perusahaan is conducting monitoring by Visiting Engineer (VE) every year, the last visisting on 27 – 31 May 2013 which cover monitoring of production, cost of production, Plant and Machinery, processing, OHS, others dan Laporan R and D, the last visit on 16 – 21 February 2013, covering FFB received, Sterilization, Raw water treatment, Effluent pond, etc.

Besides covering work related issues in the SOPs, all the SOPs are also includes safe working instructions for all type of work.

Rekap Pemeriksaan Quality Control to monitor the harvesting quality. The inspection covers ripe FFB, unripe FFB, overripe FFB, percentage of loose fruit, etc.

Management restacking the fertilizer bags and placing a notice on the stacking method. Socialization was given to the store supervisor. Picture evidence was submitted to the audit team for verification. Consistent implementation seen during ASA2. Operational result is documented in "Laporan Unit Pabrik", e.g. report of April 2014 covering compliance regulation, mill performance, HRD, infrastructure, production report, production cost, accident record, , etc.

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

The company's Agronomy recommends fertilizer application. Recommendation is determined through annual leaf analysis which carried out in May 2013. Agronomy visits the estate prior for EFB recommendation which was dated 22-26th March 2013. Beside inorganic fertilizer, agronomy also makes recommendation for organic fertilizers such as EFB and POME. Soil analysis is carried out once in every five years. The last soil analysis was completed in September 2010 (Report No. 3471). This result is also taken into consideration for the fertilizer recommendation.

Fertilizer recommendation for year 2014 is available. EFB is applied at the rate of 50 tonnes/ha per year on selected area with flat terrain and near to the mill to facilitate better application and control the transport cost. Until May 2014; in block B91d, 3,645 tonnes EFB was applied at an area covering 97ha. Beside EFB, POME from Tungkal Ulu mill is applied at 516ha. The BOD level is within the allowed level of 5000mg/L. BOD result shows BOD is ranging from 1,005 – 4,445mg/L for the last ten months which was within the standard.

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

Soil map is available detailing the soil type. It was noted that there is no fragile soil. Majority soil is sandy clay loam. There is no peat soil.

During field visit it is noted that only selective and circle herbicide spraying carried out. Soft grass and fern is maintained to minimize erosion during heavy rainfall. Erosion is also controlled through frond stacking along the contour to minimize the speed of the running surface water during heavy rainfall. It is also noted that silt pits are constructed at the road side to minimize erosion and surface run-off.

Road maintenance is carried out internally. Operating units have their own road grader and compacter. Road maintenance includes road grading, compacting, pothole

resurfacing, road side drain maintenance, culvert and bridge repairing.

Soil map is available detailing the soil type. It was noted that there is no fragile soil. Majority soil is sandy clay loam. There is no peat soil.

Terrace maintaining programme in 2014: 229,622 meters, actual implemented 74,065 meters up to May 2014;

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

Tungkal Ulu estate has Conservation Management Plan and Riparian Restoration Programme to protect the river riparian along the streams running through the estate. Protection of riparian zone was to control and minimise any pollution to the stream and maintain the quality. The riparian is maintained as a “no chemical spraying and inorganic fertilizer application” regime. Signage to create awareness to protect river and riparian is visibly maintained. No any kind of agrochemical used along the riparian zone.

A formal water management plan is in place for estate. The practices to maintain quality and availability of surface and ground water. Izin Pengambilan Air Permukaan/Surface water usage permit No.503.30/01/KPPT/2011 with quota of 2000 m³/day and Izin Pengambilan Air Bawah Tanah/Ground Water Usage Permit no.503.29/02/KPPT with quota of 436 m³/day. Laporan Penggunaan Air Bawah Tanah for period of January- May 2014, 13,767 m³

BOD monitoring level is conducted every month by Badan Lingkungan Hidup Daerah (BLHD) Prov. Jambi, e.g. BOD level in February 2014, letter no. 033/LHU/L2JBI/I/2014, dated 10 February 2014 (1,800 mg/L), March 2014 no. 149 LHU/L2JBI/II/2014, dated 7 March 2014, BOD level 1,800 mg/L, and April 2014 no. No. 243/LHU/L2JBI/III/14, dated 01 April 2014, BOD level 1,200 mg/L (BOD level is below 5,000 mg/L as regulated by Indonesian law).

Water usage per tone FFB is monitored and recorded monthly, e.g. average water usage in 2013 is 1,21 M³/tone and water usage in 2014 up to May 2014 is 0.76 M³/tone FFB

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

IPM was documented in SOP AA-APM-OP-1100.10-R1 of the Agriculture manual. This SOP describes all the IPM techniques and methods to be used by the estate in managing oil palm pest. The techniques include prevention through planting beneficial plants such as *tunera subulata* and *cassia cabanensis* along the road side. The total length of these beneficial plants exceeds 60,000 plants. Management plans to erect one barn owl

box per 20 hectare to prevent and control rat population from increasing. At the moment a total of 92 boxes are available now in the field. Control measures are only decided based on early detection by conduction pest census by a team of trained staff and workers. Pesticide is only used when the threshold damage level exceed the threshold level. Staff and workers are given IPM training mainly of census methodology and identification of pest attack. IPM program is reported through “Pest and Disease Report” by Research and Development Centre. The last report was dated June 2012 confirm that there is no any serious pest damage require any chemical treatment.

Monitoring of pest and disease carried out on monthly basis. Record seen: “Sensus Hama Penyakit” May 2014, the monitoring for leaf eating pest. Ganoderma attacks and the control recorded under “Serangan Ganoderma dan Pengendaliannya” as at May 2014, 179 palms has been deboled.

Barn Owl census: January – March 2014, 82 barn owl boxes, barn owls identified 117. Ratio 1:62ha.

Planting of Cassia tora as beneficial plant: 10,650 seedlings as of May 2014.

There is no pesticide usage noted during this assessment. Agrochemical used mainly is herbicide for the circle and selective weeding. Pesticide is monitored if it is used.

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.

List of pesticides usage in PT. IIS, Tungkal Ulu, such as:

- Elang 480 SL, a.i. Isopropyl Amina Glifosat: Izin Tetap No.RI 01030119941170 valid up to 7 January 2017;
- Bionasa 480 AS, a.i. Isopropyl Amina Glifosat: Izin Tetap No. RI 01030120031806 valid up to 29 April 2018;
- Metsulindo 20WP, a.i. Methyl metsulfuron: Izin Tetap No.RI 01030119991484 valid up to 23 June 2016;
- Kenlon 40 EC, a.i. Triclophyr: Izin Tetap No.RI 01030120062433 valid up to 23 June 2016;
- Kenrane 288EVC,a.i trifluoroksiphyr: Izin Tetap RI 01010120103759 valid up to 6 September 2015;
- Polydor 25EC, a.i. Lamda sihalotrin: Izin Tetap No. RI 01010120041994 valid up to 9 December 2018;
- Thuricide HP, Bacillus thuringensis: Izin Tetap No.0101011977298 valid up to 9 January 2017;
- Solusi, a.i. 2,4 Dimethyl Amina: Izin Tetap No.RI 01030120031931 valid up to 29 April 2018;
- Gramoxone 276SL a.i paraquat diclorida: Izin Tetap No.RI 010301197436 valid up to 18 March 2016

Pesticides usage record, e.g. in May 2014, using Paraquat 85 liters, a.i 1.7 kg, 0.00000 gram a.i per ha for

4,820 ha, Glifosat used 1,387 liters, a.i. used 666 kg, 0.14 a.i. per ha for 4,820 ha, 2,4 Dimethyl Amina used 101 liters, a.i used 2.025 kg, 0.42 gram per ha for 4,820 ha.

Training was conducted by Komisi Pengawas Pupuk dan Pestisida. Record of training and its certificate is maintained. Sapriadi (mandor): dated 22 January 2010, certificate No.003/KP3/II/2010; Paikem: 21 March 2011, certificate No.003/KP3/III/2011; Irwandi (agrochemical warehouse keeper): dated 4 October 2010, certificate No.003/KP3/X/2010;

PT IIS has licensed temporary hazardous waste storage. All agrochemical waste from warehouse sent for the temporary hazardous storage. Empty chemical container being drained and crushed prior collection to drum container. Record of hazardous waste balance is maintained. Minutes of disposal through licensed transporter, PT Elmusonsetindo is available, completed with manifest.

Paraquat usage in 2011 budget 1,660 liters, actual 194 liters
2012 budget 773 liters, actual 315 liters;
2013 budget 1,286 liters, actual 150 liters;
2014 budget 232 liters, actual as at May 85 liters;

Medical Checkup for all herbicide sprayer and fertilizer applicator. 26 – 27 February 2014.
Monthly pregnancy test carried out for all herbicide sprayer and fertilizer applicator. Record seen for April – May 2014.

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

OSH policy is available in place and the company has created objective and programme of OSH as documented in “Objective Target and Program OSH 2014 Kebun Tungkal Ulu”

Safety officer appointed through Surat Keputusan No.KEP.3518/DJPPK/XII/2011 related to Penunjukkan Ahli K3 for Herman, SE, dated 20 December 2011, valid up to 20 December 2014.

Letter No.116/MGR-EST/KTU/VI/2014 Permohonan Pengesahan P2K3 PT IIS Kebun Tungkal Ulu dated 14 June 2014, in relation with change in organization structure. P2K3 is reported to the government which covering top 10 diseases in clinic, accident reports up to May 2014, discussion related to investigation for accident occurs in May 2014; The safety committee meeting carried out in 22nd May 2014.

Accident insurance if provided for all workers. Record of Insurance payment for all workers sighted for period of May 2014.

OHS training provided for all estate and mill worker. Record of training maintained, e.g. Teknik Pengelasan dated 12 June 2014, attended by 15 workers; Maintain

case for back hoe loader dated 30-31 May 2014 attended by 13 staffs traksi; Training Kelistrikan/Electricity Training, dated 10 April 2014, attended by 8 workers; and Basic Fire training dated 21 June 2014, attended by 70 staffs;

The emergency response procedure is part of Environmental Management Procedure:
Pengendalian Kebakaran Lahan No.AA-KL-14-EFP;
Pengendalian Kebakaran di Pabrik, Kantor, perumahan No.AA-KL-15-EFP;
Pengendalian Tumpahan B3 dan Limbah B3 No.AA-KL-16-EFP;
Pengendalian Tanggap Darurat Boiler No.AA-KL-17-EFP;
Pengendalian Gempa bumi, Banjir dan Tanah Longsor No.AA-KL-18-EFP;
Simulasi Kebakaran: 18 December 2012, 50 workers participated in the simulation.

Sapriadi (spraying mandor), M Silaban (fertilizing mandor) and Pahotan (harvesting mandor) received first aid training in March – April 2011. Accident report is recorded and discussed during P2K3 meeting.

Trained first aid officer is ready at various estate premises, prepared with first aid kit. However, there has been no licensed first-aider officer available on site. Furthermore, the latest first aid training conducted back in 2011, training refreshment required (**Minor NC was raised under criterion 4.7.9**)

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

Training programme and progress is documented in “Program Pelatihan Environmental and Sustainability 2014, e.g. training Basic Fire was conducted on 21 June 2014, attended 40 employees and “Teknis and Managerial” is conducted every month, e.g. socialization of pest and disease on 6 June 2014, Inhouse training “Maintenance Bechoe Loader” was conducted on 31 May 2014, attended 13 assistants mechanic and operators, Penyuluhan limbah rumah tangga (waste domestic management) was conducted on 20 May 2014, attended 26 employess, training Perawatan dan pemeriksaan genset (Genset maintenance) was conducted on 26 April 2014, attended 19 employess, etc.

Training program and progress in mill is documented in “Program Pelatihan Environmental and Sustainability 2014”, there are nine training is planned, it was noted that 2 training were conducted, i.e. “Sosialisasi Kebijakan Lingkungan” was conducted on 14 February 2014, attended 21 employees and Welding training was conducted on 13 June 2014, attended 15 welders.

Record training for each employee is recorded in “Personal Data Training”

The company uses experienced and trained contractors, e.g. Mr. Tarsono (certificate no. 443/ET.T/CME-T & D/ IX/2011), Mr. Adrianil (certificate no. 451/ET.T/CME-T & D/ IX/2011) from Altrak 1978 for Genset Maintenance

Contractor, Mr. Rusdi Hardianto and Mr. Hamka from PT. Alam Lestari Unggul for welder operator, Mr. Aries Sembiring and Mr. Andi Syahputra from PT. Multi Ganda Scoteknik (certificate No. MGS/BIC/0153/XI/2005 and No. MGS/BIC/0075/VI/2008 for installing sterilizer.

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

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

SEIA (AMDAL) the last revision on 6 July 2009, approved By Bupati Tanjung Jabung Barat no. 309, year 2009 due to increasing capacity from 45 MT FFF/Hour to 60 MT FFB/hour.

Environmental Management and Monitoring (RKL/RPL) is regularly reported to the Government Agencies, the delivery letter is signed by the officer as evidence, e.g. by Badan Lingkungan Hidup (BLH) Tanjung Jabung Barat District, dated 24 October 2013 and Dinas Perkebunan Kabupaten Tanjung Jabung Barat on 20 March 2014.

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

The company has developed a document to identify and analyse the existence of HCV (High Conservation Value) in the area of PT Inti Indosawit Subur, Kebun Tungkal Ulu, Jambi Province in 2011 in the corporation with Faculty of Forestry IPB, including the area of Kebun Inti covering 4,614,02 Ha and area of Plasma covering 10,227 Ha.

The development team consists of Ir. Nyoto Santoso, MS (Team Leader/RSPO HCV Assessor), Ir Heru B. Pulunggono, MSc (team member/RSPO HCV Assessor), Eko Adhiyanto, S.Hut (team member/RSPO HCV Assessor), Sutopo S.Hut (team member/RSPO HCV Assessor), M. Sayidina Ali, S.Hut (team member/RSPO HCV Assessor), Udi Kusdinar, S.Hut (team member/RSPO HCV Assessor).

Based on identification result, it was found the existence of 4 types of HCV. They are HCV 1.2 which is riparian river and reservoirs covering 121.07 Ha, HCV 4.1 which is riparian river covering 119.01 Ha, HCV 5 which is Benanak and Jitan river covering 86.38 Ha and HCV 6 which is Makam Panjang Datuk Ratu overing 0.025 Ha.

Based on the above document it has been identified 214 type of plants and 54 animals. From 54 animals include 10 type of mammals such as Trenggiling (*Manis javanica*), babi berjenggot (*sus barcatus*), Kucing Kuwuk (*felis Bengalensis*), 38 type of birds (9 types of birds

protected by government regulation number PP No 7 Th 1999 such as Pijantung kecil (*Arachnothera Longirostra*), Elang Hitam (*Ctinaetus Malyensis*), Elang Brontok (*Spizaetus cirrhatus*), Cekakak Sungai (*Halcyon chloris*), Kipasan Belang (*Rhipidura javanica*), Raja Udang meninting (*Alcedo meninting*), Cekakak Belukar (*Halcyon smyrnensis*), Betet Ekor Panjang (*Psittacula longicauda*) and 6 types of reptile which include 1 type with the status of Endangered Species based on Red List IUCN (e.g. Buaya Senyulong (*Tomistoma schlegel*)).

The company has done public consultation of HCV document on 23 June 2011 attended by 46 participants from representative of related departments such as Dinas Perkebunan (Agriculture department), Dinas Sosial Tenaga Kerja dan Transmigrasi (Department of social, man power and transmigration, and BLHD Tanjung Jabung Barat District, KUD Plasma, Head of local communities villages, Head of tribes of Merlung, Jambi Independent Media and Suara Masa Media and Related security officers.

HCV review has been done in corporation with WWF Indonesia (Mr. Dani Rahardian) on 20-21 September 2011.

The monitoring of the existence of plants and Animals conducted in every HCV area especially HCV 1.2 and HCV 4.1 (Bananak, Lampisi and Sungai Jitan riparian river. The monitoring was conducted every 6 month by the appointed officer. The patrol to the HCV area was conducted monthly.

The company has installed warning board, the poster of plants types and animals that are protected and socialized to all employee and local communities' villages with regard to the management of HCV area and based on interview result with Head of Penyabungan village, employee representative and plasama parmer showed that they understand the management of HCV area done by PT IIS.

The company has the policy to all employees for hunting, use electricity to catch the fish, fish poisoning and cutting down trees in the area that are protected and considered as high value conservation area.

The company has appointed Mr. Maruba P.S as the officer who is responsible for the management and monitoring of HCV area as per Memorandum Estate Manager No. 101/EST-KTU/MEMO/V/12 dated 1st May 2012. The appointed officer has been trained how to manage HCV nad to identify the type of plants and animals on 08 March 2011 by Forestry Faculty, ITB.

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

Waste and pollution sources have been identified and documented. Record of identification was presented in "Evaluasi Aspek Dampak Lingkungan" EMS-431-003-LT

issued 1 April 2014. The environmental aspect identifies the waste and pollution emitted from warehouses, estate office and housing, hazardous waste store, fertilizer application, workshop and herbicide application.

Documented waste products includes used oil, old battery, used laboratory chemical, clinical waste, effluent, EFB, smoke, dust, fibre and shell, empty chemical container, boiler ash, scrap iron, used tire, linesite waste, line site waste water. Operational hazardous waste products collected and stored in the schedule waste store and disposed through authorised collector PT Emulsonsetindo Nusaindah.

Hazardous waste storage permit dated October 2012, valid up to October 2015, However, the storage of hazardous waste was not in line with applicable permit and company's procedure (**Minor NC was raised under criterion 5.3.3**)

Hazardous waste is sent to the register collector, e.g. Manifes No. 0014748 for transport of 25 drums chemical waste dated 6th June 2014 to PT Indocement Tunggal Prakasa and Manifes No. 0014947 for transport of 5 drums used oil dated 11th June 2014 to PT Elmulsionsetindo Nusaindah.

Collection of domestic waste performed on weekly basis. A new landfill was built in Afdeling IV, however waste is dump at this site and it is mixed with household organic waste, plastic, paper and garden waste.

A program to compost the organic matters from domestic waste have just started. Another program to converting waste into value added product has recently launched. However system cannot guarantee record of waste monitoring is maintained by officer. Records of domestic waste disposed off, segregated, sold and recycled from worker housing, estate office and other premises is not available (**Minor NC was raised under criterion 5.3.4**)

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

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

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.

No replanting in Tungkal Ulu Estate. The nearest replanting will commence in 2016. No evidence of

burning anywhere on any operating units found during field visit.

The company has procedures in place to assist in the event of fire in the field and facilities under Emergency Response Plan. Field visit, interview with workers, stakeholders, SOP's and manager interviews confirm that there is no open burning. No evidence of burning anywhere on any operating units found during field visit. Training on fire fighting was carried out by the District Fire Fighting Authority..

Appropriate fire fighting equipment such as fire extinguishers, fire hydrant, siren and mobile water tanks are available for the fire fighting purpose. Information on fire prone area complete with maps available and documented as a Risk Level Analysis for Fire Prone Area (*Analisis Tingkat Kerawanan Kebakaran Lahan*) as guidance to address any field burning incidents.

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

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

The boiler and generator emission tests conducted every 6 month, in collaboration with Sucofindo Laboratory of Pekan baru. It is noted that all parameters is compliances to allowable limits (e.g. NOx, SOx, Opacity, and particulate.

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

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

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

In addition to AMDAL document, the company has developed Social Impact Assessment (SIA) document in corporation with Forestry Faculty of Bogor Agriculture Institute (IPB) in 2011. The assessment focuses to:

- a. Relationship between company and stakeholders in relation to social economy interaction.
- b. Perception and expectation of communities against the company.
- c. The land ownership
- d. Social and economy activities that required by communities.

The companies regularly develop and update “Laporan Pengelolaan dan Pemantauan Lingkungan (RKL/RPL)” that will be submitted to Badan Lingkungan Hidup Daerah (BLHD) Tanjung Jabung Barat District every 6 (six) month. The report has included the implementation and monitoring report for Social Impact Assessment document.

The company has develop management and monitoring program with the period of 6 (six) month (period of January – June, and period of July – December). Each environmental parameter has been monitored based on agreed plan as per regulation. E.g. monitoring of liquid waste quality has been done once per month, monitoring of surface water quality has been done once every 6 (six) month, etc.

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.

The company has developed communication procedure (“Mekanisme Penanganan Permintaan Informasi Stakeholders” No. SOP AA-GL-5008.1-R1 dated 22 Agustus 2011). The procedure describes the process how the company response against any information requests submitted by stakeholders including the agreed response time (maximum 14 days from the date information receipt).

List of stakeholder consist of 18 parties from government department at province level, Asosiasi Pengusaha Sawit, Media, Universities, 10 parties from Tanjung Jabug Barat District, 38 parties from Sub-District Tungkal Ulu and 3 parties from labor organisation.

The records of community aspiration and responses are documented together with the information request and complaints in the “Logbook Penyampaian dan Penerimaan Informasi” when in 2014, the company has appointed Mr. Sukardi as Public relation Staff to be responsible to communicate and consult with stakeholders through Transfer Letter Regional Head Plt 3 No. 011/RO3-MEMO/HRD-JBI/TL/II/2011 dated 25 Februari 2011 and as officer to be responsible to communicate and consult with communities as per Memo Manager HRD No. 725/HR-RO3/MEMO/12/11 dated 09 Desember 2011 with regard to Public Relation (Humas) job and responsibility

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.

The company has established and implemented procedures how to handle complaints. There are 2 procedures, one procedure which is procedure to handle external complaints (Document No. SOP AA-GL-5005-RO 01) and procedure how to handle internal/ employee complaints (Document No. SOP.s AA-HR-308 0.5-RO).

Based on interview to head of Penyabungan Village, it was found that the company has response well for all complaint receipt both written and verbally.

Serikat Pekerja and Gender Committee is also has been interviewed and it was observed that the complaints has been informed to the company during the Serikat Pekerja/ Gender Committee meeting with the company. Serikat pekerja (labor organisation) and gender committee has mentioned that the company has handle and response their complaints very well.

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

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.

The company has SOP how to handle land conflict (No. Dok; AA-GL-5003.1-RI, dated 22 Agustus 2011). The document explain how to handle land conflict involving related parties and through “Free Prior and Informed Consent (FPIC) process.

The company has done socialization of the SOP to communities attended by 51 stakeholders on 23 June 2011. This 51 stakeholders represent government department, Head of villages, Head of KUD (Koperasi Unit Desa), etc

The company maintains records of the list of parties receiving compensation, e.g. the implementation of payment of land compensation to parties from 5 villages in 2012 for claim covering the area of 1,032 Ha which consist of compensation for communities surrounding Rantau Benar villages 150 KK (Head of family), Communities surrounding Pulau Pauh village 178 KK (Head of Family), Communities surrounding Lubuk Terap 135 KK (head of family) and Communities surrounding Penyabungan village 140 KK (Head of family).

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.

Based on the evidence of salary payment letter collected during the audit, it was observed that the company has paid the salary to employee as per and above UMP (Minimum wage) issued by Government as per SK. Jambi Governor with regard to minimum wages year 2014 no. 610/Kep.Gub/ DISSOSNAKERTRANS/2013, dated 23 Oktober 2013 with the amount of IDR. 1,502,230/month. The company has defined minimum

wage for daily workers (BHL) issued by Badan Kerjasama Perkebunan Se Sumatra (BKS-PPS) with the amount of IDR 1,540,000.

Based on review of payment slip, it was noted that no any workers in mills paid under the minimum wages as regulated by Governor of Jambi, e.g. Pay slip ini May 2014 for Mr. Rusdi hardianto (Rp. 4,499,947), Mr. Tubagus Nasrul Abdullah (Rp. 3,344,294), Mr. Iwan AP (Rp. 3,980,000) and Mr. Pahotan Sigalingging (Rp. 1,917,868).

All employees have signed the employment contract. The employment contract states that the employee will get the salary as per minimum wage standard issued by government, payment of overtime as per UU no. 13 tahun 2003, Jamsostek, and all requirements as per government regulation. E.g. Employment contract Mr. Egi Putra (No. 027/IIS/PTU/SPK-WT/I/2014, dated 13 January 2013) and Saidal Ardi Lubis (no. 020/IIS/PTU/SPK-WT/I/2014, dated 02 January 2014).

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

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

Minutes meeting of labour union were recorded in “Notulen dan daftar Hadir pertemuan SPSI”. The last meeting 26 June 2014, was attended 19 participants, Bukti pencatatan SPSI dated 5 December 2013, by Disnakertrans, Tanjung Jabung Barat.

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

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

Based on document review and interview with workers and stakeholders, it was noted that no any workers hired less than 18 years as regulated in “Peraturan pemerintah” and company policy, e.g. the youngest employed hired James

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

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

One of the evidence that the company has given the same opportunity to all employees without any discrimination is through promotion based on employee performance such as promotion to Mr. Ibnu Mustofa, Mr. Musonip, and Mr. Arifin Hidayat from BHL to be daily SKU as per the proposal letter dated 2 december 2013 and the agreement from Head Office dated 1 february 2014.

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

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

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

The company has appointed the gender committee to prevent sexual harassment. The organisation structure for the Gender Committee has been approved by the company. Gender Committee conduct meeting regularly, the last meeting on 15 November 2013. So far no any sexual harassment was noted.

The company also respect for implementation reproduction rights, e.g. Annual leave for Mrs. Sri Elvi Mardianto (Guru TK) on 01 February 2014 – 01 May 2014. The company paid her salary in March 2014 (Rp. 1,591,354), April 2014 (Rp. 1,540,020) and May 2014 (Rp. 1,591,354)

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

Interviews of Head of KUDs confirmed they had a very good working relationship with PT IIS – Tungkal Ulu and received good support in the form of training by

Smallholder Development Assistants. The Head of KUDs confirmed they understood the FFB price that is determined twice monthly by a Committee consisting of Provincial Government, Palm Oil Producers and Smallholder Cooperative Representatives. The Head of KUDs meet with PT IIS weekly and are involved in the negotiation of prices for FFB transport and premium for FFB quality.

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

Contract with local contractor is available in place, e.g. contract with PT. Numalos Abadi on 22 January 2014. Based on document review, it was noted that company has paid all contract timely manner, e.g. payment of invoice PT Numalos Abadi on 07 February 2014 (Rp. 2,900,000).

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

The company contribution to the local development is documented in “CSR Programme”, the CSR programme consist of heavy equipment for road maintenance, building material for public infrastructure facility, community economic empowerment, clean water source facility, education and cultural.

Interviews with local communities confirmed that CSR programme is running well.

Principle 7: Responsible development of new plantings

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

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

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

Continuous improvement is documented in “CI – Kaizen/Lean progress Update”, such as: preparing net for “Berondolan” during harvesting, mini tanks for pesticides application, EFB as organic fertilizer, planting beneficial plant, reduce paraquat usage, etc.

3.2 SUMMARY OF FINDINGS – SCHEME SMALLHOLDERS (RSPO P&C INA-SWG, 2009)

Principle 1: Commitment to Transparency

Criterion 1.1 Scheme Manager provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in

appropriate languages & forms to allow for effective participation on decision making.

The records of request and information responses are documented in the “Buku Permintaan Informasi dan Tanggapan Permintaan Informasi KUD Bina Usaha Tahun 2014”. It was observed in 2014 there are 6 incoming letters such as the letter sent from Tax Office (Kantor Pelayanan Pajak Pratama) Kuala Tungkal No. S.1508/WPJ.27/KP/KP.08/2014 dated 28 January 2014 with regard to the information to register as Tax Payer. The letter has been responded by sending the completed questionnaire (attached) which is requested from the letter.

The information and response book (Buku Permintaan Informasi dan Tanggapan Permintaan Informasi KUD Bina Usaha) describe date of request, sender, type of information, remarks/ status, date of responses, and signatory.

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.

Scheme Smallholders has developed “Master List document” that listed all type of documents (Legal, Management Program, Surat Keputusan/ Memorandum, Environmental documents and HCV, Social Documents, EMS, Manual Policy and records), name of documents, registered number, revision number, name of department that issue the document, date of issue, retention time, document location and label of document.

Scheme Smallholders has defined the type of document that can be accessed by public which consist of Cooperative legal documents (SPK KUD with PT IIS, Cooperative Notarial Acta, Cooperative Legal approval, Anggaran dasar KUD), Cooperative operational documents which consist of SOP, Organisation structure, production reports, Training Program, etc).

Principle 2: Compliance with applicable laws and regulations.

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

The scheme smallholders (KUDs) are documented in the form of legal permit in KUD office, e.g.

KUD Argo Makmur:

- Akte Pendirian koperasi nomor 1102/BH/XI, dated 22 August 1994.
- Ijin Undang Undang Gangguan (HO) No. 503.6/285/KPPT/2012, dated 11 July 2012, valid until 11 July 2015.

- Tanda Daftar Perusahaan no. 0501264000259, dated 11 July 2012, valid until 11 July 2017.
- SIUP No. 043-K/05-01/PK/II/1995, dated 14 February 2014.
- Certificates of land right (Sertifikat Tanah) is available, e.g. Mr. Sasmita no. 650, dated 26 April 1997 and Mr. Suratman no. 643, dated 26 April 1997.

KUD Bina Usaha:

- Akte Pendirian koperasi nomor 1053/BH/XV, dated 28 July 1993.
- Surat Ijin Tempat Usaha (SITU) no. 503.1/433/KPPT/2011, dated 22 September 2011, valid until 22 September 2014.
- Tanda Daftar Perusahaan no. 0501242000245, dated 22 September 2011, valid until 22 September 2016
- SIUP No. 503.10/334/KPPT/2011, dated 23 September 2011, valid until 23 September 2016
- Certificates of land right (Sertifikat Tanah) is available, e.g. Mr. Erwin no. 47, dated 28 May 1996 and Mr. Pargono no. 50, dated 28 May 1996.

KUD Sari Bumi:

- Akte Pendirian koperasi nomor 1018/BH/XV, dated 21 September 1992.
- Certificates of land right (Sertifikat Tanah) is available, e.g. Mr. R. Sitorus/Badri no. 52, dated 21 August 1995 and Mr. Supar no. 100, dated 21 August 1995.

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

KUD Argo Makmur:

All members of Kelompok Tani Sido Mukti (Hampanan 05) which consist of 20 people have evidence of the ownership of scheme smallholders land in the form of Sertifikat Hak Milik (SHM) which is issued by Kantor Pertanahan Tanjung Jabung District. E.g;

1. Sertifikat Hak Milik (SHM) No. 556 name Rohmat as per SK Kakanwil BPN Provinsi Jambi No. 138/HM.1/PIR/BPN/1997 dated 17 April 1997 No. 102 with an area of 20.548 M2 located at Bukit Indah village (No. Kapling 1105).
2. Sertifikat Hak Milik (SHM) No. 551 name Naswardi (Currently, the ownership has been transferred to Boimin) as per SK Kakanwil BPN Provinsi Jambi No. 138/HM.1/PIR/BPN/1997 dated 17 April 1997 No. 97 with an area of 20.160 M2 located at Bukit Indah village (No. Kapling 1100).
3. Sertifikat Hak Milik (SHM) No. 550 name Warsidi (currently has been transferred to Supriyadi) as per SK Kakanwil BPN Provinsi Jambi No. 138/HM.1/PIR/BPN/1997 dated 17 April 1997 No. Urut 96 with an area of 20.002 M2 located at Bukit Indah village (No. Kapling 1099).
4. Copy of land certificate name Kasno was not available at KUD Argo Makmur office.
5. Copy of land certificate name Dalmat was not available at KUD Argo Makmur office.

6. Copy of land certificate name Edi Sunarno (the ownership has been transferred to Supandi) was not available at KUD Argo Makmur office.

However, Smallholder's legal ownership of the land in member of KUD Argo Makmur and KUD Sari Bumi was found not complete limited to 4 (four) KTs (**Major NC was raised under criterion 2.2.1).**

KUD Argo Makmur cannot demonstrate mechanism for land conflict resolution mechanism (**Minor NC was raised under criterion 2.2.2)**

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

Scheme smallholder members get the land right from government through PIR Transmigration Program where each of family will have land right in the form of "Sertifikat Tanah Plasma" covering 2 Ha and land yard covering 0.5 Ha. This process did not require the land compensation.

Principle 3: Commitment to long-term economic and financial viability.

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

KUD Argo Makmur:

Budget plan for 3 years (2015-2017) covering projection of FFB production; 2015 (21.90 ton/ha/year), 2016 (21.94 tonne/ha/year) and 2017 (21.99 ton/ha/year), budget plan including cost projection for harvesting, transport, fertilizer, etc.

Projection Expenditure in 2014 is Rp. 10,515,553,125 for projection FFB production 26,449,000 kg (Rp. 397/kg) .

KUD Bina Usaha:

Budget plan for 3 years (2015-2017) covering projection of FFB production; 2015 (22.34 ton/ha/year), 2016 (22.39 tonne/ha/year) and 2017 (22.42 ton/ha/year), budget plan including cost projection for harvesting, transport, fertilizer, etc.

KUD Sari Bumi:

Budget plan for 3 years (2015-2017) covering projection of FFB production; 2015 (22.90 ton/ha/year), 2016 (22.96 tonne/ha/year) and 2017 (23.00 ton/ha/year), budget plan including cost projection for harvesting, transport, fertilizer, etc.

Projection Expenditure in 2014 and 2015 is Rp. 6,558,401,750

Projection FFB production 18,145,000 kg (Rp. 361/kg).

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

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

A scheme smallholder refers to Agriculture Policy Manual dated 1 September 2011: AA Plasma-PP-KS-01 Panduan Pelaksanaan Pembibitan; AA-Plasma-PP-KS-02 Pengendalian Hama dan Penyakit; AA Plasma-PP-KS-03 Pemupukan; AA-Plasma PP-KS-04 Potong Buah.

The records/ evidence of the implementation of procedures will include:

- Records of Harvest Rotation and FFB delivery May 2014 for all farmer plots
- Records of Quality testing and inspection TBS in 2014
- Records of TBS Inspection in TPH Kebun Plasma Tungkal Ulu – 2014.

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

Fertilizing oil palm recommendation 2014:

KUD Argo Makmur:

KT 21: Rukun Jaya (mineral soil, planting year 1993, total 38 Ha) First semester ZA 2.25 kg per palm, total 10,944 kg in February; MOP 1.75 kg per palm, total 8,512 kg in February; Rock phosphate 1.00 kg per palm, total 4,864 kg on June.

KT 16: Tani Mulya (mineral soil, planting year 1994, total 40 Ha) First semester ZA 2.25 kg per palm, total 11,520 kg in February; MOP 1.75 kg per palm, total 8,960 kg in February; Rock phosphate 1.00 kg per palm, total 5,120 kg on June.

KT 05: Argo Mukti (mineral soil, planting year 1993, total 40 Ha) First semester ZA 2.25 kg per palm, total 11,520 kg in February; MOP 1.75 kg per palm, total 8,960 kg in February; Rock phosphate 1.00 kg per palm, total 5,120 kg on June.

Record of land productivity is documented in “Realisasi produksi” year 2011, 2012 and 2013.

There is no EFB application for scheme smallholder plot.

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

Terracing is evident on KT 11 on area with slope. The terrace has been built during the planting year/land preparation back in 1993. Smallholders show conservation in form of frond stacking in line with contour line.

No Legum crops were planted due to the planting year is 1993 (Mature)

There is no peat soil in the area. Drainage system is implemented on low land area. Maintenance performed on annual basis.

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

Soil and water conservation training was carried out back in 8-10 March 2012, attended by 36 cooperative members. There has been no training ever since. Effort of prevention and maintain natural water resources demonstrated in form of frond stacking at areas with slope, silt pit at road side and contour bund. Maintenance and de-silting of water drainage.

Fertilizing record in farmer group, e.g.

KT 01: ZA 15,625 kg and MOP 10,938 kg in February 2014, Dolomite 9,375 kg in March 2014, Rock Phosphate 9,375 kg in June 2014, HGFB 625 kg in April 2014;

KT 11: ZA 15,625 kg and MOP 10,938 kg in February 2014, Dolomite 9,375 kg in March 2014, Rock Phosphate 9,375 kg in June 2014, HGFB 625 kg in April 2014;

KT 16: ZA 15,000 kg and MOP 10,512 kg in February 2014, Dolomite 9,000 kg in March 2014, Rock Phosphate 9,000 kg in June 2014, HGFB 600 kg in April 2014;

Herbicide application record for SP 1 and SP6 is available.

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

Monitoring of pest and disease carried out on monthly basis. Record of leaf eating pest monitoring available. Barn owl population monitored on three-monthly basis. The record for barn owl monitoring available for period of January and March 2014.

Interview with sampled smallholder, they are able to explain in simple manner the knowledge on IPM. Implementation seen on the field. Smallholder introduced barn owl as natural predator for rat. While Cassia tora planted to host natural predator for bagworm. Record of Cassia tora nurture is available, e.g. “Data realisasi Penanaman Cassia tora KUD Sari Bumi”.

Criterion 4.6 Agrochemicals are used in such a way that does not endanger health or the environment. There is no prophylactic use, and where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

Scheme Smallholder developed and maintained List Pestisida Terdaftar 2014 to list down all registered and permitted agrochemicals use as regulated by the Minister of Agriculture.

Training on limited use of pesticide is available. Daily working plan for sprayer recorded under RKH TUS for

KUD Sari Bumi. RKH explains the target species, dosage of chemical per application, total chemical used, type of sprayer/tool used and area of application.

PPE for TUS sprayer consist of hat, respirator, goggles, apron, impermeable gloves and rubber boot, all in good condition. Daily pre-activity checklist is maintained to verify the use of all prescribed PPE for sprayer.

The empty chemical containers sent for temporary hazardous waste storage in PT IIS. Balance sheet is maintained.

Limited pesticide training certificates are available for KUD members.

Sertifikat Pengguna Pestisida Terbatas u/n R Sitorus, No.19/KP3/VI/2012 dated 26-27 June 2012.

There is no pesticide supplied to smallholders.

Record of herbicide applied by TUS team onto smallholders is available.

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

Occupational Health and Safety is documented “Program Manajemen K3 tahun 2014”. The program including completing the ERP infrastructure; Conducting safety drill; Socialization with FFB transport drivers;

Training on OHS and Basic Safety dated 12 December 2013, for 25 KUD members.

Fire Drill simulation was conducted on 5 January 2014, for 16 KUD members.

Records of accident recorded under “Rekaman Kejadian Kecelakaan Kerja tahun 2014”. 9 accidents occurred in January 2014, 5 accidents in February 2014, 2 accidents in March 2014. The KUD has not used this information to consider accident analysis and mitigation taken for the accident and prevention taken for the future.

KUD Argo Makmur: Record of OHS meeting available, discussing the accident occurrence.

KUD Argo Makmur demonstrate Bukti Serah Terima APD back in 2012, including overall suit, hats, goggles, maskers, rubber gloves, aprons, etc. Daftar Alat Pelindung Diri bagi Aplikator Pestisida period of July – August 2012. Ceklist Pemakaian APD dated 2 July 2012.

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

Training programme documented under Detail Rencana Pelatihan KLT 2014. The training programme including PPE for harvester, Replanting agreement between KUD and farmer member, SIA and HCV training, First aid training, Limited Pesticide, etc.

Training record for Balance fertilizer carried out in 10 February 2014. Minutes of training and attendance list, along with copy of training material is maintained. 14 members attended the training.

Training record for basic fire carried out in 3-4 February 2014. Minutes of training and attendance list, along with copy of training material is maintained.

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

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

AMDAL and Social Impact Assessment (SIA) is available at KUD Argo Makmur office. Chapter 4 of SIA discuss particularly about scheme smallholders and community around PT. IIS Kebun Tungkal Ulu. Based on interview with the member of farmer groups Tani Argo Mukti (KUD Argo Makmur), Tani Bukit Mulia Sari (KUD Bina Usaha) and Tani Bunga Raflesia (KUD Sari Bumi), the farmer understand the environmental and social impacts from palm oil plantation activity as discussed on the AMDAL and SIA documents

PY IIS has socialized its environmental management and monitoring plan to stakeholders on 23 Juni 2011 together with socialization of management of High Conservation Value and SOP conflict handling to the surrounding community. This event was attended by 51 stakeholders consist of government body, head of villages, head of KUD etc.

Based on interview with member of the farmer groups of tani Argo Mukti (KUD Argo Makmur, Hambaran 05), Bukit Mulia Sari (KUD Bina Usaha, Hambaran 16) dan Bunga Raflesia (KUD Sari Bumi, Hambaran 15), the farmer understand the method to manage the land such as land management with a high degree of slope by the stem perpendicular to the direction of the slope technic, predator usage to control the pest, prohibition to hunt protected animals, prohibition to electrocute and poisoning the fish, water river bank management etc

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.

Based on interview with farmer group, they understand type of protected animal such as Macan akar/Felis bengalensis, biawak/Varanus salvator, Burung Hantu/Tyto alba, Ular kobra/Naja sumatrana etc.

Farmer association has appointed officer who responsible in management of high conservation value

through letter of Decree of KUD Bina Usaha committee No. 002/Kpts/KUDBU/VI/2014 date 02 Juni 2014. Farmer association has developed list of protected animals that is completed with local name such as Elang Hitam (*Ictinaetus malayensis*), Cekakak Belukar (*Halcyon smyrnensis*), Tiong Emas (*Gracula religiosa*), Musang Luwak (*Paradoxurus hermaphroditus*), Kucing hutan (*Felis bengalensis*) etc.

Based on interview with member of smallholders group, until ASA2 implementation, there is no conflict between human and protected animals such as tiger, elephant and Orangutan. This is also supported by report of Identification and Analysis of High Conservation Value of PT IIS where there is no indication protected animals has conflict with human.

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

“Waste Management Mechanism” explains the handling of organic and an-organic waste. Organic waste is being composted, while an-organic waste is being segregated to be sold for collector

Scheme smallholder member interviewed, can explain steps to dispose hazardous chemical waste in accordance with label instruction. No burning performed to dispose off empty agrochemical container

Smallholder is no longer using hazardous chemical. TUS team from PT IIS is handling the herbicide application for smallholder.

There is no complaint received from local communities related to disposal of hazardous waste.

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

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

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

Replanting planted for 910 ha in 2017 and 360 ha in 2018.

Draft replanting – PT Inti Indosawit Subur explains the replanting method proposed for scheme smallholder. The replanting method is planned with mechanical.

The emergency procedures cover under Petunjuk Teknis Tanggap Darurat.

PT IIS provided basic fire training on 3 -4 February 2014. The training attended by 18 cooperative members

KUD Bina Usaha can demonstrate the readiness of simple fire control equipment. The fire control equipment consist of alarm, bucket, rake, hoe, machete, axes, knap sack, hose, sand and wheel barrow. All in good condition.

PT IIS with Idapertabun Bank Bumi Putra Jambi provided socialization on financial preparation for replanting, carried out in 17 March 2014. The purpose is to prepare financial capital for replanting programme, in order to avoid burning. Training attended by 15 cooperative members.

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

Identification of pollution source is available under Rencana Pengurangan Sumber Polusi di Perkebunan Petani (Pencemaran dan Emisi). The pollution identified, e.g.. smoke, dust from harvesting activities; smoke emission and water pollution from fertilizer application; smoke emission from power generator.

The emission reduction plan is available under “Rencana Pengurangan Sumber Polusi di Perkebunan Petani (Pencemaran dan Emisi)”.

The pollution identified, e.g. smoke, dust from harvesting activities will be controlled through emission test; Smoke emission and water pollution from fertilizer application controlled through correct fertilizer application; Smoke emission from power generator controlled through limitation.

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

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

Social Impact Assessment of PT. IIS Kebun Tungkal Ulu document is developed by cooperation with Forestry Faculty of Bogor Agriculture Institute with emphasizing on :

- a. Interaction between organization and surrounding stakeholders in term of socio economic
- b. Perception and expectation of community to the organization
- c. Land ownership status
- d. Socio economic activities those are needed by the community

On the section VI, impacts on community resulted from existence of PT Inti Indosawit Subur are discussed holistically, both its negative and positive impacts.

RKL/RPL implementation report is available, submitted to BLH every six months.

PT IIS has defined the schedule for environmental management and monitoring, and reported every six months, period of January – June and July – December. Each of environmental parameter is monitored based on timing that is defined by regulation. It also apply to social monitoring as committed on Environmental Impact Assessment (AMDAL) and Social Impact Assessment (SIA).

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

Communication and consultation are done during routine meeting every month with committee and FKKT, record of the meeting is documented in the list of attendance while the content of the communication/consultation is recorded on the pocket book of the committee which then transferred onto logbook.

Annual meeting is done for Annual member Meeting/Rapat Anggota Tahunan (RAT) such as done on 23 March 2014 as per required by Minutes of Meeting RAT of KUD Bina Usaha, Cinta Damai Village Year Book 2013.

Aspiration record is available on *Buku Permintaan Informasi dan Tanggapan Permintaan Informasi* of KUD Bina Usaha Year 2014. In 2014, there are 6 incoming letters from *Kantor Pelayanan Pajak Pratama Kuala Tungkal* No.S.1508/WPJ.27/KP.08/2014 Date 28 Januari 2014 regarding Notification on requirement to register tax obligation holder. The letter was responded by sending the list of tax obligation holder to that tax office.

Information request and its handling to KUD Bina Usaha is recorded on a book. This book consist of information on letter number, sender, information type request, remark/status, date of response and signature

Scheme smallholders has appointed Hidayat as an office who is responsible to do the communication and consultation with the stakeholder, based on Decree Letter of committee of KUD Bina Usaha No. No. 001/Kpts/KUD-BU/VI/2014 date 02 June 2014 regarding appointment of stakeholder officer of KUD Bina Usaha.

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.

Scheme smallholders has pose mechanism to do communication, consultation and complaint that was approved by head of KUD on 3 January 2013.

Record of complaint and its handling is documented on book “Rekaman Keluhan, Penanganan dan Pelaporan” with its retention time 3 years, under responsibility of KUD secretary. In 2014, there are 5 complaints were recorded. They are complaint from heqad of Farmer Group Tani Hamparan 14 on 7 february 2014 regarding request to the committee to do the annual meeting for member (RAT) for year book 2013 immediately. This complaint was responded verbally to the complainant and recorded on the “Rekaman Keluhan, Penanganan dan Pelaporan”. Implementation of RAT KUD Sari Bumi on 21 June 2014 is in line with BAP of RAT year book 2013 KUD Sari Bumi, and it was attended by 100 of 140 members.

Based on interview with KUD members, they said that they have no serious conflict among members or with external parties.

Small conflict is happened but can be resolved in the committee meeting forum or in the annual member meeting (RAT)

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

As stated on the indicator 2.3.1 that every member of KUD has the right of land from the government via “Program Transmigrasi PIR” where every family head has the land use right in the form of certificate of smallholder land 2 Ha and house yard 0.5 Ha.

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

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

KUD Bina Usaha:

KUD hired permanent worker for staff and contract is available in place, e.g. Mrs. Nurhasanah no. 01/SPK/KJ/I/2014, dated 20 January 2014 and Mrs. Sumiyati Indrayani no. 04/SPK/KJ/I/2014, dated 20 January 2014.

KUD Argo Makmur and KUD Sari Bumi: no any permanent worker.

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.

In the meantime, labour union has not been established yet, but Cooperative giving the freedom for all employees to establish labour union, inline with the Koperasi policy and outlined on work agreement between employees and Cooperative article 3 sub article 5 "having a freedom to associate as per UUD 1945 and Pancasila"

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

During field visit and interviewd with workers, it was found that no any child labour involved in smallholders activities

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

Right equality is stated on work agreement as follow "equal wage for male or female worker with the same value"

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.

On the work agreement, there is a prohibition of employee "doing sexual harassment and immoral activity"

During field visit and interviewed, not noted sexual harassment was occurred in smallholders plantation.

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

Based on verified document of "Rekaman Keluhan, Penanganan dan Pelaporan", it shows that on 2014, there are 5 complaints recorded and those five complaints are not the repetitive complaints, whether from main organization, farmer member or other stakeholders

Price list of FFB is available at KUD Bina Usaha office that can be accessible by the public. Examples are : smallholders FFB period 27 Juni – 01 Juli 2014 of plam oil 10 – 20 years old is Rp. 1.906/Kg, 21-24 years old is 1.851,-/Kg. Price list period 23-29 May 2014 of plam oil 10 – 20 years old is Rp. 1.903/Kg, 21-24 years old is

1.848,-/Kg. Price list period 16-22 May 2014 of plam oil 10 – 20 years old is Rp. 1.924/Kg, 21-24 years old is 1.868,-/Kg.

Updated price for yard FFB is available at smallholder FFB price as defined on working group/team meeting of determination of FFB price for Jambi province, that is issued every week at Kantor Dinas Perkebunan Provinsi Jambi (agriculture Agency of Jambi province). This meeting involve governmental representative, palm oil company and also palm oil smallholders. Examples are group/team meeting on 28 May 2014 defined FFB period 30 May-05 June for FFB period 10-20 years old is 1.896/Kg and FFB 21-24 years old is 1.841,-/Kg.

Calculation mechanism of yard FFB is based on some components, among others are : CPO/kernel price, competitor price, distance from FFB source to the palm oil mill, FFB quality, OER CPO resulted in palm oil mill indeks 'K', OER kernel resulted in palm oil mill indes 'K', source of FFB, smallholder FFB price, and based on government (agriculture agency index 'K' for CPO and Kernel). Changing on FFB price is dynamic in line with changing on those components above. They are updated such as at KUD Bina Usaha : date 10 Juni 2014 is Rp. 1.710,-/Kg, date 14 Juni 2014 is Rp. 1,730,-/Kg. Date 19 Juni 2014 is Rp. 1,760,-/Kg.

Based on salary list document/payment to FFB Tani Makmur period 21 April 2014 s/d 20 Mei 2014, it shows that FFB buying price is in line with the price of FFB that is defined by working group discussion/meeting, such as payment to Saniman, FFB farmer whose FFB is 1,432 kg with its price is Rp. 1.889,- and 1.720 Kg with its price is Rp. 1.868,-; Payment to Setu Haryono 1.204 Kg with its price is Rp. 1.889,- and 1.374 Kg with its price is Rp. 1.868

Farmer Association has documented cooperation with other parties properly, such as : cooperation with KUD Bina Usaha with Mr. Asnawi as transporter contractor as defined on "Surat Perjanjian Kerjasama Kerja Angkutan" No. 001/KUD-KJ/III/2014 date 1 Maret 2014. On that agreement it has included scope of work, transporter requirement, supervision, period of agreement until 29 February 2016, rental price, method of payment, operational technic of FFB transportation, responsibilities of both parties, transporter right amandement, termination of contacrt, sanction, force major and conflict resolution.

Based on work agreement as described on indicator 6.10.4, payment of FFB transportation is done every month, 8 days after invoice received by KUD Bina Usaha, at the latest. Payment is done cash.

Based on verified document of payment to FFB transporter period 21 April s/d 20 Mei 2014 shows that payment is done properly as agreed on the agreement, example are Mr. Asnawi (FFB transporter) has been paid Rp. 6.032.880for FFB from Hamparan 14 with 83.790 Kg volume.

All KUD Bina Usaha member has paid their credit of smallholders plantation development but some of members has loan to the Bank and Cooperative KUD for other purpose that its payment is done during FFB payment, examples :

- a. Based on receipt FFB payment period 21 April - 20 Mei 2014 Group of Tani Makmur paid Rp. 134.115.135,- for 75.565 Kg volume. On the receipt, that payment is deducted by loan to KUD Rp. 35.717.940,-, to BRI Bank Rp. 15.014.400,- and to BSM 1.540.400,-.
- b. Based on receipt FFB payment period 21 April - 20 Mei 2014 Group of Tani Kenanga Mukti Sirwo paid Rp. 151.823.390,- for FFB 82.760 Kg, On the receipt, that payment is deducted by loan to KUD Rp. 63.464.376,-, to BRI Bank Rp. 19.083.400,- and BSM credit 6.208.500,-.

Based on interview with member of farmer group, it shows that each Cooperative (KUD) has each mechanism to maintain road. Examples are at KUD Argo Makmur, main road maintenance is under responsibility of KUD while block road maintenance is under farmer group. In KUS Bina Usaha, all road maintenance is under KUD coordination. This is in line with detail of deduction on the receipt of FFB payment to the farmers, example payment to Boimin, member of Argo Mukti (KUD Argo Makmur) for FFB April 2014 that is paid in 4 May 2014, road maintenance payment is Rp. 50,000,-, while KUD Bina Usaha has deducted FFB Argo Makmur period 21 April – 20 May 2014 Rp. 325.000,-.

Based on interview with farmer groups/ KUD officer and verification of payment document, it shows that FFB transporter is coordinated by KUD with cooperation with FFB contractor as described on indicator 6.10.4

PT IIS has organized replanting planning in 2012 for the whole smallholders. Smallholders, under coordination from farmer group or KUD has prepared replanting with the program of Replanting Saving whose volume is in line with each farmer group/KUD agreement, for example member of Argo Mukti (KUD Argo Makmur) agreed to save Rp. 100.000/month/kav, member of Tani Bukit Mulia Sari (KUD Bina Usaha) agreed to save Rp. 200.000,-/month/kav

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

Existence of KUD Argo makmur has quite great contribution to local development as shown from direct contribution to development of Bukit Indah Village Rp. 2,-/Kg FFB and Rp. 20,-/Kg FFB for main road and village road, in addition to that is religion facility and other temporary public facility and also regional development in the form of tax of land and building payment.

Principle 7: Responsible development of new plantings.

There is no new development. This principle is Not Applicable.

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

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

The continuous improvement plan (CIP) is available at the KUD and understood by the KUD management. It was noted that CIP is prepared by KUD. Scheme manager should assist to prepare action plans for continuous improvement together with involvement of smallholder, based on consideration of the main social and environmental impacts and opportunities for improvement.

3.3 Detailed identified Nonconformities, Corrective Actions and Auditor Conclusions

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

During ASA2, There are 1 (one) Major nonconformities and 4 (four) minor non conformities were raised.

PT IIS Tungkal Ulu has prepared Corrective Action for addressing Major nonconformities and submitted to BSI. The evidence for closing out the major nonconformities was verified during NCR Closure assessment. PT IIS has also submitted Corrective Action Plan for Minor nonconformities.

BSI auditor has accepted the evidence of closing out Major nonconformities and concluded those have been closed. BSI auditor has also accepted the Corrective Action Plan for minor nonconformities and will be further verified for effective implementation during subsequent surveillance visits (ASA3).

MAJOR NONCONFORMITIES

RSPO P&C SS INA-SWG 2009 - CAR reference 1055357M17

2.2.1. Escalated from observation indicator 2.2.1.

Smallholder's legal ownership of the land in member of KUD Argo Makmur and KUD Sari Bumi was found not complete limited to 4 (four) KTs.

Corrective Action:

The company has prepared land certificate for 4 farmer sub groups (Kelompok Tani-KT), namely KT 05 (Argo Mukti), KT 21 (Rukun Jaya) in KUD Argo Makmur and KT 06 (Teratai), KT 15 (Rafflesia) in KUD Sari Bumi. Based on review of the land certificate, its found that all land certificates are complete.

The Non conformity was closed out on 25 August 2014.

MINOR NONCONFORMITIES**1. RSPO P&C INA-NIWG 2008 - CAR reference 1055357N15**

4.7.9. Trained first aid officer is ready at various estate premises, prepared with first aid kit. However, there has been no licensed first-aid officer available on site. Furthermore, the latest first aid training conducted back in 2011, training refreshment required.

2. RSPO P&C INA-NIWG 2008 - CAR reference 1055357N6

5.3.3. The storage of hazardous waste was not in line with applicable permit and company's procedure.

3. RSPO P&C INA-NIWG 2008 - CAR references 1055357N16

5.3.4. System cannot guarantee record of waste monitoring is maintained by officer. Records of domestic waste disposed off, segregated, sold and recycled from worker housing, estate office and other premises is not available.

4. RSPO P&C SS INA-SWG 2009 - CAR References 1055357N18

2.2.2 KUD Argo Makmur cannot demonstrate mechanism for land conflict resolution mechanism.

OBSERVATION/OPPORTUNITY FOR IMPROVEMENT**1. RSPO P&C INA-NIWG 2008**

4.8.1. Care should be taken to monitor training progress based on training plan.

2. RSPO P&C INA-NIWG 2008

4.8.2. Care should be taken to update the record of training for each employees in Tungkal Ulu Estate and Tungkal Ulu POM.

3. RSPO P&C INA-NIWG 2008

- 5.3.2. 1. Serious consideration required to consistently segregates domestic waste;
 2. Serious consideration required to consistently dispose-off all inorganic waste from domestic refuse into dedicated waste bin, instead of water ways and road side;
 3. Serious consideration required to consistently send used oil and empty-motorcycle oil bottles from worker housing to be disposed off into hazardous waste storage

4. RSPO P&C INA-NIWG 2008

8.1. Scheme Manager and KUD may wish consider preparing continuous improvement plan appropriately.

REVIEW OF NONCONFORMITIES (MAJOR AND MINOR) PREVIOUSLY IDENTIFIED**Major Nonconformities**

No open major nonconformities were identified at previous assessment.

Minor Nonconformities**CAR reference A824193/1**

RSPO P & C INA-NIWG 2008

4.4.2. There is no formal written water management plan which includes all the activities related to water extraction, usage, conservation and review of the management plan based on the current condition. There are two separate drinking water analysis conducted by POM and estate. Analysis by the mill shows the e-coli and coliform analysis. However the analysis by the estate for drinking water does not contain analysis of e-coli and coliform. The result for the sample sent on 22/11/2012 is still not available.

ASA2 finding:

A formal water management plan is in place for estate. The practices to maintain quality and availability of surface and ground water. Result of analysis for E. Coli and coliform is available.. **The nonconformity was closed on 30th June 2014.**

CAR reference A824193/3

RSPO P & C INA-NIWG 2008

4.6.5. Document audit shows that there is an increase of paraquat usage from 2011 to 2012 as follows: 2010=947 lits.; 2011=225 lits.; and 2012=298 lit. There is an increase of 73 lits in 2012 compared to 2011. The RSPO requirement is paraquat is reduced and/or eliminated. Memo from the Head of Plantation dated 1/9/2009 No. 001/HP/INT/IX/2009 informed that all operating units must take efforts to reduce paraquat usage.

ASA2 findings: PT Inti Indosawit Subur has reduced the use for paraquat over time. The budget for paraquat in 2014 is 232 liters, lower compared to budget for paraquat in 2013 of 1,286 liters. Record shows the actual use is declining from 2012 to 2013. The paraquat used as at May 2014 is 85 liters.

Record of paraquat use seen:

2011 budget 1,660 liters, actual usage 194 liters;
 2012 budget 773 liters, actual usage 315 liters;
 2013 budget 1,286 liters, actual usage 150 liters;
 2014 budget 232 liters, actual applied as at May 85 liters;

This nonconformity was **closed on 30th June 2014.**

CAR reference: 824193/2

RSPO P & C INA-NIWG 2008

4.4.2. Riparian area maintain with natural vegetation along Sungai Jintan. However, inspection to block 3767 found that KUD has not cease spraying along the buffer zone bordering with Sungai Jintan to prevent any erosion on edge of the natural water resource.

ASA2 findings: Smallholders no longer spraying herbicide on their oil palm plots. Smallholders benefit the service of spraying team (TUS) from PT Inti

Indosawit Subur. The spraying team has been trained in limited use of pesticide, safe working practice, PPE usage, spraying technique as well as environmental concern.

Based on field verification, no spraying performed on natural vegetation along river buffer zone. In KUD Argo Makmur, KT 16, riparian area maintained in buffer zone of Sungai Papalik, no spraying performed for this particular area. NC Minor closed.

This nonconformity was **closed on 30th June 2014**.

Observation for improvement - Mill and estate

There were 24 observations for improvement was raised during the Annual Surveillance Assessment of the Tungkal Ulu Palm Oil Mill and estate and scheme smallholders.

Obs. 01: (5.6.3) An observation for improvement was raised whereby at the mill oil traps are available as a pollution control device. The upkeep of the oil traps can be improved through a close monitoring of the condition of the traps and clearancy EFB in the traps.

Verification during ASA-2: Monitoring and improvement of oil traps has been done.

Obs. 02: (4.7) An observation for improvement was raised for the mill to consider improving hazard signage's by following the Environment Ministry's signage's guideline.

Verification during ASA-2: Hazard signage's have been improved, it was seen during filed visit in mill.

Obs. 03: (4.7.8) As an area for improvement an observation was raised whereby it was noted that emergency shower is available at mill. Mill should ensure that the water pressure is sufficient at all time.

Verification during ASA-2:Emergency shower has repaired and water pressure is checked during field visit

Obs. 04: As an area for improvement an observation was raised to consider stacking of fertilizer bags in the fertilizer store by providing walking path for the store clerk for easy supervision. This was immediately addressed on 21 December 2012 by the Tungkal Ulu management by re-stacking the fertilizer bags and placing a notice on the stacking method. Socialization was given to the store supervisor. Picture evidence was submitted to the audit team for verification.

Verification during ASA-2: Walking path for inspection in fertilizer store is seen clearly during field visit

Observation for improvement-Scheme Smallholder

Obs. 05: (1.1.1) As an area for improvement an observation was raised at KUD Sawit Mulia. Information request and response records have been maintained. Review to "Permintaan Tanggapan Informasi" indicated

that the record could be improved by recording the date respond was provided to the request.

Verification during ASA-2: Record of request information and response in Log Book is completely, included date of response to the request

Obs. 06: (1.2.1) As an area for improvement an observation was raised at KUD Sawit Mulia, Karya Kita and Manunggal Jaya. There are publicly available documents at KUD. As an area for improvement a list of publicly available document approved by the KUD head can be considered as reference. (1.2.1)

Verification during ASA-2:

Obs. 07: (2.1.1) As an area for improvement an observation was raised at KUD Sawit Mulia, Karya Kita and Manunggal Jaya: List of applicable law and regulation was updated by November 2012. This should be indicated on the updated list whenever the update was carried out. Inspection found Government Regulation No. 17/2012 on Cooperative issued on October 2012 was not on the list although they are aware of this regulation. As an area for improvement this can be included in the list.

Verification during ASA-2:List of regulation has been updated.

Obs. 08: (2.2.1. As an area for improvement an observation was raised at KUD Sawit Mulia. Document reviewed found all the farmers have legal ownership to the land. Copies of the land title are available to demonstrate ownership. Some of the original copies of the certificate are still at the Bank, while others are in the farmer's hand. As an area for improvement the KUD should consider to collect all the copies and compile for reference.

Verification during ASA-2: This observation was upgraded as Major NC due to still found the land title/Sertifikat Hak Milik is not complete.

Obs. 09: (4.1.1) As an area for improvement an observation was raised at KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Scheme smallholder implemented GAP as per SOP, however inspection to sample of smallholders blocks found that frond staking can be further improved by staking in T-Box shape.

Verification during ASA-2: During field visit, it was found that the KUD members was implemented T and L shape stacking fond.

Obs. 10: (4.2.2) As an area for improvement an observation was raised at KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Production record is available on file "Realisasi Produksi Bulanan Kelompok Tani". The list can be improved by dividing the production with hectarage (208 ha) to determine the productivity per ha.

Verification during ASA-2: Record of FFB Production was updated with productivity (Ton TBS/ha)

Obs. 11: (4.4.3) As an area for improvement an observation was raised at KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Inspection to smallholders blocks indicated several blocks are outgrown with weed. According to SOP, path is sprayed twice a year while circle spraying was done once a year. This was done accordingly. The KUD should monitor the effectiveness of the spraying activity.

Verification during ASA-2: Pesticide spraying monitoring was conducted by TUS, the monitoring of cycle is supervised by The KUD's Manager and Scheme Manager.

Obs. 12: (4.7.3) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Fire fighting training conducted. KUD should consider making drill on emergency preparedness to their farmers within their area to be understood by their farmers and familiarize with the area if emergency case happens i.e. fire drill using all equipments that KUD have to be familiarize with the step or mechanism to use those equipments.

Verification during ASA-2: Fire Drill simulation was conducted on 5 January 2014, for 16 KUD members.

Obs. 13: (4.7.3) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: since there is no radio communication or handphone signals on KUD farmers area, there should be a mechanism to inform or asking help if there is accident on the farming area, i.e. whistle, "kentongan" as chain reaction signals.

Verification during ASA-2: Scheme Manager was conducting meeting discussing to improve the awareness if any accident occurred.

Obs. 14: (4.7.4) As an area for improvement an observation was raised KUD Manunggal Jaya: There are accident records. The KUD should use this information to consider accident analysis and mitigation taken for the accident and prevention taken for the future accident.

Verification during ASA-2: No any accident was noted during document review and interview with workers, accident report will be made once the accident occurred.

Obs. 15: (4.8) As an area for improvement an observation was raised KUD Manunggal Jaya: The material of training for the harvester should also include accident information occurred within KUD area or plasma area of IIS and how to avoid same incident on the future and if possible also conducted in the farming area.

Verification during ASA-2:

Obs. 16: (4.8) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya. The training module should be tailored

made with the local situation and easy to digest by farmers and adjusted by their education background.

Verification during ASA-2: Training record for Balance fertilizer carried out in 10 February 2014. Minutes of training and attendance list, along with copy of training material is maintained. 14 members attended the training.

Training record for basic fire carried out in 3-4 February 2014. Minutes of training and attendance list, along with copy of training material is maintained.

Obs. 17: (4.8) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Training need matrix/table should be prepared to make sure all farmers was trained properly.

Verification during ASA-2: Training programme documented under Detail Rencana Pelatihan KLT 2014. The training programme including PPE for harvester, Replanting agreement between KUD and farmer member, SIA and HCV training, First aid training, Limited Pesticide, etc. Matrix of training is still considered to created to ensure that all members is trained, So far, the KUD Managers monitor training of members by attendance list.

Obs. 18: (5.1.3) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Improving RKL-RPL reporting by indicating percentage of achievement has been done on the period of reporting if activities still in progress. If completed, should mentioned completed in which year.

Verification during ASA-2: Monitoring of achievement in the RKL / RPL report was completed with indicating percentage and timeline of progress.

Obs. 19: (5.1.1) As an area for improvement an observation was raised KUD Sawit Mulia: Interview of the sample of smallholders indicated low awareness on the impact of oil palm planting. Socialisation on oil palm planting impacts should be considered to all farmers.

Verification during ASA-2: Training and socialization of oil palm impact is conducted during training of "Best Practices", interviewed with the members indicated that they understood impact of oil palm planting, such as: planting oil palm in slope area, stacking fond in slope area to prevent erosion, planted beneficial plant, sign warning for hunting, and manage of riparian zone.

Obs. 20: (5.1.2) As an area for improvement an observation was raised KUD Manunggal Jaya: KUD should make another series of environmental training that planned RSPO Certification Assessment – Tungkal Ulu Mill, Estate and Scheme Smallholder Page 27

Prepared by BSi Management Systems Singapore Pte Ltd for PT Inti Indosawit Subur / Tungkal Ulu Mill, Estate and Scheme Smallholder for next year assisted by nucleus, and using simple explanation/training module that can be understand by all farmers.

Verification during ASA-2: Training material is made based on local practices to easier understood by the members.

Obs. 21: (5.2.2) As an area for improvement an observation was raised HCV assessment report available. Unfortunately the HCV study was not mentioned the HCV animal found in local language that can be easily understood by local community and farmers, and HCV study at least has been understand/read by the person appointed as in-charge person on dealing with HCV species, officer of animals protection appointed based on Decision Letter of KUD Manunggal Jaya No. 004/Kpts/KMJ/III/2012 dated 25 March 2012.

Verification during ASA-2: Scheme Manager has made list of RTE's species with local name, e.g. Elang Hitam (*Ictinaetus malayensis*), Cekakak Belukar (*Halcyon smyrnensis*), Tiong Emas (*Gracula religiosa*), Musang Luwak (*Paradoxurus hermaphroditus*), Kucing hutan (*Felis bengalensis*) dll.

Obs. 22: (5.3.2) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Identification of pollution source is available. Socialization of pollution source on KUD area should be considered.

Verification during ASA-2: Scheme smallholder member interviewed, can explain source pollution, such as: smoke emission and water pollution form pesticide and fertilizer applied in field.

Obs, 23: (6.1.1) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: Social Impact Assessment is available. Copy of SIA is made available in the KUD office. SIA conducted by Bogor Agriculture University. As an area for improvement, the AMDAL and SIA information should be learned and understand by the KUD officials and farmers.

Verification during ASA-2: Socialization of AMDAL conducted by informal meeting, during interview with the scheme smallholder, it was found that they understand of Environmental and social impact related to the oil palm planting.

Obs. 24: (8.1.1) As an area for improvement an observation was raised KUD Sawit Mulia, Karya Kita and Manunggal Jaya: The continuous improvement plan is available at the KUD and understood by the KUD management. It was noted that CIP is prepared by KUD. Scheme manager should prepare action plans for continuous improvement together with involvement of smallholder, based on consideration of the main social and environmental impacts and opportunities for improvement.

Verification during ASA-2: The continuous improvement plan (CIP) is available at the KUD and understood by the KUD management. It was noted that CIP is prepared by

KUD. Scheme manager should assist to prepare action plans for continuous improvement together with involvement of smallholder, based on consideration of the main social and environmental impacts and opportunities for improvement.

3.4 Noteworthy Positive Components

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

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


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

In stakeholder meeting, there are some concerns as below :

1. Epa Noprianto (Penyabungan Village Head):
 - In general, communication with organization is running well
 - Organization has done social program such as contribution in development public facility of education, village head office, heavy equipment usage etc.
 - Having experience with land conflict 1.032 Ha between organization and communities of 5 Villages but has been resolved properly in 2012 with compensation of Rp. 2.750.000.000,-.
 - In 2014, claim for that 1.032 Ha is repeated by the organization represent those 5 villages communities but without coordination with village and sub district offices. That problem has been resolved.
 - There is no environmental pollution from organization activity reported.
 - Local Workforce recruitment is considered low.
2. Husni Thamrin (Labour union Leader (SPSI Mandiri PT. IIS) and Mr. Tarmida (Labour union :Kahutindo)
 - Labour wage has follow minimum wage defined by Jambi Province Government 2014.
 - PKB or Agreement between organization and worker is in place valid until September 2014.
 - Organization arrange PKB with involving DPD SPSI Jambi role, while DPD SPSI Province ask input from all each unit of PUK SPSI.
 - SPSI PT IIS Kebun Kuala Tungkal do routine meeting internally every three months.
 - Organization has implemented worker normative right such as Minimum wage, insurance (JAMSOSTEK), religious celebration day payment, worker infrastructure facilities (housing, clean water, electricity, PPE etc.).

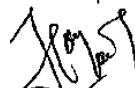
- Organization has do fertilizing, pest control every 6 months.
- All operator working at special station has license to operate such as welder, boiler and generator operator.
- Cooperation Body (LKS) has been established and registered to labor department Batanghari District.
- Organization has policy not to employ workforce under 18 years old for all activity.
- No discrimination to the employee found at the organization.
- First aid training has been trained to the employee. Flora and fauna protection is also trained.
- Field Supervisor is equipped with first aid kit.

Signed for on behalf of
PT Inti Indosawit subur



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

Signed for on behalf of
BSI Group Singapore Pte Ltd



Haeruddin
Lead Auditor
Date: 22 September 2014

3. Ariantini (Gender Committee leader)
- Committee meeting is done every two months
 - Organisation has policy to protect right of reproduction of their woman worker and to protect woman worker from sexual harassment at workplace.
 - No discriminative found to female worker.
 - Organization has implemented reproduction right for female worker such as period leave, maternity leave, routine medical check up at high risk station (spray and fertilizer). Rotation of pregnant woman to the non dangerous place.

All response accepted positively, no negative response during stakeholder meeting.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Closing Nonconformities (Major and Minor)

Table 7. Status of Nonconformities

Reference	Category	ISSUED	CLOSED?
A824193/1:	Major NC	14/12/2012	10/02/2013
A824193/1	Minor NC	14/12/2012	30/06/2014
A824193/3	Minor NC	14/12/2012	30/06/2014
A824193/2	Minor NC	14/12/2012	30/06/2014
1055357M17	Major NC	30/06/2014	25/08/2014
1055357N15	Minor NC	30/06/2014	"OPEN"
1055357N6	Minor NC	30/06/2014	"OPEN"
1055357N16	Minor NC	30/06/2014	"OPEN"
1055357N18	Minor NC	30/06/2014	"OPEN"

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

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

Appendix A: PT Inti Indosawit Subur Time bound Plan

No.	Name of Palm Oil Mill (POM)	Location	Time Bound for Certification	Verification during this surveillance
1	BUATAN I	DELIK AND PANGKALAN KERINCI VILLAGE, BUNUT LANGGAM SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE- INDONESIA	2010	CERTIFIED ON 16 SEPTEMBER 2010
2	BUATAN II	DELIK AND PANGKALAN KERINCI VILLAGE, BUNUT LANGGAM SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE- INDONESIA	2010	CERTIFIED ON 16 SEPTEMBER 2010
3	UKUI I	UKUI VILLAGE, UKUI SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE-INDONESIA	2010	CERTIFIED ON 1 MARCH 2011
4	UKUI II	UKUI VILLAGE, UKUI SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE-INDONESIA	2010	CERTIFIED ON 1 MARCH 2011
5	TUNGKAL ULU	PULAU PAUH/PENYABUNGAN/MERLUNG VILLAGE, TUNGKAL ULU SUB-DISTRICT, TANJUNG JABUNG DISTRICT, JAMBI PROVINCE-INDONESIA	2011	CERTIFIED ON 15 AUGUST 2012
6	MUARA BULIAN	SINGOAN,/BUKIT SARI/ BULIAN JAYA VILLAGE, MUARA BULIAN/PEMAYUNG SUB-DISTRICT, BATANG HARI DISTRICT, JAMBI PROVINCE-INDONESIA	2011	CERTIFIED ON 28 AUGUST 2012
7	TOPAZ	PETAPAHAN VILLAGE, TAPUNG SUB-DISTRICT, KAMPAR DISTRICT, RIAU PROVINCE-INDONESIA	2013	STAGE 1 IN NOVEMBER 2013 AND MAIN ASSESSMENT IN JANUARY 2014
8	TAMAN RAJA	LUBUK BERNAI/KAMPUNG BARU/PELABUHAN DAGANG/PEMATANG PAUH VILLAGE, TUNGKAL ULU SUB-DISTRICT, TANJUNG JABUNG DISTRICT, JAMBI PROVINCE-INDONESIA	2013	STAGE 1 IN NOVEMBER 2013 AND MAIN ASSESSMENT IN JANUARY 2014
9	SEGATI	LANGKAN/PENARIKAN/TAMBAK/SOTOL VILLAGE, LANGGAM SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE-INDONESIA	2014	2014
10	TANAH DATAR	TANAH DATAR PETATAL VILLAGE, TALAWI SUB-DISTRICT, ASAHAN DISTRICT, NORTH SUMATERA PROVINCE, INDONESIA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
11	AEK NABARA	S1-S3/SUKADAME VILLAGE, BILAH HULU/KOTA PINANG SUB-DISTRICT, LABUHAN BATU DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
12	TELUK PANJIE	TELUK PANJIE VILLAGE, KAMPUNG RAKYAT SUB-DISTRICT, LABUHAN BATU DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
13	PERANAP	SIMELINYANG/PAUH RANAP/SENGKILO VILLAGE, PERANAP SUB-DISTRICT, INDRAGIRI HULU DISTRICT, RIAU PROVINCE-INDONESIA	2016	STAGE 1 AUDIT IN NOVEMBER 2013 AND MAIN ASSESSMENT IN JANUARY

				2014
14	BUNGA TEBO	TUO SUMAI/SUNGAI RAMBAI VILLAGE, PWK SUMAI/TEBO ULU SUB-DISTRICT, BUNGO TEBO DISTRICT, JAMBI PROVINCE-INDONESIA	2016	2015
15	TANJUNG SELAMAT	KAMPUNG PADANG VILLAGE, BILAH HILIR SUB-DISTRICT, LABUHAN BATU DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2017	2015
16	GUNUNG MELAYU I	RAHUNING VILLAGE, BANDAR PULAU SUB-DISTRICT, ASAHAN DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2017	2015
17	GUNUNG MELAYU II	GONTING MAHALA VILLAGE, BANDAR PULAU SUB-DISTRICT, ASAHAN DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2017	2015
18	NEGRI LAMA I	NEGRI LAMA SEBERANG VILLAGE, BILAH HILIR SUB-DISTRICT, LABUHAN BATU DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2018	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
19	NEGRI LAMA II	NEGRI LAMA SEBERANG VILLAGE, BILAH HILIR SUB-DISTRICT, LABUHAN BATU DISTRICT, NORTH SUMATERA PROVINCE-INDONESIA	2018	2018 (SO FAR, ALL FFB FROM 3 RD PARTIES)
No.	Name of Supply Base (Estate, Plasma and KKPA)	Location	Time Bound for Certification	Verification during this surveillance
1	BUATAN ESTATE	DELIK AND PANGKALAN KERINCI VILLAGE, BUNUT LANGGAM SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE- INDONESIA	2010	CERTIFIED ON 16 SEPTEMBER 2010
2	UKUI & SOGA ESTATE	UKUI VILLAGE, UKUI SUB-DISTRICT, PELALAWAN DISTRICT, RIAU PROVINCE-INDONESIA	2011	CERTIFIED ON 1 MARCH 2011.
3	BUATAN (PLASMA)	KERINCI KANAN, PANGKALAN KERINCI, DAYUN SUB-DISTRICT, SIAK & PELALAWAN DISTRICT, RIAU PROVINCE-INDONESIA	2011	CERTIFIED ON 13 MARCH 2012
4	UKUI (PLASMA)	UKUI AND LUBUK BATU JAYA SUB-DISTRICT, PELALAWAN AND INDRAGIRI HULU DISTRICT, RIAU PROVINCE- INDONESIA	2012	CERTIFIED 11 JUNE 2012
5	TUNGKAL ULU ESTATE	DESAPULAU PAUH/PENYABUNGAN/MERLUNG, KEC. TUNGKAL ULU, KAB. TANJUNG JABUNG, JAMBI	2011	CERTIFIED 13 MARCH 2011
6	MUARA BULIAN	SINGOAN/BUKIT SARI/ BULIAN JAYA VILLAGE, MUARA BULIAN/PEMAYUNG SUB-DISRTICT, BATANG HARI DISTRICT, JAMBI PROVINCE-INDONESIA	2011	CERTIFIED 15 AUGUST 2012
7	BUATAN (KKPA)	KERINCI KANAN,, PANGKALAN KERINCI, DAYUN SUB-DISRICT, SIAK & PELALAWAN DISTRICT, RIAU PROVINCE-INDONESIA	2011	CERTIFIED ON 16 SEPTEMBER 2010
8	TUNGKAL ULU (PLASMA)	Kec. Renah Mendalo, Merlung, Muara Papalik, Kab. Tanjabbar, Jambi	2012	CERTIFIED ON 15 AUGUST 2012
9	MUARA BULIAN (PLASMA)	MARO SEBO ILIR SU-DISTRICT, BATANG HARI DISTRICT, JAMBI PROVINCE-INDONESIA	2012	CERTIFIED ON 28 AUGUST 2012

10	MUARA BULIAN (KKPA)	MARO SEBO ILIR SU-DISTRICT, BATANG HARI DISTRICT, JAMBI PROVINCE-INDONESIA	2012	CERTIFIED ON 28 AUGUST 2012
11	TOPAZ & SEED GARDEN	DESA PETAPAHAN, KEC. TAPUNG, KAB. KAMPAR, RIAU	2013	STAGE 1 IN NOVEMBER 2013 AND MAIN ASSESSMENT IN JANUARY 2014
12	TAMAN RAJA & BADANG	DESA LUBUK BERNAI/KAMPUNG BARU/PELABUHAN DAGANG/PEMATANG PAUH, KEC. TUNGKAL ULU, KAB. TANJUNG JABUNG, JAMBI	2013	STAGE 1 IN NOVEMBER 2013 AND MAIN ASSESSMENT IN JANUARY 2014
14	SEGATI	DESA LANGKAN/PENARIKAN/TAMBAK/SOTOL, KEC. LANGGAM, KAB. PELALAWAN, RIAU	2014	PLANNED 2014
15	PENARIKAN & GONDAI	DESA PANGKALAN SARIK/BARU, KEC. LANGGAM/SIK HULU, KAB. PELALAWAN/KAMPAR, RIAU	2014	PLANNED 2014
16	PENARIKAN (KKPA)	DESA PANGKALAN SARIK/BARU, KEC. LANGGAM/SIK HULU, KAB. PELALAWAN/KAMPAR, RIAU	2014	PLANNED 2014
17	GUNUNG SAHILAN (KKPA)	DESA GUNUNG SAHILAN, KEC. LIPAT KAIN KAB. PELALAWAN	2014	PLANNED 2014
18	BAHILANG	DESA BAHILANG, KEC. TEBING TINGGI, KAB. SERDANG BEDAGAI, SUMATERA UTARA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
19	TANAH DATAR	DESA TANAH DATAR PETATAL, KEC. TALAWI, KAB. ASAHAN, SUMATERA UTARA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
20	AEK NABARA	DESA S1-S3/SUKADAME, KEC. BILAH HULU/KOTA PINANG, KAB. LABUHAN BATU, SUMATERA UTARA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
21	TELUK PANJIE	DESA TELUK PANJIE, KEC. KAMPUNG RAKYAT, KAB. LABUHAN BATU, SUMATERA UTARA	2015	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
22	PERANAP	DESA SIMELINYANG/PAUH RANAP/SENKILLO, KEC. PERANAP, KAB. INDRAGIRI HULU, RIAU	2016	STAGE 1 AUDIT IN NOVEMBER 2013 AND MAIN ASSESSMENT IN JANUARY 2014
23	BUNGO TEBO	DESA TUO SUMAI/SUNGAI RAMBAI, KEC. PWK SUMAI/TEBO ULU, KAB. BUNGO TEBO, JAMBI	2016	2015
24	PERANAP (PLASMA)	DESA SIMELINYANG/PAUH RANAP/SENKILLO, KEC. PERANAP, KAB. INDRAGIRI HULU, RIAU	2016	2016
25	BUNGO TEBO (PLASMA)	DESA TUO SUMAI/SUNGAI RAMBAI, KEC. PWK SUMAI/TEBO ULU, KAB. BUNGO TEBO, JAMBI	2016	2016
26	TANJUNG SELAMAT	DESA KAMPUNG PADANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	2017	2015
27	PANGKATAN	DESA SENNAH, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	2017	2015
28	SENTRAL & BATU	DESA GONTING MAHALA, KEC. BANDAR	2017	2015

	ANAM	PULAU, KAB. ASAHAN, SUMATERA UTARA		
29	PULAU MARIA	DESA RAHUNING, KEC. BANDAR PULAU, KAB. ASAHAN, SUMATERA UTARA	2017	2015
30	NEGRI LAMA	DESA NEGRI LAMA SEBERANG, KEC. BILAH HILIR, KAB. LABUHAN BATU, SUMATERA UTARA	2018	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014
31	AEK KUO	DESA AEK KORSIK, KEC. AEK NATAS, KAB. LABUHAN BATU, SUMATERA UTARA	2018	STAGE 1 IN DECEMBER 2013 AND MAIN ASSESSMENT IN FEBRUARY 2014

Appendix B: RSPO Certificate Details

PT Inti Indosawit Subur-Tungkal Ulu Group: Pulau Pauh/Penyabungan, Merlung Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi Province, Indonesia.

Certificate Number: **SPO 594422**

Initial Certificate Issued Date: 15 August 2012

Extension of Certificate with inclusion of Scheme Smallholder: 11 July 2013

Standard: RSPO Certification System, June 2007 (revised March 2011), RSPO P&C Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, RSPO P&C INA-SWG: v1 October 2009 for Scheme Smallholders and RSPO Supply Chain Standard, November 2011 for CPO Mills – Module E: Mass Balance.

Name of POM and Supply Base					
Location / Address		Pulau Pauh/Penyabungan, Merlung Village, Tungkal Ulu District, Tanjung Jabung Regency, Jambi Province, Indonesia.			
GPS Location		E 102°58'53" S 01°18'01"			
CPO Tonnage Total Projected		74,123			
PK Tonnage Total Projected		17,638			
Company Own estates FFB Tonnage		117,060			
Smallholders FFB Tonnage		205,959			
Name of estate	Mature (ha)	Immature (ha)	Unplantable/ others	Total land lease (Ha)	Annual FFB Production (mt)
Tungkal Ulu Estate	4,396	0	160	4,556	117,060
KUD Bina Usaha	910	0	0	910	20,220
KUD Sawit Kita	1,028	0	0	1,028	22,144
KUD Karya Kita	1,168	0	0	1,168	26,958
KUD Karya Jaya	810	0	0	810	18,588
KUD Panca Mukti	792	0	0	792	17,457
KUD Sari Bumi	764	0	0	764	17,452
KUD Manungal Jaya	208	0	0	208	4,680
KUD Sawit Mulia	1,362	0	0	1,362	29,555
KUD Argo Makmur	1,130	0	0	1,130	24,386
KUD Harapan Jaya	1,130	0	0	1,130	24,519
TOTAL	13.698	0	160	13,858	323,019

Appendix C: Assessment Programme

Date	Time	Description	Haeruddin	Sedayu Pratama	Nanang Mualib
Monday, 30/06/2014	11.05 – 12.30	Flight Jakarta – Jambi	√	√	√
	12.30	Travelling to Tungkal Ulu	√	√	√
Tuesday, 01/07/2014	08.30 – 09.00	Opening Meeting (Pertemuan pembukaan) - Presentation by PT. Inti Indosawit Subur - Opening meeting by BSI Indonesia (including introduction of team members and assessment agenda).	√	√	√
	09.00 – 12.00	Tungkal Ulu Mill: General Information (Ha, FFB Prod. CPO/PK production) and time bound plan verification	√		
		Tungkal Ulu (Field visit): Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, Hazardous waste, Boundaries inspection, social amenities, housing, landfill, clinic, etc.		√	
		Stakeholder Interview: Head of villages, contractors, Labour union, Gender Committee, workers in estate, etc.			√
	12.00 – 13.00	Break			
	13.00 – 17.00	Tungkal Ulu 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.	√		
Tungkal Ulu estate (Field visit): Herbicide application programmes, harvesting, fertilising operations, HCV's, riparian zones, water management, road maintenance, terracing, chemical stores, fertilizer store, workshops, Boundaries inspection, worker interviews, social amenities, housing, landfill, clinic, interview with local communities, social issues, etc. (Continue) and Document Review			√		
	Stakeholder Interview: Head of villages, contractors, Labour union, Gender Committee, workers in estate etc. (Continue) + Document Review			√	
Wednesday, 02/07/2014	08.00 – 12.00	Document Review: Tungkal Ulu Mill (RSPO P & C and SCCS)	√		
		Document Review: Tungkal Ulu Estate		√	√
	12.00 – 13.00	Break			
	13.00 – 17.00	Document Review + Field Visit: KUD Argo Makmur	√	√	√
Thursday, 03/06/2014	08.00 – 12.00	Document Review + Field Visit: KUD Bina Usaha	√	√	√
	12.00 – 13.00	Break			
	13.00 – 17.00	Document Review + Field Visit: Sari Bumi	√	√	√
Friday, 04/06/2014	08.00 – 09.00	Closing Meeting	√	√	√
	09.00 – 12.00	Travelling Tungkal Ulu - Jambi			
	12.00 – 13.30	Jumat Pray			
	17.35 – 18.55	Flight Jambi – Jakarta (Pratama Sedayu dan Nanang Mualib)		√	√
Saturday 05/07/2014	08.05 – 09.55	Flight Jakarta – Jambi (Haeruddin)	√		

Appendix D: List of Stakeholders Contacted

<p><i>Scheme Smallholders</i></p> <p>KUD Agro Makmur Smallholders and Cooperative Head KUD Bina Usaha Smallholders and Cooperative Head KUD Sawit Kita Smallholders and Cooperative Head KUD Karya Kita Smallholders and Cooperative Head KUD Karya Jaya Smallholders and Cooperative Head KUD Panca Mukti Smallholders and Cooperative Head KUD Sari Bumi Smallholders and Cooperative Head KUD Manunggal Jaya Smallholders and Cooperative Head KUD Sawit Mulia Smallholders and Cooperative Head KUD Harapan Jaya Smallholders and Cooperative Head</p>	<p><i>Local Communities</i></p> <p>Rantau Benar Village Head and representatives Pulau Pauh Villages Head and representatives, Lubuk Terap Villages Head and representative Penyabungan Villages Head and representative</p>
<p><i>Internal Stakeholders</i></p> <p>PT IIS – Tungkal Ulu Group Management team and Staff Head of the Sustainability Department Manager of the Stakeholder Relation Department General Manager Plasma Manager and Assistants Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Doctor and Clinic Assistants Male and Female workers</p>	<p><i>NGO and Others</i></p> <p>WWF Indonesia – Riau branch SPSI (Worker Union) of PT IIS</p>
<p><i>Government Departments</i></p> <p>District Labour Office District Agriculture Office District Cooperative Office District Environment Office</p>	

Appendix E: Supply Chain Assessment

Criterion 1. Documented procedures.			
The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements.			
	Requirement	Finding	Compliance
Applicable for SG and MB			
1.1	The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a. Complete and up to date procedures covering the implementation of all the elements in these requirements. b. Complete and up to date records and reports that demonstrate compliance with these requirements. c. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard	<ul style="list-style-type: none"> - The mill has established Procedure of supply chain as documented in procedure no. AA-MPM-OP-1400.17-R1. - Record of purchasing and sales is documented in Computerized syatem" - Person in charge to handling of RSPO Supply Chain is Mill Manager and KTU as determined in SOP. 	
1.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<ul style="list-style-type: none"> - Procedure of receiving and processing FFB no. AA-MPM-OP-1400.18-R1. - Certified and non certified FFB is separated by computerise system. 	

Criterion 2. Purchasing and goods in.			
The facility shall ensure that RSPO certified palm oil and products are identified.			
The facility shall ensure that RSPO certified palm oil and certified products are identified. This shall include at minimum the following:			
	Requirement	Evidence	Compliance
Applicable for SG and MB			
2.1	The facility shall verify and document the volumes of certified and non-certified FFBs received	FFB Certified and non-certified is separated in computerize system in weigh bridge automatically. FFB Certified is stamping "Sustainable" in Nota Hantaran (Delivery Note) and no any marking for non certified FFB, e.g. <ul style="list-style-type: none"> - Receiving FFB on 30 May 2014, Name of Product: TBS Sustainable, Block B-90, Tungkal ulu Estate, Serial No. 13-100-20130821-10049012 - Receiving FFB on 30 May 2014, Name of Product: TBS – Plasma Sustainable, from KUD Sawit Mulia, Serial No. 13-100-20130556-10048995. 	
2.2	The facility shall have a mechanism in place for handling non-conforming material/ documents	Non conformances product handling by "Berita Acara"	
2.3	The facility shall inform the BSI immediately if there is a projected overproduction.	So far, no any over-production	

Criterion 3: Record Keeping			
	Requirement	Evidence	Compliance
3.1	Applicable for SG and MB: The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	The company has updated and completed all records related supply chain system, such as procedure, Nota Pengantar TBS (FFB Delivery Order), Nota Timbangan (Weight Bridge), Nota pengiriman CPO and PK (CPO and PK Delivery Order) with computerize system daily, monthly and three monthly basis.	
3.2	Applicable for SG and MB:	Retention time of record is 10 yeras as	

	Retention times for all records and reports shall be at least five (5) years.	regulated in procedure no. AA-MPM-OP-1400.18-R3.	
3.3	Applicable only for SG: 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.	Not Applicable (NA)	
	Applicable only for MB: a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Certified FFB received and Certified dispatch of CPO and PK is updated daily, monthly and three monthly basis. Certified dispatch CPO and PK is deducted from positive balancing stock, during document review it was noted that dispatch certified CPO and PK from positive stock.	
3.4	Applicable only for SG: 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.	Not Applicable (NA)	
	Applicable only for MB: The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Delivery Note (Nota Hantaran and Nota Timbangan) receiving certified FFB and dispatch certified CPO/PK clearly indicated: name of product, Supply chain model used (MB), etc.	
3.5	Applicable only for MB: In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	N/A	

Criterion 4: Sale and goods out.

This criterion is applicable to purchase and sales invoices and associated documents.

The facility shall ensure that all sales invoices *or relevant documents*, e.g. delivery notes, shipping documents and specification documentation, issued for RSPO certified oil palm products delivered include sufficient information, this may include the following:

	Requirement	Evidence	Compliance
Applicable for SG and MB			
4.1.	The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a. The name and address of the buyer; b. The date on which the invoice was issued; c. A description of the product, including the applicable supply chain model (Segregated or Mass balance). d. The quantity of the products delivered; e. Reference to related transport documentation.	CPO and PK certified sales invoices/ Deliver Note (Kartu Timbangan), covering information: Name of product, date, nett weight (kg), No of Delivery Order, Supply Chain model, Number of RSPO certificate, SP Number, name of buyer, and buyer address, e.g. 1. Dispatch CPO on 19 March 2014, - Name of product: CPO – Sustainable RSPO. - Nett Weight: 23,310 kg - DO no. : 03022/DC10/02/2014. - Supply chain model: Mass Balance, - RSPO Certificate no. SPO 594422, - SP no. 50/SK/03/14. - Buyer: PT. Sari Dumai Sejati, Address: Talang Duku, Jambi. 2. Dispatch CPO on 19 March 2014, - Name of product: CPO – Sustainable RSPO.	

		<ul style="list-style-type: none"> - Nett Weight: 22,860 kg - DO no. : 03022/DC10/02/2014. - Supply chain model: Mass Balance, - RSPO Certificate no. SPO 594422, - SP no. 09/SK/03/14. - Buyer: PT. Sari Dumai Sejati, Address: Talang Duku, Jambi. <p>3. Dispatch PK on 31 May 2014,</p> <ul style="list-style-type: none"> - Name of product: PK – Sustainable RSPO. - Nett Weight: 35,680 kg - DO no. : 05034/DC10/05/2014 - Supply chain model: Mass Balance, - RSPO Certificate no. SPO 594422, - SP no. 01/PTU. - Buyer: PT. Sari Dumai Sejati, Address: Talang Duku, Jambi. 	
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Criterion 5: Processing.			
	Requirement	Evidence	Compliance
Applicable only for SG:			
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.	Not Applicable (NA)	
5.2	The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Not Applicable (NA)	
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: The crush operator conforms to these requirements for segregation The crush is covered through a signed and enforceable agreement	Not Applicable (NA)	

Criterion 6: Training.			
	Requirement	Evidence	Compliance
Applicable for SG and MB			
6.1	The facility shall have a defined training plan, which is subject to on-going review and supported by training records.	RSPO SCCS training plan for 2014 is available in place and it has been reviewed	
6.2	The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems	RSPO SCCS training record was conducted on 6 March 2014, attended 16 staffs who are involved in RSPO SCCS, e.g. KTU, Krani/clerk, schem smallholder staff, GM, Mill Manager, Assistant, Environment and Sustainability staff, etc. Attendance list is available.	
6.3	The facility shall keep records of the training provided to staff in relation to implementation of these requirements.	Training yang dilaksanakan tanggal 2 Juli 2013 untuk stf dan 8 juli 2013 untuk Krani produksi dan Krani Timbang, List attendances tersedia, misalnya Rita Anggraeni (Petugas Jembatan timbang) telah mengikuti training pada tanggal 8 Juli 2013.	

Criterion 7. Claims.			
	Requirement	Evidence	Compliance
Applicable for SG and MB			
7.1	The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Guidelines for Communication and Claims.	The company has not made claims outside of the RSPO rules for Communications and Claims.	

Sales Certified CPO period: August 2013 – July 2014

Buyer's Company	Tonnes
PT. Sari Dumai Sejati	27,191.09
TOTAL	27,191.09

Sales Certified PK period: August 2013 – July 2014

Buyer's Company	Tonnes
PT. Sari Dumai Sejati	11,533.18
TOTAL	11,533.18

Certified FFB received Monthly (Period: August 2013 – July 2014)

Month	Tungkal Ulu Estate	KUD Bina Usaha	KUD Sawit Kita	KUD Karya Kita	KUD Karya Jaya	KUD Panca Mukti	KUD Sari Bumi	KUD Manunggal Jaya	KUD Sawit Mulia	KUD Argo Makmur	KUD Harapan Jaya *)
August 13	6,895	1,127	1,503	2,266	1,670	653	0	0	1,573	2,024	0
Sep. 13	9,141	1,650	1,880	2,710	1,749	863	0	15	2,013	2,380	0
Oct. 13	8,840	1,974	2,573	2,562	1,479	609	0	217	1,734	2,558	0
Nov. 13	9,125	1,952	2,521	2,662	1,952	620	577	399	1,588	2,407	0
Dec. 13	9,365	2,169	3,173	2,871	2,418	536	639	153	1,715	2,167	0
Jan'14	7,921	1,815	2,801	2,299	2,101	238	176	268	1,785	2,037	0
Feb. 14	6,260	1,504	2,074	1,785	1,533	222	24	0	1,299	1,835	0
March 14	7,325	1,441	1,703	2,019	1,538	249	0	0	1,080	1,662	0
April 14	7,965	1,860	2,355	2,384	1,882	179	0	0	1,845	1,656	0
May 14	7,989	1,891	2,239	2,518	1,516	174	0	0	1,828	1,370	0
June 14	3,894	1,441	1,918	2,201	1,347	157	0	0	1,321	1,357	0
July 14	4,105	1,949	2,025	2,430	1,700	1,596	1,596	428	2,703	2,230	0
TOTAL	88,825	20,773	26,765	28,707	20,885	6,096	3,012	1,480	20,484	23,683	0

Note: *) KUD Harapan Jaya is not supplied FFB to the Tungkal Ulu Mill due to transpost cost reason.