Roundtable on Sustainable Palm Oil
Annual Surveillance Audit Report
Report no.: ASA3_17288

Surveillance assessment against the RSPO Principles & Criteria Indonesia National Interpretation (INA-NI) Year 2008 & RSPO SCCS Nov 2011 and Main assessment Scheme Smallholder Indonesia National Interpretation (INA-NI) Year 2009

Name of client
Wilmar International Limited
PT Kencana Sawit Indonesia Plantation and Mill

Location of client’s holding
Jorong Sei Kunyit, Sangir Balai Janggo Sub-District,
Solok Selatan District, West Sumatera
Indonesia

Date of assessment: March 24 to 28 March 2014

Report prepared by:
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(RSPO Lead Auditor)

Certification decision by:
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(Head of Certification Body PT TUV Rheinland Indonesia)

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1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against the Indonesia National Interpretation (INA-NI) year 2008 of the RSPO Principles & Criteria, RSPO SCCS November 2011 and the Indonesia National Interpretation (INA-NI) year 2009 of the scheme smallholder principle & criteria.

1.2 Type of Assessment

The annual surveillance assessment was carried out on PT Kencana Sawit Indonesia Mill and 3 estates under PT Kencana Sawit Indonesia owned by Wilmar International Tbk. The date of certification of this unit was April 21, 2011 valid until April 20, 2016.

The annual surveillance assessment audit was carried out on estate Sei Kunyit and Talao of Swamata Cooperative Schemes smallholder under PT Kencana Sawit Indonesia owned by Wilmar International Tbk. Sei Kunyit estate located in one place while Talao estate separated in two places known as Sei Kulai Talao and Sei Keruh Talao.

1.3 Certification Details

The details of RSPO certification of PT Kencana Sawit Indonesia are as per the table below

<table>
<thead>
<tr>
<th>Table 1: RSPO Certification details of PT Kencana Sawit Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RSPO Membership no.</strong></td>
</tr>
<tr>
<td><strong>RSPO Certificate no.</strong></td>
</tr>
<tr>
<td><strong>Date of first RSPO certificate &amp; validity:</strong></td>
</tr>
<tr>
<td><strong>Date of certification audit:</strong></td>
</tr>
<tr>
<td><strong>Date of previous surveillance audit:</strong></td>
</tr>
<tr>
<td><strong>Date of revised RSPO certificate &amp; validity (if applicable):</strong></td>
</tr>
<tr>
<td><strong>CPO tonnages claimed:</strong></td>
</tr>
<tr>
<td><strong>PK tonnages claimed:</strong></td>
</tr>
</tbody>
</table>

1.4 Location and Maps

Table 2: GPS locations for all estates and mills included in annual surveillance assessment (include smallholder estate)

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Latitude</td>
</tr>
<tr>
<td>PT KSI Mill</td>
<td>Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera, Indonesia</td>
<td>01° 27’ 32”’</td>
</tr>
<tr>
<td>KSI Estate, Division 1</td>
<td>Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera, Indonesia</td>
<td>01° 26’ 20.32”’</td>
</tr>
<tr>
<td>KSI Estate, Division 2</td>
<td>Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera, Indonesia</td>
<td>01° 29’ 27.5”’</td>
</tr>
<tr>
<td>KSI Estate, Division 3</td>
<td>Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera, Indonesia</td>
<td>01° 29’ 23.86”’</td>
</tr>
<tr>
<td>Cooperation Swamata</td>
<td>Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan District, West Sumatera, Indonesia</td>
<td>01° 26’ 20.32”</td>
</tr>
</tbody>
</table>
Figure 1a: Location map of PT Kencana Sawit within the West Sumatra Province, Indonesia

Figure 1b: Map of PT Kencana Sawit Indonesia Estate
Figure 1c: Map of Sei Kunyit estate - Swamata Cooperative

Figure 1d: Map of Sei Kulai Talao estate and Sei Keruh Talao estate - Swamata Cooperative
1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>PT Kencana Sawit Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>Sei Kunyit, Sangir Balai Janggo sub-district, Solok Selatan district, West Sumatra, Indonesia.</td>
</tr>
<tr>
<td>Contact Person:</td>
<td>Andi Anwar Aripin</td>
</tr>
<tr>
<td>Telephone:</td>
<td>+62-81278204888</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:andianwar.aripin@wilmar.co.id">andianwar.aripin@wilmar.co.id</a></td>
</tr>
</tbody>
</table>

1.6 Description of Supply Base

Table 3: FFB Receipt in PT Kencana Sawit Indonesia Mill year 2013 & year 2014 (Jan-Feb 2014)

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes*</td>
</tr>
<tr>
<td>Company owned estates :</td>
<td></td>
</tr>
<tr>
<td>KSI 1</td>
<td>59,461.83</td>
</tr>
<tr>
<td>KSI 2</td>
<td>67,964.03</td>
</tr>
<tr>
<td>KSI 3</td>
<td>56,855.80</td>
</tr>
<tr>
<td>Sub Total</td>
<td>184,281.66</td>
</tr>
<tr>
<td>Smallholders / outgrowers :</td>
<td></td>
</tr>
<tr>
<td>Sei Kunyit</td>
<td>4,874.98</td>
</tr>
</tbody>
</table>
## 1.7 Actual production volumes, tonnages and projected outputs.

### Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from PT Kencana Sawit Indonesia

<table>
<thead>
<tr>
<th>Amount (MT)</th>
<th>CPO</th>
<th>PK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified tonnages claimed</td>
<td>47,904.951</td>
<td>11,580.237</td>
</tr>
<tr>
<td>Certified tonnages sold(^{(*)})</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Certified tonnages purchased(^{(*)})</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Actual Certified Production(^{(*)})</td>
<td>39,214.76</td>
<td>9,935.19</td>
</tr>
<tr>
<td>Actual Total Production(^{(*)})</td>
<td>39,477.09</td>
<td>9,998.24</td>
</tr>
<tr>
<td>Conversion Factor (%)(^{(*)})</td>
<td>OER : 20.13</td>
<td>KER : 5.10</td>
</tr>
<tr>
<td>Projected total output(^{(**)})</td>
<td>42,183.00</td>
<td>10,044.00</td>
</tr>
<tr>
<td>Projected Conversion Factor (%)(^{(**)})</td>
<td>OER : 21.00</td>
<td>KER : 5.00</td>
</tr>
</tbody>
</table>

Note: \(^{(*)}\) Year 2013  
\(^{(**)}\) Year 2014

## 1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 25 years. Information on the dates of plantings are as per the table below. Replanting program begin in year 2020 for year 1994 planted area in KSI II (39.10 Ha) and KSI III (744.97 Ha).

### Table 5: Age and year of plantings of company estates supplying to PT KSI mill year 2014

<table>
<thead>
<tr>
<th>Age &amp; Year of Plantings</th>
<th>Oil palm planted area at each estate (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KSI 1</td>
</tr>
<tr>
<td>0 – 5 yrs (2009 – 2014)</td>
<td>0.00</td>
</tr>
<tr>
<td>5-10 yrs (2004 – 2008)</td>
<td>70.00</td>
</tr>
<tr>
<td>10-15 yrs (1999 – 2003)</td>
<td>884.97</td>
</tr>
<tr>
<td>15-20 yrs (1994 – 1998)</td>
<td>1,577.02</td>
</tr>
</tbody>
</table>

Note: \(^{(*)}\) Year 2013  
\(^{(**)}\) Year 2014
The Swamata Cooperative follows a replanting cycle of 25 years. Information on the dates of plantings are as per the table below.

Table 6: Age and year of plantings of smallholder estates supplying to PT KSI mill year 2014

<table>
<thead>
<tr>
<th>Age &amp; Year of Plantings</th>
<th>Oil palm planted area at each estate (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KSI 1</td>
</tr>
<tr>
<td>0 – 5 yrs (2009 – 2014)</td>
<td>0.00</td>
</tr>
<tr>
<td>5-10 yrs (2004 – 2008)</td>
<td>93.62</td>
</tr>
<tr>
<td>10-15 yrs (1999 – 2003)</td>
<td>206.38</td>
</tr>
<tr>
<td>15-20 yrs (1994 – 1998)</td>
<td>0.00</td>
</tr>
<tr>
<td>20-25 yrs (1989 – 1993)</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>300.00</strong></td>
</tr>
</tbody>
</table>

1.9 Area of Plantation (Total, Planted and Mature)

Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT KSI estate year 2013

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted area (ha)</th>
<th>Mature (Production) area (ha)</th>
<th>Immature (Non-production) area (ha)</th>
<th>FFB Production (tonnes)</th>
<th>Average yield/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSI 1</td>
<td>3,446.92</td>
<td>2,531.99</td>
<td>2,531.99</td>
<td>0.00</td>
<td>59,454.49</td>
<td>23.48</td>
</tr>
<tr>
<td>KSI 2</td>
<td>3,263.32</td>
<td>2,853.57</td>
<td>2,853.57</td>
<td>0.00</td>
<td>67,991.16</td>
<td>23.83</td>
</tr>
<tr>
<td>KSI 3</td>
<td>3,505.76</td>
<td>2,342.86</td>
<td>2,342.86</td>
<td>0.00</td>
<td>56,836.01</td>
<td>24.26</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10,216.00</strong></td>
<td><strong>7,728.42</strong></td>
<td><strong>7,728.42</strong></td>
<td><strong>0.00</strong></td>
<td><strong>184,281.66</strong></td>
<td><strong>23.84</strong></td>
</tr>
</tbody>
</table>

Table 8: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Smallholder estate year 2013

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted area (ha)</th>
<th>Mature (Production) area (ha)</th>
<th>Immature (Non-production) area (ha)</th>
<th>FFB Production (tonnes)</th>
<th>Average yield/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sei Kunyit</td>
<td>380.88</td>
<td>300.00</td>
<td>300.00</td>
<td>-</td>
<td>4,874.98</td>
<td>16.15</td>
</tr>
<tr>
<td>Talao</td>
<td>423.02</td>
<td>350.00</td>
<td>350.00</td>
<td>-</td>
<td>5,650.93</td>
<td>16.25</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>803.90</strong></td>
<td><strong>650.00</strong></td>
<td><strong>650.00</strong></td>
<td><strong>-</strong></td>
<td><strong>10,525.91</strong></td>
<td><strong>16.19</strong></td>
</tr>
</tbody>
</table>
Table 9: Land use data for PT KSI estate year 2014

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>HCV/ Potential HCV areas* (ha)</th>
<th>Land used for other purposes (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Local Government office</td>
</tr>
<tr>
<td>KSI Division 1</td>
<td>3,446.92</td>
<td>2531.99</td>
<td>800.92</td>
<td>-</td>
</tr>
<tr>
<td>KSI Division 2</td>
<td>3263.32</td>
<td>2853.57</td>
<td>321.17</td>
<td>-</td>
</tr>
<tr>
<td>KSI Division 3</td>
<td>3,505.76</td>
<td>2342.86</td>
<td>1,107.50</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,216.00</td>
<td>7,728.82</td>
<td>2,229.59</td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Land use data for Smallholder estate year 2014

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>HCV/ Potential HCV areas (ha)</th>
<th>Land used for other purposes (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Local Government office</td>
</tr>
<tr>
<td>Sei Kunyit</td>
<td>380.88</td>
<td>300.00</td>
<td>7.06</td>
<td>-</td>
</tr>
<tr>
<td>Talao</td>
<td>423.02</td>
<td>350.00</td>
<td>4.70</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>803.90</td>
<td>650.00</td>
<td>11.76</td>
<td></td>
</tr>
</tbody>
</table>

1.10 Progress Against Time Bound Plan

There are some changes of Wilmar Plantation timebound plan due to some reasons as determined on the explanation below.

Table 11: Time Bound Plan of the Other Management Units

<table>
<thead>
<tr>
<th>Name of Holding</th>
<th>Location</th>
<th>Time bound plan for certification (year)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sapi (1 + 2)</td>
<td>Sandakan, Sabah</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Sabahmas</td>
<td>Lahad Datu, Sabah</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Reka Halus</td>
<td>Sandakan, Sabah</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Saremas (1 + 2)</td>
<td>Miri Serawak</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Kaminsky</td>
<td>Miri Serawak</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Suai</td>
<td>Miri Serawak</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Segarmas</td>
<td>Miri Serawak</td>
<td>2008 Certified</td>
<td></td>
</tr>
<tr>
<td>Terusan (1 + 2)</td>
<td>Sandakan, Sabah</td>
<td>2009 Certified</td>
<td></td>
</tr>
<tr>
<td>Kiabau</td>
<td>Sandakan, Sabah</td>
<td>2009 Certified</td>
<td></td>
</tr>
<tr>
<td>Ribubonus</td>
<td>Sandakan, Sabah</td>
<td>2009 Certified</td>
<td></td>
</tr>
<tr>
<td>PT Perkebunan Milano (Sungai)</td>
<td>North Sumatra</td>
<td>2009 Certified</td>
<td></td>
</tr>
<tr>
<td>Name of Holding</td>
<td>Location</td>
<td>Time bound plan for certification (year)</td>
<td>Remarks</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>-------------------------</td>
<td>------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Daun, Batang Saponggol &amp; Merbau estate)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Mustika Sembuluh</td>
<td>Central Kalimantan</td>
<td>2009</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Kencana Sawit Indonesia</td>
<td>West Sumatra.</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Kerry Sawit Indonesia</td>
<td>Central Kalimantan</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Tania Selatan (Burnai Barat &amp; Burnai Timur estate)</td>
<td>South Sumatra</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>Hibumas</td>
<td>Sandakan, Sabah</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>Sri Kamusan</td>
<td>Sandakan, Sabah</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>Sekar Imej</td>
<td>Sandakan, Sabah</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>Aktif Kukuh &amp; Koerasi</td>
<td>Sandakan, Sabah</td>
<td>2010</td>
<td>Certified</td>
</tr>
<tr>
<td>PT AMP Plantation</td>
<td>West Sumatra</td>
<td>2011</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Primatama Muliajaya</td>
<td>West Sumatra</td>
<td>2011</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Agro Nusa Investama (Sambas)</td>
<td>West Kalimantan</td>
<td>2012</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Buluh Cawang Plantations (include Bambu Kuning estate (PT Tania Selatan))</td>
<td>South Sumatra</td>
<td>2012</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Bumi Sawit Kencana</td>
<td>Central Kalimantan</td>
<td>2012</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Sarana Titian Permata</td>
<td>Central Kalimantan</td>
<td>2012</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Gersindo Minang Plantations</td>
<td>West Sumatra</td>
<td>2013</td>
<td>Main Assessment completed</td>
</tr>
<tr>
<td>PT Daya Labuhan Indah</td>
<td>North Sumatra</td>
<td>2013</td>
<td>Main Assessment completed</td>
</tr>
<tr>
<td>PT Permata Hijau Pasaman</td>
<td>West Sumatra</td>
<td>2013</td>
<td>Main Assessment completed</td>
</tr>
<tr>
<td>PT Perkebunan Milano (Cabang Dua Estate)</td>
<td>North Sumatra</td>
<td>2013</td>
<td>Main Assessment completed</td>
</tr>
<tr>
<td>BBPOP (Benso Plantation)</td>
<td>Ghana</td>
<td>2014</td>
<td>Main Assessment completed</td>
</tr>
<tr>
<td>PT Citra Riau Sarana</td>
<td>Riau</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Mentaya Sawit Mas</td>
<td>Central Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Sinarsiak Dianpermai</td>
<td>Riau</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Pratama Prosentindo</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Putra Indotropical</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Agronusa Investama (Landak)</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Pre Assessment completed</td>
</tr>
<tr>
<td>PT Agronusa Investama (Pahauman)</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Murini Sam Sam</td>
<td>Riau</td>
<td>2014</td>
<td>Planned</td>
</tr>
</tbody>
</table>
1.11 Compliance to Rules for Partial Certification

Compliance of the uncertified management units of Wilmar International Indonesia against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by reviewed Wilmar Plantation self assessment reports that submitted to TUV Rheinland Indonesia office. A summary of findings is as stated below.

<table>
<thead>
<tr>
<th>Partial Certification Requirements</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.</td>
<td>Wilmar International Indonesia is RSPO member with membership number 2-0017-05-000-000.</td>
</tr>
<tr>
<td>(b-d) A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed, for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified</td>
<td>See table above, some changes on company’s time bound plan due to several reason explained above.</td>
</tr>
<tr>
<td>(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure</td>
<td>Based on results of self assessment from auditee that no replacement of primary forest or HCV area and there are not New Plantings activities for estates which have not conducted audit by third partied</td>
</tr>
<tr>
<td>(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO</td>
<td>Based on results of self assessment from auditee and evidences submitted to the certification body (for estates which has not been certified above) year 2014 that no land conflict which have</td>
</tr>
</tbody>
</table>
(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.  

Based on results of self assessment from auditee and evidences submitted to the certification body (for estates which has not been certified above) year 2014 that no labour disputes which have been raised.

(h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.  

Some of Wilmar’s other management units have not complied with certain legal requirements, for example in Sarana Titian Permai, Kerry Sawit Indonesia estate under another Wilmar International management unit, there is an issue with the land area stated in the land use right certificate (HGU). However, the company is taking action by inviting the National Land Agency (BPN) to remeasure the land and resolve the issue. The process is still ongoing.

1.12 Progress of associated smallholders or outgrowers towards RSPO compliance

The company has 2 smallholders groups supplying FFB to PT Kencana Sawit Mill i.e. KKPA (Koperasi Kredit Primer Anggota- Prime Cooperative Credit for Member) Sei Talao and KKPA Sei Kunyit, the two smallholders group has been fulfil RSPO requirement and certified. PT Kencana Sawit Palm Oil mill also receive FFB from independent outgrowers, they have signed a contract with PT Kencana Sawit Indonesia mill, and are committed to supplying only legal and responsible FFB to PT Kencana Sawit Indonesia Mill.

1.13 Approximate Tonnages Certified

The approximate tonnages certified shall be the same as per the original certificate, which is as follows

<table>
<thead>
<tr>
<th>Product</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Palm Oil (CPO)</td>
<td>47,904.951 tonnes</td>
</tr>
<tr>
<td>Palm Kernel (PK)</td>
<td>11,580.237 tonnes</td>
</tr>
</tbody>
</table>
2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT TÜV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 490 locations in 62 countries on all five continents. PT TÜV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, RSPO, ISPO, ISCC, Timber Legality Verification (TLV), as well as CDM Validations and Verifications, RSPO (RSPO-ACC-013 dated on June 06, 2014) and ISPO (LS-P&K-005-ISPO dated on May 10, 2012). PT TÜV Rheinland Indonesia’s office is located in Jakarta, Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team members of this surveillance audit that were part of the same assessment team for the certification audit are as follows:

1) Hendra Fachrurozy
2) Aswan Hasibuan

New assessment team members that were not part of the previous assessment team are as per the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harso Yuli Antena</td>
<td>Auditor</td>
<td><strong>Education</strong>: Bachelor of Agriculture (social and economic of agriculture) – Bogor Agriculture University.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Trainings attended</strong>: ISO 9001:2008 Lead Auditor training – TUV Rheinland Indonesia, Sustainable Forest Management training – Forest education and training centre, ISPO training – Commission of ISPO.</td>
</tr>
</tbody>
</table>

2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted between 24 to 28 March, 2014 as per the assessment program below. The assessment was carried out in accordance with PT TUV Rheinland Indonesia’s RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

Due to the location and proximity of the estates, combined with common management systems, it was possible to carry out both field and document assessments of all estates and the mill within the time frame without compromising the integrity of the assessment in anyway.

All 3 estates, smallholder area and 1 mill were visited and the surveillance audit team carried out field and document assessments of compliance to all the RSPO principles and criteria. Common systems were identified and specific evidence was recorded for individual estates. Interviews were conducted at all estates and the mill.

The company proposed the correction and corrective action for all identified non conformities raised to the certification body 30 days after the closing meeting. Verification of closure of major non-conformances was conducted 2 months after the closing meeting of the main assessment and implementation of corrective
actions for minor non-conformities will be verified during the next surveillance audit. The certification assessment agenda is as explained below.

3rd Surveillance Audit Agenda.
| Date          | Location/ Main sites | Main activities                                                                                                                                 |
|--------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------
| March 24, 2014 | KSI                  | Traveling from Jakarta to Padang to KSI site                                                                                                     |
| March 25, 2014 | KSI 1 office and estate | Opening Meeting  
  Verification of closure of previously raised non-conformities through document checks.  
  Document Review: boundary map and on site visit checking.  
  HCV management and monitoring, document, maps and site checking  
  Water management implementation  
  Site visit: Batang Ganeh Riparian River, Housing KSI 1 estate, Erosion control at block Tengah Pulau, Marginal Soil area Block 017 Sandy area.  
  Interviews: Conductor HCV, Afdeling, Assistant  
  Visit to Sei Talao |
| March 26, 2014 | KSI 1, 2 estates     | Site visit to KSI3 estate:  
  Interviews with sprayers and harvesters, Loading ramp, interviews with FFB transport truck driver, Workers housing, washing area for chemical equipment & PPE, Domestic wastes landfills  
  Site visit to worker house  
  Sei Kunyit Village  
  Site visit to KSI estate: Chemical and fertilizer central warehouse, Workshop, Temporary hazardous waste store, Clinic, site visit to housing.  
  Site visit, interview with smallholder manager, interview with workers, interview with cooperative officer, housing condition checking  
  Site visit, interview with smallholder manager, interview with workers, interview with cooperative officer, housing condition checking. |
| March 27, 2014 | PT KSI Mill          | SCCS Audit  
  Site visit: Security post, loading ramp, wastewater treatment plant, chemical store, hazardous waste store, effluent treatment pond, oil store and warehouse, first aid room, genset room, oil trap.  
  CPO & PK Production  
  On-site visit: HCV area Batang Jujuhan (HCV area @ block 094/153), Block 048 (solid decanter implementation area) and block 064 (Limpai Area II).  
  Interviews: Conductor HCV, Afdeling Assistant  
  Swamata Cooperative and Housing area |
| March 28, 2014 | Cooperative Swamata  | Sei Kunyit estate:  
  Site visit, interview with smallholder manager, interview with workers, interview with cooperative officer, housing condition checking  
  Site visit, interview with smallholder manager, interview with workers, interview with cooperative officer, housing condition checking |
| March 29, 2014 | All                  | Preparing for Closing Meeting  
  Closing Meeting |
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The following is a summary of findings during this surveillance audit for the criteria listed in the RSPO Principles & Criteria Indonesian National Interpretation year 2008.

**Principle 1: Commitment to transparency**

Criteria assessed: CR1.1, CR1.2
Criteria not assessed:

Findings:

KSI Mill and estate show their commitment to transparency, they still implement RSPO P&C Consistently. The procedure SOP-Mill-005 rev.0 issued from October 2010 still implemented as the guide of Information sharing with stakeholder. Each request/ receiving information, complaints, suggestions and criticism aimed at the Mill or Estate will be noted by the document control section into the log book. Document control will forward the information to the Mill Manager / Estate Manager for later follow-up. Copies of all request and replies are kept properly. Some records of information request already responded by PT KSI such as letter on September 30th 2013, no. 525.1/543/Bun/IX-2013 regarding to the Request of Company’s RKT year 2013 from The District Head of South Solok. The letter has been distributed to CDO, and noted as to be responded immediately. As evidence of response from company, there is official to The District Head of South Solok no. 013/GEM-KSI/II/2014 dated in February 20th 2014 regarding RKT. The letter has attached with the document “FFB Production Estimation year 2014”. The letter also attached with received form signed by the officer of Government Office of Solok Selatan District in February 21st 2014.

There is no information request from stakeholder regarding to existing and operational activity of smallholder plantation organization. The record of incoming letter is only about inviting letter from PT Kencana Sawit Indonesia on May 20th 2013 to Swamata Cooperative Officer to attend on meeting of evaluation of cooperation plantation management between PT Kencana sawit Indonesia and Swamata Cooperative that would be held on May 22nd 2013. The Cooperative has a procedure , no. doc. PRO-SWM-002, rev 00, valid since April 11th 2012 to handling information request which consist of determined regulation of maintaining record that is 5 years for quality management system, environment, safety & health, RSPO, ISCC and other certificate documents, for administration archive, tax and human resources & clinic. There is record at Swamata Cooperative office that Mr Anas as Treasurer of the Cooperative was attended the meeting. The record is maintain within determined period which is 5 years.

There is publicly available documents at Swamata Cooperative office inline with applicable regulation as follow :


Another publicly available documents at Swamata Office are:

- Environmental:SEIA document (AMDAL), available at the smallholders organisation. There is document report of identification of dangerous and risk, environment and safety & health aspects.
- Social: smallholders organisation has documents of organisational and social activities.
- Organisation structure and activity of Swamata Cooperative. For example is document of meeting with Director of Cooperative Division from Cooperative Office Solok Selatan Regency, West Sumatra Province at May 22nd 2013 at Swamata Cooperative Office, concerning about cooperative empowering.

As stated on the SOP about records control no doc: KSI-PRO-BNM-03, issued June 15, 2010 in KSI estates, the retention time for records keeping is at least for 3 years for administrate documents, where requests for information and the responses made are included, except financial and accounting records for which the retention time is 10 years. In KSI mill there is another procedure for records control i.e PROMill-
RSPO Annual Surveillance Audit Report
Kencana Sawit Indonesia – West Sumatera

QMF: RSPO-007b-11

008 dated January 1, 2010, in the procedure stated that all incoming and outgoing records will be maintain
for 4 years except finance records which shall be maintained for 10 years and personnel records are to be
retained for 7 years. Records maintained beyond the stated retention time will be destroyed upon approval
by the general manager. Notes on destroyed records are maintained

Compliance status: Full Compliance

**Principle 2: Compliance with applicable laws and regulations**

Criteria assessed: CR2.1, CR2.2,
Criteria not assessed: CR2.3

Findings:

During this surveillance audit it found that the company still to keep on the track in order to comply with
RSPO P&C.

There is evidence of effort to comply with legal requirements. The following licenses for the company
were checked and found to be valid:

1) License of temporary storage of hazardous wastes at the PT KSI estate central warehouse no.
   660/62/KLH/III-Tahun 2012 issued by the Regent of Solok Selatan dated 2 March 2012 (valid for 5
   years) and permits storage for no more than 180 days for following types of hazardous wastes: used oil
   containers, oil filters, diesel containers, used batteries, used air filters, contaminated rags and gloves,
   fluorescent lamps and chemical containers. This is new license for storage at the Central Warehouse.
   To date, there has been no storage of hazardous wastes at the warehouse yet as the license is new,
   previously all was still sent to the mill.

2) License of temporary storage of hazardous waste at the mill from the National Environmental Minis-
   try, dated 10 June 2009 and valid for 5 years, permits storage for up to 90 days. The mill complies with
   this requirement.

3) Extension of License for Disposal of Palm Oil Mill Effluent PT. KSI to Jujuan River, dated 29 Decem-
   ber 2010 and valid for 5 years, license no. 660/177/KLH/XII.2010. Standard limits as follows: pH: 6-9;
   BOG 100 mg/l, COD 350 mg/l, suspended solids 250 mg/l, oil and grease 25 mg/l, total nitrogen 50
   mg/l.

The estates still temporarily store hazardous wastes at the central warehouse but these are regularly
sent to the mill store for hazardous wastes which is licensed to store these, e.g. there are records of
types of wastes amounts sent to the mill for 15 February 2012, 11 January 2012 and 22 November
2011. The company has also recently received a license permitting temporary storage of hazardous
wastes at the central warehouse, dated 2 March 2012 and valid for 5 years.

The company carries out identification of all applicable legal requirements in accordance with their Pro-
cedure for Identification of Compliance and Evaluation of Applicable Laws and Regulations (KSI-PRO-
BNM-01) dated 15 September 2010. Legal requirements registers for all requirements pertaining to agri-
culture businesses, environment, occupational safety and human resources are documented and up-
dated and evaluated on August 1\textsuperscript{st}, 2013, there is no new registered law or regulation during this period.

Legal requirement register for Plantation business updated with new regulation such as:
- Law no 18 year of 2013 regarding Pencegahan dan Pemberantasan Perusakan Hutan
- Agriculture Ministry Regulation number 98/Permentan/OT.140/9/2013 regarding Pedoman Perizinan
  Usaha Perkebunan to replace Agriculture Ministry Regulation number 26/Permentan/OT.140/2/2007

It was observed that there is a new update to the Regulation of Ministry of Agraria/head of National
Land Agency No. 3 year 1997 has not listed on legal and law register. This should be added into the le-
gal requirements register. An evaluation of compliance to all legal requirements was carried out on Au-
gust 01\textsuperscript{st}, 2013 and the last evaluation was conducted in January 17\textsuperscript{th}, 2014.

Example of legal requirements that were new or updated include:
- Government regulation (Peraturan Pemerintah) No. 7 year 1973 about supervision of the distribution,
  storage/keeping and use of pesticides.
National Environmental Ministry Decision No. 16 year 2012 about Guidelines for preparation of environmental document.

Government regulation (Peraturan Pemerintah) No.50 year 2012 about OSH system

Company’s compliances to Labor Regulations:

In this 3rd surveillance, PT KSI shows their commitment to comply all Labor Regulations. There are evidence shows this following: a) Certificate of Operators for Mills Worker; b) Updated recapitulation of Operational License Holder; c) Updated recapitulation of License and operational Permit List of PT KSI.

The updated data and lists shows there are no one certification, license and permit is out of date.

With there are addition the rules/laws/regulations above that law register of environmental and OSH section was revised (rev.06 for environmental section and rev.04 for OSH section).

There was no change on company’s land title during this 2nd annual surveillance audit. The company has the land use right for a total land area of 10,216.1 hectares based on their HGU (Land Use Right) certificate no. 4/HGU/BPN/1997 valid for 35 years commencing on 22 January 1997. Base on a decision letter from the National Land Agency (BPN) head dated January 22, 1997, no 4/HGU/BPN/97, HGU decree letter includes 2 measurement books (buku ukur)/, which are maps showing the areas within the company’s land which legally belong to other parties. In this case, measurement book no. 1 covers an area of 7222.5 ha belonging to the community of Sei Kunyit Village, while measurement book no. 02 covers an area of 2993.6 ha belonging to the community of Talao Village, both of which are located within PT KSI’s HGU area in Sangir Sub-District, Solok Selatan District, West Sumatera.

PT KSI maintained the boundary stones through yearly monitoring program, such cleaning, painting and routine inspection where period year 2014, it was carry out on 2-30 December 2012 (based on declaration note on January 3, 2013). Based on declaration note it that there are missing boundary stones i.e No.087, 088 and 091 (it is add boundary stones). The remainder of the total boundary stone (85 pieces) that there are still maintained. Maintenance of boundary stones implementers is Mr Suprianto and Mr Fery Lukman-to. Replacement of broken stones is planned done every 5 years. This is raised as non conformity.

On the 2nd surveillance, there is finding of land dispute with community of Lubuk Besar and Sei Kunyit villages. The land dispute has occurred at HCV 1 area of the company named as Bukit Lipai, where the community occupies the land as cultivation area. In Mei 3rd 2017, PT KSI has make agreement with communities who has occupied at HCV 1 (Field 207). The meeting has arranged and attended by 2 people who has planting on those areas, Mr. Mardanus and Mr. Zulkarnaen. The meeting has validated by the document “Meeting Attendances list”, and Agreement dated Mei 3rd 2013. The attendances list signed by Mr. Mardanus and Zulkarnaen as the community member and Memed Edyos as the representatives of PT KSI. The agreement has three important points that agreed to be fulfilled by both side:

1. Second Parties (Mardanus and Zulkarnaen) acknowledge that the land they have planted in field 207 is part of PT KSI HGU’s legal area.
2. Second parties (Mardanus and Zulkarnaen) agree and commit not to expand their plant activity in field 207 or in anywhere covered by PT KSI HGU’s legal area.
3. Second Parties (Mardanus and Zulkarnaen) agree and commit to not using chemist material while maintaining their plantation, and not to conduct any activity that could make any destruction to natural environment in filed 207.

PT KSI, by its HCV officer has made some monitoring event to the field 207 regarding to the points of agreement. According to evidence “Monthly Summary report finding HCV” for November 2013, December 2013, January 2014 and February 2014, there is no finding that proof community has expanding their occupations areas. According to evidence “Official Report of HCV Patrol in Mei 20th 2014”, there is no indication founded in the field 207 that communities expanded their plant activity areas. Field observation on Field 207 found that there are two kinds of commodities that have planted by Mardanus and Zulkarnaen, there are Coffee and Cocoa. There is no indication that both, Mardanus and Zulkarnaen have make maintenance and harvesting activities on their plantation for long time. It looks like Mardanus and Zulkarnaen has abandoned their plant.

There is evidence of compliance to all applicable regulation, for example as follow:

1. Receipt of Manpower social insurance for May 2013 periode for all workers.
2. Receipt of monthly salary of May 2013 periode, based on Letter from the Governor of Sumatra Barat Province regarding to minimum payment for 2013 periode which is Rp. 1,350,000 permonth. Based on this receipt the lowest payment for workers is Rp. 1,500,000 per month depend on years of service of each worker.

There is law register for applicable law and regulation for smallholder plantation including safety and...
health, environment and labor. There is also a report of annual health assessment for sprayers and verti-
izer worker.
Growers can demonstrate the right to use land. Legal land ownerships of smallholders are in form of
land maps dated 30 April 1999 number 070/1079/BPN-1999 with land area of 721,6 Ha and number
/1079/BPN-1999 dated16/07/2002 number 11/2002 which are saved in notary since the agreement be-
tween Koperasi Swamata and PT Tidar Sungkai Sawit (TSS-the former name of KSI) was made regard-
ing the development of oil palm plantation.
During this time, there were no objections or complaints from the stakeholders on plasma, as well as on
the cooperation of head company with the smallholders.
The land use for oil palm does not diminish the legal and customary rights of other user. The land which
is used for Plasma Sungai Kunyit was approved by agreement with the local community. There are letters of
agreement with:
1. Ninik Mamak (Board of traditional leader) Sei Kunyit including Ninik Mamak Sei Betung
2. Public figure Kenagarian Sei Kunyit and Lubuk Betung
3. Youth leaders Kenagarian Sei Kunyit and Lubuk Betung
4. Sungai kunyit village government
5. All villagers of Sei Kunyit
On September 28, 1999 with PT Tidar Sungkai Sawit (the former name of PT KSI). The
1. PT TSS agreed to develop plantation for Sei Kunyit community for land area of 300 Ha outside the
core plantation with KKPA, where the land was prepared by the local community; and the palm
planting was started in 16 months after this agreement was made.
2. Plasma with land area of 300 ha in Sei Kunyit had been replaced by growing plant pertaining De-
cree of Solok Head Regency and would be charged to Plasma participants as credit load.
3. With the agreement from Ninik Mamak Sei Kunyit and Lubuk Betung, community in Lubuk Betung
will receive Rp 44.000.000 from PT TSS as compensasion of 100 Ha, where Rp 22.000.000 was
paid in cash and Rp 22.000.000 was allocated for economic improvement for community in Lubuk
Betung which would be actualized on October 19, 1999 in Lubuk Betung
4. PT TSS would give sirih pinang (symbolic traditional respectiveness) to the present Ninik Mamak to
make an agreement of Rp 20.000.000 at the Regent office which would be realized on October 15,
1999.
There was a letter of statement from Ninik Mamak Lubuk Betung., i.e. Nagari which is bordered with Naga-
ri Sei Kunyit, on October 29, 1999 confirmed that ninik mamak Lubuk Betung would approve the agree-
ment which had been made by Ninik Mamak Sei Kunyit and PT TSS. There was a letter of seal dated 15
October 1999 as a proof of funds of Rp 44.000.000 by ninik mamak lubuk betung.
There was a record of transfer of Rp 350.000.000 in cheque (Bank Nagari) with serial number YY
892354 from PT KSI to Koperasi Swamata. The fund of the sales revenue would be used to compen-
sate the land that had been given by the owner to Koperasi Swamata to build the palm oil plantation in
Kenagarian. Talao Sei Kunyit under Prime Cooperative Credit for Member (KKPA- Kredit Koperasi Pri-
mer kepada angotanya) scheme and land area of 350 Ha using “bapak angkat” system.
There was a proof of transfer funds by koperasi Swamata to the land owner dated May 23, 2008.
There was a land map of Plasma in Nagari Sei Kunyit region and in the Talao Sei Kunyit region.

Compliance status: Non Compliance

Non-conformance 2014-01 of 04
Regulation of Ministry of Agraria/head of National Land Agency No. 3 year 1997 has not listed on legal
and law register.

Non-conformance 2014-02 of 04
There were some boundary stones missing and were not visible maintained such as stone no. 88; no.
87 and No. 81.

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

Criteria assessed: CR3.1
Criteria not assessed: -
Findings:
There was a 5 years projected working plan for company operation i.e. budget for 2014 and projection for 2013 to 2017 with information on this document consisting of company activities such profit and loss information from Total Revenue and Total Operating Cost, including information about gross operating cost, profit/loss before tax and profit and loss after tax. The company has a financial schedule for yearly budget. Information on document consist of general routine operational activities such plantation maintenance, harvesting, fertilizer, investment plans such enrichment planting (planting of various plant species to enhance biodiversity), mill activities such FFB processed, projected oil extraction rate (OER) and kernel extraction rate (KER), projected crude palm oil (CPO) and palm kernel (PK) production, CSR programmes and environmental monitoring, HCV management plan and other activities to fulfil RSPO requirements. The company has also developed a medium term plan for a 5-year period (2012-2016), containing information on the budget for each activity (including activities for environmental management programmes and all CSR related expenses, legal compliance and RSPO P & C compliance) and revenue from company’s production including all company’s liabilities. The amount of profit estimated to be achieved each year was clearly calculated. The company still implement SAP programmes for financial controlling. The company has also developed annual plans that included detailed information about the company’s activities, expenses and revenue. e.g. "Detailed Expenditure for year 2014" is made for year 2014 in PT Kencana Sawit Indonesia. Information/assumption in management plan/projection of 2013 to 2017 for year 2014 different with information in budget year 2014 such as estate and mill cost assumption, this is part of company improvement as last year audit finding.

PT KSI plantation did not have a replanting program because the palms were still young, the oldest being just 18 years. They plan to start for replanting in year 2019 for year 1994 plantation area in KSI 1 and KSI 2.

There is a long term plan until the year 2015. It estimates that the cooperative debt to the KSI will be paid off by 2015. And complying the initial agreement, the next plan including Replanting in 2027 will be renegotiated with the cooperative party in 2015.

**Compliance status: Full Compliance**

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

**Criteria not assessed:** -

**Findings:**

The estates still maintains SOPs for all activities in estate (land clearing until harvesting) and mill (receipt FFB until dispatch CPO & PK), including workshop, polyclinic, warehouse, information technology, nursery, land clearing without burning, planting, treatment, harvesting, usage of pesticides (circle and path spraying, selective and spot spraying), manuring, etc. From sample checks of the SOPs, there is evidence that the SOPs are being implemented accordingly. For example, the estates have an SOP for transport FFB (KSI-SOP-EST-017 Rev.03) which states that all FFB must delivery to palm oil mill the maximum of 1 x 24 hours. If condition in field do not enable that FFB are allowed the maximum of 2 x 24 hours.

The cooperative has a list of SOPs for scheme smallholders in folder ‘SOP Plasma GB-8401 F’ all dated 11 April 2012. The SOPs cover all aspects of scheme management including land clearing, nursery, spraying, harvesting, manuring, IPM techniques and census, etc. The SOPs are not provided to scheme smallholders or the cooperative as they are not directly involved in the plantation management. There is evidence of implemented procedures, for example the company prepares a program for spraying to be conducted once every 4 months in accordance with SOP, and maintain daily pest census records for IPM management.

The organization has conducted internal audit on December 16-19, 2013 appropriate with internal audit procedure (KSI-PRO-GEN-003 Rev.02). Result of internal audit (KSI-FRM-GEN-036) is there are inconsistencies in the implementation of procedures such as mixing agrochemical with water in the tank is done in the field, using of PPE by employee, application spraying in along riparian F.145 section II/4, sep-
PT KSI still use information from soil analysis report for PT KSI’s 3 estates i.e. ‘Soil Verification Study with Special Reference to oil Palm Estate West Sumatera, PBB Oil Palms Berhad, Agromac SDN.BHD, February 2006’ as consideration for fertilizer recommendations to provide good fertilizer inputs for most soils. Leaf analysis results and foliar analysis report for sampled fields of PT KSI’s estate for year 2012 are also available, with results dated June 2012 by the Eco-Management Unit Central Kalimantan Project.

PT KSI estate has records of fertilizer application programme for year 2012 and actual fertilizer applications for Urea, NPK, MOP, Kieserite, Dolomite, RP, and Borate. The fertilizer application programme was developed internally by Willmar’s Research & Development Department, based on the results of the leaf and soil analysis reports. Records of actual fertilizer applications shows that applications are carried out according to the recommended amounts. Recommendations of the use of fertilizers on year 2013 is Division I = NPK Super K (round I) : 713.47 ton, Dolomite : 109.51 ton, Kieserite : 81.62 ton, Borate : 1.83 ton, urea : 276.53 ton, MOP : 413.13 ton, RP : 16.44 ton and NPK Super K (round II) : 600.71 ton; Division II = NPK Super K (round I) : 817.19 ton, Dolomite : 118.73 ton, Kieserite : 95.41 ton, Borate : 3.69 ton, urea : 316.08 ton, MOP : 472.85 ton, RP : 11.90 ton and NPK Super K (round II) : 833.46 ton; Division III = NPK Super K (round I) : 654.64 ton, Dolomite : 93.59 ton, Kieserite : 75.78 ton, Borate : 4.70 ton, urea : 256.57 ton, MOP : 371.44 ton, RP : 39.76 ton and NPK Super K (round II) : 652.24 ton.

There was a germination plan in 2013. Up until the date of the assessment, fertilizer delivered to the smallholder during 2013 is NPK of 31.9 tonnes, meanwhile the other fertilizer is not applicable.

In the last three years, it is documented that the productivity of plantation in 2012 was 352.77 tonnes, in 2011 was 4.342.95 tonnes and in 2010 was 3.286.40 tonnes. It is obvious that the trend was increasing. And there was no application of empty bunches.

To prevent erosion and maintain soil fertility, the company carries out fertilizer application, planting of leguminous cover crops, composting and terracing (mini terracing and “tapak kera”). Information from the estate’s “Fertilizer Usage Register” on all monthly reports explained that for year 2012, PT KSI fertilizer utilization for all fertilizer types (Borate, Dolomite, Kieserite, MOP/KCL, NPK Super K, Urea, Rock Phosphate (RP), EFB, waste liquid in land application).

Based on slope & land use map (scale 1:75,000) PT KSI that majority plantation areas is 0-6° (class slope) but there are areas with 12-25° (class slope) as HCV areas such as Tiger hill (Bulit Harimau), Lipai 1 & 2 hill, Salo hill, and Tengah Pulau hill. Related of condition above that the company has carried out monitoring of erosion in year 2012 (in sample plot) where result of monitoring for erosion rate is over of threshold allowed so that the recommended such as 1). The construction of sill pit and terracing in areas predicted to have high erosion level, 2). planting of leguminous cover crops and vertifar grass on open areas. Check list of measuring erosion level has available where it has carried out on February 16, 2013.

Based on inter office memo No. 08/EMU/I/2011 dated on January 27 2011 that there are no sandy soils in the KSI plantation as the very limited sands seen here actually accrue as sand wash and sandy colluvium found along the small streams and pockets within the ravine areas. These insignificant areas of sandy soils are not able to be mapped at the present scale.

Monthly road maintenance programme for year 2013 made by each estate manager as stated on the estate’s SOP for road maintenance (KSI-SOP-GEN-17). Realization of road maintenance in year 2013 (January – March) is field 141, 142, 143 and 147. Records of actual road maintenance activities conducted such as graveling, road service, and re-surfacing available in estate office. Records of actual road maintenance activities conducted shows that maintenance is regularly carried out. From site visits, it was observed that estate roads are well maintained, and has good drainage to ensure minimum erosion. There was no sufficient evidence to show that the mill and estates have taken efforts to prevent erosion by creating tapak kuda atau terassering. It was hard to observed as the planting was done in 2001. However, according to the statements from the farmers, they planted cover crops mucuna bracteates to cover the crop during TBM and PJPM. Meanwhile, for the lower area, the company made conservation effort by designing either reservoir or ditches.

The company’s SOP for protection of riparian buffer zones of watercourses and wetlands, including maintaining and restoring appropriate riparian buffer zones, prohibition of agrochemical application activities nearby rivers or watercourses is well implemented. It was verified in site that the company have been con-
Based on records of chemical usage, there was no usage of chemicals containing 2.5g of Trap or Winson for every 15 litres of water, and approximately 450ml of Glisat is applied per hectare spraying that the maximum number of applications is 4 times a year, and dosage is 35ml of Glisat (a.i. paraquat) + 2gram of Trap or Winson (with a.i. methyl metsulfuron) for every 15 litres of water, and cals in accordance with their SOP for circle and path spraying (KSI-SOP-EST-006) and selective/spot spraying (KSI-SOP-EST-007) and Lalong Spraying (KSI-SOP-EST-008) (. Stated in SOP for circle and path spraying is to be done 4 times a year in each block, which is in accordance with the company’s SOP for circle and path spraying and Weed Spraying.

The cooperative has conducted training on HCV relating to the land and water conservation which was held in 28th May 2013. The HCV socialization was conducted regarding the prohibition of spraying and fertilizing alongside the water flow, river and swamp. Socialization on planting conservation plant to prevent erosion around river.

The company has an SOP for Detection and Census of Oil Palm Pests and Diseases (KSI-SOP-EST-005) and the estates have an annual program for when census is to be conducted at all estates. Census activities include checks for evidence of attacks by nettle caterpillars and bagworms, rats, termites, ganoderma, rhinoceros beetles, and wild boar. From checks of census records, it was sighted that pest attacks are minimal and treatment of pests using chemicals has not been required. This was confirmed through records of usage of chemicals for pests, were it was found that usage was low. For example, there was no usage of the insecticides BM Delta 28EC or Wazary 10FW since year 2010, and only 10g of the rat bait Klerat was applied in year 2011. Plantings of the beneficial plant turnera subulata (used to attract natural predators of leaf eating pests) were observed throughout the estates roads. The estate also monitors pesticide toxicity units of chemicals applied, e.g. as sighted from agrochemical usage trends for year 2012, the usage of the chemical Glisat (a.i. glyphosate) and Trap (a.i. methyl metsulfuron) was consistent throughout 2012 with no significant increase, and usage is within the supplier recommendations.

Chemicals used at KSI estates are registered and permitted by local authorities. As Decree of Forest and Plantation Office Head , Solok Selatan District number Nomor; 525.1/14/Bun/III-2014 regarding Storage and usage of Pesticide on PT Kencana Sawit Indonesia, this permit covering for following chemicals:

Herbicides: Agristik 400L, Garlon 480 EC, Starlon 665 EC, Glisat 480 SL, Lindomin 865sl, Winson 20 WP, Winson 20 WG, Tiara 20 WG.
Insecticides: Wazary 10FW
Pesticides: BM Delta 28-EC

It was verified from samples checks of the product labels and actual usage records that the chemicals above are used for the appropriate target species and applied by trained personnel. Estates apply chemicals in accordance with their SOP for circle and path spraying (KSI-SOP-EST-006) and selective/spot spraying (KSI-SOP-EST-007) and Lalong Spraying (KSI-SOP-EST-008) (. Stated in SOP for circle and path spraying that the maximum number of applications is 4 times a year, and dosage is 35ml of Glisat (a.i. glyphosate) + 2gram of Trap or Winson (with a.i. methyl metsulfuron) for every 15 litres of water, and amount of Glisat applied per ha is 360ml/ha. For selective/spot spraying, the dosage is 450ml of Glisat + 2.5g of Trap or Winson for every 15 litres of water, and approximately 450ml of Glisat is applied per hectare. Amounts applied for these types of spraying are below the supplier recommendation of 1.0-15 litres per ha, as verified from data of chemical usage in year 2013.

The estates have a program for chemical application for each estate block and the program shows that circle and path spraying is to be done 4 times a year in each block, which is in accordance with the company’s SOP for circle and path spraying and Weed Spraying.

Empty chemical containers are sent to the estate hazardous waste store and records of amount incoming and outgoing are stored.

Based on records of chemical usage, there was no usage of chemicals containing paraquat in the year 2013, it was confirmed through interviews with sprayers and well as checks at the chemicals stores that no chemicals containing paraquat is being used. There is no usage of WHO Types 1A and 1B chemicals.
For Smallholder scheme area, usage of Glisat 480SL was found has been fulfill the recommended dosage per/ha of 1.5 - 2.0 litre/ha in several months, with highest usage being 3.76 litre/ha in March 2014, 3.93 litres/ha in January 2012. It is stated in the company’s SOP for circle and path spraying that if amount of weeds in the field is high, dosage of chemicals applied may exceed the recommended dosage, however the limit and justification for exceedance is not clearly defined. NCR no. 1 of 5 (Major Non-Compliance).

Annual external medical checks are conducted by the Hyperkes (Company Hygiene & Occupational Health), Workforce and Transmigration department of West Sumatera. Sighted from the Hyperkes report for year 2013 that all sprayers were found to be in good health. The company doctor also carries out pregnancy tests of female sprayers and manurers once every two months, and any pregnant female sprayers or manurers are transferred to perform other work.

The company’s latest OSH policy is dated September 2010 and approved by the Group Plantation Head, Mr. Goh Ing Sing. The policy states that it will be reviewed periodically for relevance, but not stated clearly how frequently such review should be carried out. This was noted as an observation.

The OSH team for all three estates, dated January 2014 and approved by the Manpower Department of Solok Selatan, divided into several sub-teams, i.e. Health, Safety, Emergency Response Team, Buildings and Installations, and Environment.

This decree assign Dr. Eric Octomarizon as Secretary of OHS team and also as OHS Specialist. The mill has a separate OSH team also approved by the manpower department on 22 March 2012. As required by local regulations, the OSH teams must have at least one member approved by the Manpower Department.

According to the company’s SOP for OSH Team (KSI-SOP-GEN-001) dated 1 August 2010) and regulation UU no.1 year 1970, the company is required to conducted OSH meetings once every 3 months and also provide a report on OSH activities to the local ministry of manpower once every 3 months. However, the estate does not implement this consistently, as it was sighted that the most recent OSH meeting was done on 18 January 2013. In addition, the most recent OSH report was dated 29 February 2013 and the report prior to this was sent 6 months before on 15 August 2012. The estates and mill do not maintain a copy of OSH report submitted to the ministry of manpower, only evidence of receipt.

All workers carrying out main operational activities are hired as permanent workers, and only FFB and CPO transporters as well as building construction workers are hired as contracted workers. All permanent workers therefore are insured under Jamsostek (Indonesian worker’s insurance). This was confirmed through interviews with sprayers and harvestors at KSI2 estate.

Annual external medical checks are conducted by the Hyperkes (Company Hygiene & Occupational Health), Workforce and Transmigration department of West Sumatera. Based on the results of the last Hyperkes report done on November 2012, there were no workers found with health issues, hence it was determined that their respiratory problems were more likely due to smoking. One of the mill workers found with slight hearing loss (stationed at mill workshop) was interviewed and confirmed that he rests for one hour of rest after every 2 hours of working, as per the doctor’s recommendation.

All workers carrying out main operational activities are hired as permanent workers, and only FFB and CPO transporters as well as building construction workers are hired as contracted workers. All permanent workers therefore are insured under Jamsostek (Indonesian worker’s insurance). This was confirmed through interviews with sprayers and harvestors at KSI2 estate.

The company maintains records of OSH trainings conducted, for example, there were sighted records of fire emergency response trainings for mill and estate staff. During the certification audit it was found that PT KSI had not provided first aid training for FFB and CPO transporters. It was verified during this audit that the estate has records (attendance list, photos and training materials) Training of First Aid in 11 June 2012, attended by Field Auditor, field Conductor of afdeling. Training conducted by Dr. Eric Oktomarizon

An accident and emergency preparedness procedure has been established for estates i.e. doc KSI-SOP-GEN-010 which includes procedures for dealing with plantation and forest fires, factory fires, residential fires, fires in offices, oil leaks and CPO leakage from storage tanks, collision or overturned CPO oil tankers, and tipping over of fuel distribution vehicle. The SOP states that all workers that see a potential emergency situation must take early corrective measures and if not possible, call for help.

Safety and Health Equipment are available at work sites, including fire extinguishers, water tanks, pumps as well as appropriate personal protective equipment (PPE) provided to workers during work. For example, sprayers are provided with appropriate masks, aprons, boots, goggles and gloves, and harvestors are
provided with safety helmet and boots. During the previous audit, it was found that some contracted workers are not using appropriate PPE, such as construction workers and FFB transporters. As there was no construction ongoing during the time of this audit, it could not be confirmed on-site if contracted construction workers wear the required PPE.

It is required in the company’s contract with contractors that contractors provide their own PPE for workers, as sighted from a sample contract for a housing contractor. If not, they will provide the PPE and cost of this is deducted from the pay of the payment to the contractors. A sample material requisition and issue slip for a housing construction contractor dated 29 September 2011 was sighted and showed that deduction of the contractor’s pay was done for 4 safety helmets provided. First aid kits are made available at all work sites, including in the field (brought by the field mandores), workshop, estate office, chemical stores, diesel storage area, and genset. There were no accidents reported in year 2013 up to the audit time.

The cooperative has an occupational health and safety policy which states a commitment to environmental conservation and safety for workers, contractors, supplier and visitors, compliance to OSH related legal requirements, upholding OSH management system, instilling awareness and discipline in workers through regular trainings and informing all workers, contractors, suppliers and guests of the OSH policy. The policy was last updated on 25 April 2013.

There are records of trainings conducted for both smallholders and workers engaged by the cooperative to manage the smallholder scheme land area, e.g.:
- Training on RSPO SOP and PPE usage on 15 June 2012 for 16 harvesters, sprayers and mandores at Talao
- Training on RSPO SOPs on safe working practices, PPE Usage and HCV management for 40 mandores, sprayers, harvesters and manunders on 21 June 2012
- Training on SOPs, occupational safety, OSH team, best practices, RSPO and HCV management for 17 workers on 15 May 2013
- Training on Environmental and OSH aspects for 16 workers (sprayers and harvesters) on 29 May 2013

In the events of minor accidents, field mandores have first aid kits and sprayers mandores also has eye wash in case of chemicals entering eyes. Workers have also been trained on usage of fire extinguisher in case of fire at housing, but some are not aware of emergency response procedures in case of forest fires. This was raised as an observation.

The company maintains records of any accidents that occur, and sighted from accident data for year 2012 and 2013, there have been no occupational related accidents that occurred.

The company has OSH meetings once every 3 months, with last meetings conducted on 22 March 2013 and 31 January 2013, with meeting minutes, attendance lists and photos available. The OSH meetings are not specific for smallholder schemes, but for OSH issues related to both company owned estates and smallholder schemes. There are no smallholders that attend the OSH meetings as they are not directly involved in plantation operations. This was raised as an observation.

Chemical sprayers at Talao are provided with appropriate PPE, i.e. apron, rubber gloves and boots, cloth mask. Harvesters are provided with safety helmets and booths. However, all workers are not provided with eye goggles. This was raised as an observation.

The estates and mill have training programs for the year 2013. For the estate the program includes training for Best practices/SOP, fire simulation, first aid, OSH, HCV and awareness training on RSPO and the requirements for International Sustainability and Carbon Certification (ISCC). The mill’s training program includes training for safety, fire, environmental awareness, identification of aspects and impacts, emergency response, etc. and sighted from sample training records, there were training that were, e.g. fire drill done on 22 December 2012, and trainings on SOPs for separate mill processes carried out in January to March 2013. The company has not yet implemented a system to assess the effectiveness of the trainings done by formally evaluating the knowledge of the workers. This was raised as an observation.

The cooperative has developed an annual training programme for smallholders and smallholder workers from year 2012 to 2013. The training programme covers topics on best practices/SOP, fire fighting simulation, PPE, occupational safety and health, HCV management and RSPO awareness.
Compliance status: Non Compliance
Non-conformance 2014-SS-01 of 04 (Minor non-conformity)

The workers in KKPA Sei Kunit emplacement dispose all domestic waste into the river bank.

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

Criteria assessed: CR5.1, CR5.2, CR5.3, CR5.4, CR5.5, CR5.6
Criteria not assessed: -

Findings:

As found during the certification audit, the company has conducted an Assessment of Environmental & Social Impacts (AMDAL) according to Indonesian regulations. This includes the social and environmental impact assessment (ANDAL) document prepared under the previous name of the company, PT Tidar Sungkai Sawit, and it was approved by Ministry of Agriculture Indonesia dated December 28, 1998 through latter no40/ANDAL/RKL-RPL/BA/XII/1998. The company is currently in progress to revise their ANDAL document, with the evidence in the form of letter no. 12/PKS-KSI/III/2012 dated 26 March 2012 from the company to the Environmental Department of West Sumatera requesting instruction from the department on how to proceed with revision of the AMDAL document. The mill requested this to ensure revisions to the AMDAL document is carried out in compliance with a recent update in the local regulation PP no. 27 regarding Environmental Licenses, and also because there have been changes to the company's operations, in terms of ownership (change of company name from PT Tidar Sungkai Sawit to PT Kencana Sawit), changes to capacity and design of the effluent treatment plant, and additions of machines and equipment and CPO tanks at the mill. The progress of updating the ANDAL document will be monitored during the next surveillance audit.

The AMDAL also includes the monitoring and management plan (RKL/RPL) document dated August 1998 approved by the environmental department, which states three aspects required to be monitored which are water quality of Jujuhan River (where treated effluent is discharged to), level of disturbance to flora and fauna, and community dissatisfaction, particularly communities from Talao Village and Kunyit River village. The company has conducted an Assessment of Environmental & Social Impacts (AMDAL) according to Indonesian regulations as Aspek dan Dampak Lingkungan dan Resiko, last update in April 2013. This includes the social and environmental impact assessment (ANDAL) document prepared under the previous name of the company, PT Tidar Sungkai Sawit, and it was approved by Ministry of Agriculture Indonesia dated December 28, 1998 through latter no40/ANDAL/RKL-RPL/BA/XII/1998.

The AMDAL also includes the monitoring and management plan (RKL/RPL) document dated August 1998 approved by the environmental department, which states three aspects required to be monitored which are water quality of Jujuhan River (where treated effluent is discharged to), level of disturbance to flora and fauna, and community dissatisfaction, particularly communities from Talao Village and Kunyit River village. However there is no records of management and monitoring social impact for year 2014. The company prepares a report to the local environmental department once every 6 months in accordance with legal requirements, and the report sighted for Semester II of 2013 (July to December 2013) includes a more detailed identification of all estate and mill environmental impacts as well as plans for management and monitoring of these impacts, including liquid, solid and hazardous wastes, air and water quality, noise, disturbance of flora and fauna, pests and diseases, potential for fire, reduction in income for local communities, hiring of workforce, community health, quality of soil and land. Monthly results of analysis of treated effluent discharge to the river from July to December 2013 as well are included in the report and shows there were some months where BOD and COD slightly exceeded the maximum limit of 100ppm and 350ppm respectively (July, August and October) however in the following months, the BOD and COD levels were not exceeded. The mill is currently also planning to carry out land application for mill effluent instead of discharging to the river.

Control of dispose effluent to Jujuhan River to parameter pH, COD, BOD, TSS, and Oil and Grease as licence and monitored every month, result for all parameter is Normal, for example test result o June 21th, 2013, pH=7.96, BOD=73, COD=206,5, TSS=46, Oil and Grease =12 ppm, nitrogen total=39.97. Study about usage waste in palm estate. Empty bunch utilize as organic fertilizer and, fibre and shell as renewable energy for boiler. Also boiler ah utilize as backfill amid the Hazardous Waste
According to HCV assessment which was conducted by external consultant, Aksenta on August 2-9, 2010 and as explained in PT KSI’s Wildlife Identification report and PT KSI’s HCV Identification Report (HCV areas : riparian and Ganeh river, riparian and Kulai river, Tiger hill (Bukit Harimau), riparian and Jujuhan rivers, reservoir water treatment (Block 072), hilltop of tengah pulau, Salo hill, riparian and Suir river, open water seepage area (block 207), Lipai (1 &2) hill, reservoir of water seepage made shower (Block 124), water sources (Block 134 & 113), wells for drinking water of society (Block 49 & 43), reservoir / “embung”, swamp of “Kodok” (Rawa Kodok) and cave of “kelelawar” (Gua Kelelawar) with types HCV : HCV 1.2, HCV 1.3, HCV 1.4, HCV 4.1, HCV 4.2, HCV 4.3, and HCV 5 and total HCV area is 2,229.59 ha), a HCV management plan for all identified HCV areas in PT KSI’s Divisions 1, 2 and 3 has been established by PT KSI’s HCV team and this is documented in a HCV Monitoring and Action Plan. The document describes the activities planned for each identified HCV, total area to be managed and periodic monitoring activities for each identified HCV. Monitoring of identified HCV area were conducted consistently and monitoring records are available at time of surveillance audit as evidence of implementation of standard operation procedure to protect wild life as determined in “SOP for wildlife protection (KSI-SOP-GEN-12)”. All monitoring results were recorded on a standard form KSI-HCV-FRM-GEN-32. This form is also used to record activities of illegal fishing, hunting and other illegal activities that found during patrols. Action plan to protect HCV are also explained on “HCV management plan matrix (Matrik Rencana Kegiatan Pengelolaan HCV)” for period of 2011-2013. In year 2012, their activities have been carried out is constructing nursery, maintenance of signboard in HCV areas, identification and monitoring of flora and fauna in Tengah Pulau hill (collaborate with University of Andalas), carry out conservation in riparian (one of activities is planting trees, construction of signboard and provide boundry markers for spraying activities in riparian (near river)), carry out measuring erosion level in the third sample plot/measurement location, maintenance of sample plot/measurement location, planting trees/cover crop/vertifar grass on erosion areas, socialization to employee about spraying and fertilization activities in riparian, and measuring water quality in river. Periodic patrolling programmes were implemented consistently but PIC do not write one of results of patrol about condition of disruption is still going in HCV monitoring report i.e there is cocoa and rubber plant which owned society in HCV area (Lipai 1 hill – field 207).

According to HCV assessment which was conducted by external consultant, Aksenta on August 2-9, 2010 and as explained in PT KSI’s Wildlife Identification report and PT KSI’s HCV Identification Report, a HCV management plan for all identified HCV areas in PT KSI’s Divisions 1, 2 and 3 has been established by PT KSI’s HCV team and this is documented in a HCV Monitoring and Action Plan. The document describes the activities planned for each identified HCV, total area to be managed and periodic monitoring activities for each identified HCV. Monitoring of identified HCV area were conducted consistently and monitoring records are available at time of surveillance audit as evidence of implementation of standard operation procedure to protect wild life as determined in “SOP for wildlife protection (KSI-SOP-GEN-12)”. All monitoring results were recorded on a standard form KSI-HCV-FRM-GEN-32. This form is also used to record activities of illegal fishing, hunting and other illegal activities that found during patrols. Action plan to protect HCV are also explained on “HCV management plan matrix (Matrik Rencana Kegiatan Pengelolaan HCV)” for period of 2014. Periodic patrolling programmes were implemented consistently during year 2013. There is no HCV sign board and information board infront of “Lipai Hill 1” Riparian River This is raised as non conformance for 3rd surveillance audit.

PT Kencana Sawit Indonesia has assigned a person incharge (PIC) for HCV conservation activities which is responsible for handling all planned activities regarding to HCV management plan.

The estates currently collect and store their hazardous wastes such as used oil, oil containers, oil filters, and used batteries at the central warehouse and this is regularly send to the mill, i.e. there are records of amounts and types of hazardous wastes send from the estate to the mill on 15 February 2013. The company has recently received a license permitting temporary storage of hazardous wastes at the estate central warehouse, dated 2 March 2012 and valid for 5 years. Previously the central warehouse did not have such a license and only the mill had a license for storage of hazardous wastes. As explained under CR2.1, the mill’s license for storage of hazardous wastes is dated 10 June 2009 and valid for 5 years. As explain the license of the hazardous wastes collection contractor does not specifically state permission to collect oil filters, but sighted on manifests of collection of hazardous wastes by this contractor on 2 November 2012, 121 oil filters were collected although this contractor does not have the license to collect this waste. This was raised as an NC under CR2.1. The mill and estates also do not maintain records of...
certain types of hazardous wastes, i.e. contaminated rags and gloves, and contaminated spill kit. This was raised as a nonconformity under CR2.1

It was found that there are discrepancies in the amounts of hazardous wastes produced at the estate and mill. For example, there is a record of the estate sending hazardous wastes to the mill on 15 February 2012 for 660 litres of used oil containers, 100 litres of diesel mixed with water, 74 pieces of filters and filter containers, 15 pieces of used batteries and 15 pieces of pail used to store lubricant. Domestic wastes are managed through separation of organic and inorganic wastes which are collected and disposed at separate landfills within the estate area but located away from housing and water sources. The landfills are closed when full.

All chemical containers are stored at the company's chemical store and collected by a licensed collector, PT Shali Riau Lestari with approval for collection of hazardous wastes as per letter no. B-5232/DEP.IV/LH/PDAL/05/2012 from the Department of Environment dated 23 May 2012 and valid for one year. Last collection was on 21 February 2014 for 218 kg of chemicals containers as well as other types of chemical wastes. Previous collection was on 2 November 2013 to another contractor, PT Horas Miduk.

The company is still consistent on fiber and shell consumption as source of renewable energy for boiler operation. Total fiber and shell consumption for year 2012 produced every month is 36,912.98 tonnes (fiber) and 17,861.12 tonnes (shell), which generates 50,784,391.81 kcal. In mill that the amount of FFB processed is 238,148.29 tonnes FFB and CPO production is 48,987.97 tonnes so that efficiency analysis is 2,558 kcal/tonnes FFB or 12 kcal/tonnes CPO. Based approach of cost efficiency that the company has been to reduce cost of Rp 11,278,373,011.77 (assumption price of solar of Rp 8,800/litres) if compared the company use fossil fuel totally. The company conducted an efficiency analysis using energy usage data from January to December 2012.

The company uses fossil fuel (brand name: Petro 4 and solar) for limited activities such as start up of boiler and transportation purposes, and operation of generator as an electricity source. According to a report of usage of fossil fuels (diesel fuel) used in PT KSI mill, the total fossil fuel consumption in the year 2012 was 275,469 litres (consumption of majority is generator and turbine) and year 2013 (January-February) was 55,174 litres as stated in a monthly report. The results of chief meeting on March 27 2013 that POM in PT KSI has obtained approval to build a methane trap that can be used as general power. Consumption of fossil fuel in estate in year 2010 is 75,435 litres, year 2011 is 72,438 litres and year 2012 is 77,068 litres so that there is no evidence that estate has conducted analysis of efficiency for fossil fuel consumption (Petro-4 and solar). This condition was raised Non Conformities.

An accident and emergency preparedness procedure has been established for estates i.e. doc KSI-SOP-GEN-010 which includes procedures for dealing with plantation and forest fires. The SOP states that all workers that see a potential emergency situation must take early corrective measures and if not possible, call for help.

Monitoring of quality of pollution and emission sources identified is conducted regularly and reported to the local government every six months, in line with local regulations. These include air emission monitoring results, mill effluent analysis results and noise levels. Air emissions monitoring was last done on November 2013 and including noise level monitoring. All results were documented on RKL/RPL report for semester II, 2013.

The company currently has no GHG emissions reduction programme. Records also shows that air emissions have been decreased through regular maintenance of boiler and generator sets.

The smallholder scheme has not undergone any replanting and next replanting cycle is not planned for another 13 years. The company implements a zero-burning policy but has not been implemented yet as there has been no replanting on the smallholder area.

The identification of pollution sources for smallholder activities is in line with the Aspek Dampak Lingkungan; i.e:


Emission reduction plan covered in SOP Mitigasi Emisi Gas Rumah Kaca (PRO-MILL-005

Compliance status: Non Compliance
### Non-conformance 2014-03 of 05
There is no HCV sign board and information board in front of “Lipai Hill 1” Riparian River.

### Non-conformance 2014-04 of 05
There is no records of management and monitoring social impact for year 2014.

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

#### Criteria assessed:

#### Criteria not assessed:
CR6.4,

#### Findings:
In general, there is no significant change in the company’s performance against RSPO P&C. Approved environmental impact document (AMDAL) still applicable for current company’s operation. There have been no revisions made to the company’s environmental management document (AMDAL) that encompasses social impact assessments, due to no changes in the estate and mill operation. There is no need to revise the social impacts identified in the AMDAL. There have been no changes made company’s environmental management and monitoring document (RKL/RPL). In the company’s social impact assessment document, the company has already identified the impacts of out grower schemes and is giving attention to the identified impacts.

On the other hand, in this 3rd surveillance, the previous action plan for monitoring of social impacts (2011 – 2013) has out of date. The company cannot show their action plan for the next year.

There is 3 year company’s planning i.e. 2011-2013 and report of implementation for year 2012 such as:
- Planning for capacity building smallholder scheme (KUD) in PT KSI
- CSR program,
- Planning to improve community health including inside community such as workers family
- Planning for OSH and improve workers livelihood.
- Planning to improve Cooperation (KUD) performance.

There was some evidence that company had communicated all planning above to relevant stakeholders. Such as approval from head of village Nagari Talao sei Kunyit, Nagari Sei Kunyit, Community leader Nagari Talao and Sei Kunyit.

There have been no revisions made to the company’s environmental management document (AMDAL) that encompasses social impact assessments, due to no changes in the estate and mill operation. There is not need to revise the social impacts identified in the AMDAL. There have been no changes made company’s environmental management and monitoring document (RKL/RPL). In the company’s social impact assessment document, the company has already identified the impacts of outgrower schemes and is giving attention to the identified impacts. Evidence of implementation of company’s SOP for communication and consultation with the communities, i.e. KSI-PRO-BNM-05 issued on 1 June 2010 was sighted. The company has records of communication and consultation meetings held with local communities, such as records of a meeting held on December 17th 2013, with community Sei Kunyi as recorded in Official Records (Berita Acara) of CSR activity at Wali Nagari Office of Sei Kunyit. The meeting was an aid assignment from PT KSI to Community to support the election of Wali Nagari process. The meeting attended by Commission of Election of Wali Nagari Sei Kunyit and sub district (kecamatan) government.

There is no improvement from last year audit in cooperative Swamata, there is implementation evidence of identified social impact management and monitoring at the farmer organisation.

The existing open system for dealing with communication and consultation with the communities as defined in an SOP KSI-PRO-BNM-05 issued on 1 June 2010 still applicable. The system has still not been implemented as there are currently no incoming complaints regarding company’s operation. The company also has procedures for identification and calculation of fair compensation for the loss of legal or customary right to land, i.e. SOP-IJIN LAHAN & OPS-00 Guidance for Land Acquisition, SOP for Recognition of Traditional or Customary Rights of the Community, SOP for Mechanism Resolution of Complaints and Disputes, and SOP for Resolution of Land Disputes. All procedures are made publicly available.

The existing open system for dealing with communication and consultation with the communities as de-
fined in an SOP KSI-PRO-BNM-05 issued on 1 June 2010 still applicable. The system has still not been implemented as there are currently no incoming complaints regarding company’s operation. The company also has procedures for identification and calculation of fair compensation for the loss of legal or customary right to land, i.e. SOP-IJIN LAHAN & OPS-00 Guidance for Land Acquisition, SOP for Recognition of Traditional or Customary Rights of the Community, SOP for Mechanism Resolution of Complaints and Disputes, and SOP for Resolution of Land Disputes. All procedures are made publicly available.

Cooperative has recorded procedures for communication and consultation with the local community, e.g. communication on May 2nd, 2013 with Rajab ICI the member of Plasma Talao who asked about the germination schedule.

However, during this year audit there is still no record of cooperative member regular meeting. There is neither record of communities’ aspiration nor record of the follow-up action at Plasma Talao and Sei Kunyit. This is raised as non conformity.

The company maintains documentation of employees’ pay and wages paid are in compliance with the minimum wages defined in both local and national government regulation. On the standard minimum wage, the company complies with the regional minimum wage as per the decree from the Governor of West Sumatera No. 562-846-2013 which states that the regional minimum wage standard for estate workers in West Sumatera in 2014 shall be IDR 1,490,000 per month (25 days) or IDR 59.600 per day. To comply with this law, the head of the Human Resources Department of Wilmar International Planta- tion issued a letter no. 001/WIP-HRR/Int-I/2014 dated 07 January 2014 which states that minimum wages for daily workers at PT Kencana Sawit Indonesia shall be IDR 1,490,000 per month or IDR 59.600 per day. Minimum wages standard of PT Kencana Sawit Indonesia complies with the related government regulation which is Government Regulation (Peraturan Pemerintah) no. 8/1981 on wages standard protection and Minister of Indonesian Manpower Regulation no. PER-01/MEN/1999 regarding minimum wages. PT KSI also shows document of Wilmar- PT KSI Wage and Bonus Standard year 2014. This document shows employment wages grade that divide into 6 Skills Groups (General, Group A, B, C, D, E) and 4 working periods (1-3 year, 3.1 – 5 years, 5 – 7 years, above 7 years).

The documented working agreements that was approved by the local government of Social, Man Power and Transmigration agency for the period of 2012-2014 (for permanent daily worker/PHT) still applicable during the audit period. The company still consistently provides adequate housing, medical, educational and other facilities free of charge to employees. During the 3rd surveillance, there are problems finding at housing facilities as follow:

- House type G10 at Div II found flooded in every hard rainy season.
- Water supply builded by company is in out of order. Communities make their own well to supplies their need of clean water. According to the informant, it’s almost a year the equipment supporting water supplies has broken. To adapt to this situation, every three or four house hold has make a well at plantation areas, then distribute to their house using water pump and pipes. It happens on div I, II, II housing areas.
- Broken wastewater pipes to septic tank has found at many houses in Div I, II and III.
- Housing wastewater system in housing area is inadequate; some of sewers and ditches are founded broken.

Those are raised as non conformity. The company has new documented working agreements that was approved by the local government of Social, Man Power and Transmigration agency for the period of 2012-2014 (for permanent daily worker/PHT) on March 14, 2012. There was a record of negotiation and meetings regarding changing in some provisions or chapter in work agreement, overtime in holiday, and motorcycle ownership program on August 8th, 2012 at PT KSI meeting room, attended by PT KSI management and members of the worker union.

The company still consistently provides adequate housing, medical, educational and other facilities free of charge to employees. Adequate water is supplied twice a day i.e. between 8 to 10 am and 4 to 6 pm. The water source is from a deep well, while electricity is provided 24 hours for housing that supplied by mill but not for housing in plantation area which has location in remote area from the mill such for other housing areas in Division 3 (Salo), since company’s micro hydro broken, all electricity is supplied by mill for housing nearby mill location and generator for housing in remote area.

The company has documented agreements with contractors that they are to abide with local labour laws. Some clauses in the contract include compliance to labour laws. PT KSI requires all contractors to follow all government regulations relating to workers, health and safety, RSPO Principles and Criteria, labour laws, and zero burning policy. This was viewed from contract between PT KSI and contractor for
FFB transporter. However, during this surveillance audit was found that some contractors of FFB transportation did not comply to the work agreement. They did not provide some PPE inside the unit such as safety box and triangle sign for emergency and fire extinguisher. This condition was raised as Non conformity no. 2 of 4.

There is an existing worker union in PT Kencana Sawit Indonesia called Serikat Pekerja Seluruh Indonesia (SPSI). The worker union representatives are re-elected periodically, and for PT KSI, elections for the third replacement cycle of union representatives has been done for the period of 2010 to 2014. Documented minutes of meetings with the labour union is available at SPSI’s estate office, and the worker union holds meeting as required especially if there is a labor issue. There is also a Bipartite Cooperation Institute (Lembaga Kerja Bersama (LKS) Bipartit) between SPSI and management of Kencana Sawit Indonesia as seen on meeting records dated February 5th 2014. The meeting agenda are discussing about the purposes of SPSI’s purposes to PT KSI to make reviews for rate on some specifics job description, and Documents copies Assignment regarding company’s wages policies.

From checks of employee information from the company’s "employee master list" period year 2013 and 2014, no workers under the age of 18 were found to be working on company either as permanent or temporary worker.

No workers interviewed on-site complained about any form of discrimination from the management of the estates or mill.

A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights has been developed and is implemented. No evidence of sexual harassment was found during the time of the audit as explained by Gender Committee. PT KSI’s gender committee shows documents as follow:

- Gender Commission’s Working Program year 2014, signed by Herni Zein (chief) and Zulfiantie (Secretary) in January 18th 2014. The document shows the schedule of socialization activities to communities in 2014.
- Official Activity report (Berita Acara Kegiatan) of gender socialization, Februari 10th 2014 at Salo Housing divisi III, signed by GEM, Acct GEM, RSPO Officer and Chief of Gender Committee. The attendant list attached to these documents shows that the socialization has attended 72 persons.

Some of community member (workers) from 4 different housing area has interviewed during the 3rd surveillance, all of them convince that they already socialized by gender committee regarding gender issues, sexual and domestically harassments. They also know and understand the issues, and know where to go and reports if any case happened among them.

Current FFB prices and previous day FFB prices are clearly published on the notification board in front of PT KSI’s mill at the security office, and near weighbridge, e.g. FFB price for March 2014 was seen on site. In year 2014, only one Supplier who supplies FFB to PT KSI as the agreement they have made, the supplier’s name is Mr. Benny Mahendra. The evidences regarding the agreements shows as follow:

- Declaration Letter of Beni Mahendra, signed at Sungai Kunyit, February 27th 2012, describe that he will only supplies PT KSI’s with legal FFB, supporting the PT KSI’s working Ethics,
- FFB Supplies Agreements, no. 01/KSI-PKS/TBS/II/2012, signed in Solok Selatan, February 27th 2012.

PT KSI’s send short messages by phone (SMS) to Suppliers and SWAMATA Cooperative boards about FFB price routinely. The Cooperative boards from Sei Kunyit confirmed that they always received information about FFB prices from PT KSI.

In the 3rd surveillance, PT KSI still shows their commitment to contribute to local development. PT KSI shows the commitment into three different ways: local tax contribution, community development activities and out-growers payments. The contributions to local development shows in evidences as follow:

- Tax Payment.
  - Land and Building Tax payment receive year 2013. The receive shows that PT KSI has pay IDR 1.247.729.900.
  - PPH 21 year 2013. The receive shows that PT KSI has pay IDR 1.033.073.497.
- CSR activities 2013. Base on CSR Realization Reports 2013, PT KSI has conducted 42 activities values IDR 198.480.000
- PT KSI’s shows document Monthly report “Laporan Plasma Kebun Talao dan Sungei Kunyit Februari 2014”. The document shows that PT KSI’s has transferred to Swamata Cooperatives.
IDR 863,381,344 as Plasma farmers benefits.

Compliance status: Non Compliance

Non-conformance 2014-05 of 05
There were found some broken facilities in several emplasment Division 1, II, and III such as:
- No clean water due to broken water pump.
- Broken sewage drainage.
- Broken pipe line from toilet to septic tank, the septic tank has been full and leakage.
- One G 10 housing type at Tengah Pulau emplasment was flooded during raining session.

Non-conformance 2014-SS-02 of 04 (Major non-conformity)
There is no evidence of social impact management program for year 2013.

Non-conformance 2014-SS-02 of 04 (Major non-conformity)
There is neither record of communities’ aspiration nor record of the follow-up action at Plasma Talao and Sei Kunyit.

Principle 7: Responsible development of new plantings

Criteria not assessed: all

Findings:
There is no evidence of development of new estate areas within the company’s area and all existing oil palm estate areas consist of mature palms. The company has no plan to extend their estate area. Therefore Principle 7 is not applicable.

Compliance status: Not Applicable

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

Criteria assessed: CR8.1
Criteria not assessed: -

Findings:
The company assessment of environmental and social impacts (AMDAL) also includes the monitoring and management plan (RKL/RPL) document dated August 1998 approved by the environmental department, which states three aspects required to be monitored which are water quality of Jujuhan River (where treated effluent is discharged to), level of disturbance to flora and fauna, and community dissatisfaction, particularly communities from Talao Village and Kunyit River village. The company prepares a report to the local environmental department once every 6 months in accordance with legal requirements, and the report sighted for Semester II of 2011 (July to December 2011) includes a more detailed identification of all estate and mill environmental impacts as well as plans for management and monitoring of these impacts, including liquid, solid and hazardous wastes, air and water quality, noise, disturbance of flora and fauna, pests and diseases, potential for fire, reduction in income for local communities, hiring of workforce, community health, quality of soil and land.
There is evidence of implementation of the environmental management and monitoring plan, e.g. as follows:
- Plans to carry out land application of treated mill effluent instead of discharge to the river. This is currently under feasibility study.
- Preparation of spill kits, warning signs and labels and secondary containment at hazardous wastes storage areas. Observed that new spill kits and secondary containment facilities were present at these areas. The company has also recently obtained a license for storage at the hazardous wastes store at the estate, where previously they only had such a license for the mill.
- Protection of rivers and waterways by installing signboards informing that chemical application ad-
Jacent to rivers is not permitted. Sprayers interviewed are aware of this requirement and confirmed that river buffer zones are marked to indicate areas where spraying is not allowed. Cooperation manager has not established corrective action for overdue maximum harvesting period, erosion, fertilizer and protection to water courses quality. This is raises as non conformity

**Compliance status:** Non compliance
**Non-conformance 2014-SS-02 of 04 (Major non-conformity)**

Cooperation manager has not established corrective action for overdue maximum harvesting period, erosion, fertilizer and protection to water courses quality.

### 3.2 Status of Previously Identified Non-conformities

The findings from last 2nd surveillance audit are 4 non conformities were identified. These consisted of 2 major non-conformity and 2 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through document verification audit submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

**Criterion 2.2. (Major indicator 3): Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented.**

**Non-conformance 2013-01 of 04 (Major non-conformity)**

There is no agreed conflict resolution mechanism between the company and community Sei Kunyit village who occupied HCV1 area field 207 and field 043 within HGU area named as Bukit Lipai.

**Evidence of Corrective action:**

There is agreement letter as conflict resolution between company and occupant of field 207 and field 043. The agreement was signed by both parties on May 3rd, 2013. However, the agreement did not cover all occupants in the area. The company need to established action plan for conflict resolution for other occupants.

**Auditor Conclusions:** Closed with observation

**Criterion 3.1. (Major indicator 1): A documented working plan of the company for a minimum of 3 years period.**

**Non-conformance 2013-02 of 04 (Major non-conformity)**

Management plan for 5 years was not adjusted to year 2013 condition as a reference for implementation such as estate and mill cost assumption, CPO and PK production assumption and CPO & PK price assumption.

**Evidence of Corrective action:**

There are evidence that the management plan 2013 already revised properly for cost assumption (mill and estate), and volume of production and price assumption (CPO & PK).

**Auditor Conclusions:** Closed
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Criterion 5.4. (Minor indicator 2): Records of monitoring of fossil fuels use for operational reason and its efficiency analysis

Non-conformance 2013-03 of 04 (Minor non-conformity)
There is no evidence that estate has conducted analysis of efficiency for fossil fuel consumption (Petro-4 and solar).

Evidence of Corrective action:
The company establish fuel efficiency target for year 2013 and program for fuel efficiency achieving for 2013. It was sight fuel efficiency trend report for last 3 years (2011, 2012, 2013) and monitoring of Petro Andalan Nusantara consumsion and checking the ingredient from Petro-4

Auditor Conclusions: Closed

Criterion 6.5. (Minor indicator 2): Agreements entered into with contractors are to specify that contractors abide by labor laws.

Non-conformance 2013-04 of 04 (Minor non-conformity)
There is a provision within work agreement for FFB transportation did not well implement by the contractor Bursan no. 01/KSI-KKPA.SWM/SPK-TBS/TL/I/2013 on January 3rd, 2013 and Anas no 06/KSI-DIV.III/SPK-TBS/I/2013 i.e. not provide work health and safety box inside the unit of transportation and did not bring another safety equipment such as safety sign for emergency, and fire extinguisher.

Evidence of Corrective Action:
The company provide instruction to the related contractors (Bursan and Anas) to complete trans- portation unit with safety box, fire extinguisher and other mergency equipment as state in the agreed working agreement. There is photo documentation and official report regarding to inspection and fulfillment of the agreement, and report of inspection to all contractors regarding to their compliance to the agreed working agreement

Auditor Conclusions: Closed

Status of Previously Identified Non-conformities regarding Smallholder Scheme Requirement.
The during previous certification audit there were 5 nonconformances were identified. These consisted of 2 major non-conformities and 3 minor non-conformities. Verification result The following information is: For the major non-conformances, the company has taken the necfrom all findings was conducted during 3red surveil- lance audit, the company has taken corrective action against these as well. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

Criterion 4.6. (Major indicator 2) Evidence of user of pesticide is using in accordance with targeted species, appropriate dosage, method and time of application.

Non-conformance 1 of 5 (Major non-conformity)
Usage of Glisat 480SL was found to exceed the recommended dosage per/ha of 1.5 - 2.0 litre/ha in several months, with highest usage being 3.76 litre/ha in March 2013, 3.93 litres/ha in January 2012. It is stated in the company’s SOP for circle and path spraying that if amount of weeds in the field is high, dosage of chemicals applied may exceed the recommended dosage, however the limit and justification for exceedance is not clearly defined.

Evidence of corrective action:
The company has provided application letter to scheme manager to gain approval for chemical application which dosage more than being recommended on realistic reason based on existing standard operating procedure. The company conduct socialisation activity to all spraying foreman. The company
provide records of application letter for approval of chemical usage which dosage more than being recom-
commended has been approved by scheme manager prior to field application.
There is an application letter on December 28th, 2011 and February 25th, 2013 from Field Conductor to
Scheme Manager for approval of Glisat application more than recommended dosage which is 1.5-2
Lt/ha, that will be held on January 2012 and March 2013. The letter was signed by the scheme manager
as an approval to this application letter.
According to socialization process, there is an official report of socialization of spraying SOP to all of
spraying Foreman regarding to recommended dosage to implement. The socialization held on Hune
15th, 2013 at Swamata Cooperative office, attended by 12 persons.

Auditor Conclusion: Closed.

Criterion 5.1. (Minor indicator 1) Records of implementation and report on management of envi-
ronmental impacts, kept at smallholders organisation.

Non-conformance 2 of 5 (Minor non-conformity)

There is no evidence that the Sei Kunyit estate and Talao estate have implement monitoring activity
according to environment impact based on environment impact aspect identification.

Evidence of corrective action:
The company conducts monitoring to identify environment impact according to smallholder activity
based on identification of environment aspect impact result.
The company established programs of environment impact management according to smallholder
activity always monitored periodically according to time line. Records of environmental impact
management is available.

Auditor Conclusions: Closed.

Criterion 6.1. (Minor indicator 1) Smallholders own records of management and monitoring of
social impacts (RKL/UPL) which are available at smallholders organisation.

Non-conformance 3 of 5 (Minor non-conformity)

There is no evidence available that smallholder organization already conducted social impact
management regarding to smallholder activity.

Evidence of corrective action:
The company has not conduct management of social impact based on social impact assessment report
and to monitor the progress.
The company has no established program of social impact well conducted and monitored as specified
in action plan.

Auditor Conclusions: Open raised as NCR No. 2014- SS-02 of 04

Criterion 6.2. (Major indicator 2) Records of periodic meeting between smallholders’ organisa-
tion and its members.

Non-conformance 4 of 5 (Major non-conformity)

There is no record of annual regular meeting between Cooperative officer and the members.
Evidence of corrective action:
The company conduct regular member meeting and keeping the record as evidence of implementation. The company also conduct periodical meeting based on cooperative by law and keep the record of implementation. There is evidence of implementation of the meeting, i.e. official report of regular meeting held on July 3rd, 2013 at cooperative office attended by 28 persons.

Auditor Conclusions: Closed.

**Criterion 6.2. (Minor indicator 1) Smallholders organisation has records on communities’ aspiration and their responses or follow-up actions.**

Non-conformance 5 of 5 (Minor non-conformity)
There is neither record of communities’ aspiration nor record of the follow-up action at Plasma Talao and Sei Kunyit.

Evidence of Corrective action:
The company accomplish record of community aspiration regarding to smallholder activity and follow up. There is record of documentation for all aspiration delivered to the cooperative officer and keep all record about follow up and implementation.

Auditor Conclusions: Open raised as NCR No. 2014-SS-03 of 04
3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions for RSPO requirement

During this 3rd surveillance audit a total 4 non-conformities were identified. These consisted of 2 major non-conformities and 2 minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through document verification audit submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1</td>
<td>A documented system, which includes written information on legal requirements that the palm oil company should comply with.</td>
</tr>
</tbody>
</table>

**Non-conformance 2014-01 of 05**
Regulation of Ministry of Agraria/head of National Land Agency No. 3 year 1997 has not listed on legal and law register.

**Correction:**
To include the Ministry of Agraria/head of National Land Agency No. 3 year 1997 on legal and law register, evaluate the compliances in all estate area, and establish the program for the fulfillment.

**Corrective action:**
Make coordination among estate under Wilmar company’s regarding list of regulation and continue to implement identification and evaluation legal and other regulation.

**Auditor Conclusions:**

**Criterion: 2.2.2 (Indicator major). Evidence that legal boundaries are clearly demarcated and visibly maintained.**

**Non-conformance 2014-02 of 05**
There were some boundary stones missing and were not visible maintained such as stone no. 88; no. 87 and No. 81.

**Correction:**
To re-install the boundary stone on the field following the BPN geographic coordinate.

**Corrective action:**
Ensuring the total boundary stone according to BPN map and implement boundary stone monitoring program. Assigned PIC to control and records all stones monitoring and patrol program all boundary stone. To check all access to all boundary stones especially for difficult access.

**Date of Closing: April 10, 2014**

**Auditor Conclusions:**

**Criterion : 5.2.1 (Indicator minor) Posters and signs warning of the presence of protected species are to be produced, distributed, and made visible to all workers and the community, including guidelines in handling them.**

**Non-conformance 2014-03 of 05**
There is no HCV sign board and information board in front of “Lipai Hill 1” Riparian River

**Correction:**
To install HCV sign board and information board infront of “Lipai Hill 1” Riparian River.

**Corrective action:**
To make sign board/information board mapping that has been installed in all PT KSI area to ensure that all identified HCV has been provide by relevant sign board/information board.
- To installed the sign board/information board in rest of identified HCV according to the map.
- To conduct periodic monitoring to check the existence of sign board/information board.
- To check road access to all identified HCV.

Auditor Conclusions:

Criterion : 6.1.1. (Indicator minor) Regular monitoring and management of social impact, with the participation of local communities.

Non-conformance 2014-04 of 05
There is no record of management and monitoring social impact for year 2014.

Correction:
To conduct a meeting to evaluate social impact management and monitoring performance year 2012 and 2013.
To conduct a meeting to establish social impact management and monitoring program year 2014-2016.

Corrective action:
To records all result of social impact monitoring and management plan for year 2014-2016.
To ensure evaluation and review the effectiveness of social impact management and monitoring plan for year 2014 as basic information to establish next year activities.

Auditor Conclusions:

Criterion : 6.5.1. (Indicator minor) Growers and millers provide adequate housing, water supplies, medical, educational, and other facilities for employees where such facilities are not available or accessible.

Non-conformance 2014-05 of 05
There were found some broken facilities in several emplasment Division 1, II, and III such as:
- No clean water due to broken water pump.
- Broken sewage drainage.
- Broken pipeline from toilet to septic tank, the septic tank has been full and leakage.
- One G 10 housing type at Tengah Pulau emplasment was flooded during raining season.

Correction:
To repair all broken facilities such as:
- No clean water due to broken water pump.
- Broken sewage drainage.
- Broken pipeline from toilet to septic tank, the septic tank has been full and leakage.
- One G 10 housing type at Tengah Pulau emplasment was flooded during raining season.

Corrective action:
To make regular schedule for maintain, monitoring and checking all housing facilities at housing division I, II and III.
To identify all broken facilities and make repair program, as soon as identification result. And records all relevant result.

Auditor Conclusions:
Identified non-conformance against RSPO Scheme Smallholder requirements, Corrective Actions Taken and Auditors Conclusions

During this 3rd surveillance audit a total 4 non conformities were identified. These consisted of 3 major non-conformity and 1 minor non-conformity. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through document verification audit submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

**Criterion 4.4.1 (Minor indicator 1)** Evidence of efforts to prevent erosion and maintain natural water resources.

Non-conformance 2014-SS-01 of 04 (Minor non-conformity)

The workers in KKPA Sei Kunyit emplacement dispose all domestic waste into the river bank.

**Correction:**

The company provide disposal waste bin in workers emplasement KKPA Sei Kunyit.

**Corrective Action:**

To cooperate with local cooperation to identify sufficient housing condition.

To establish maintenance program for housing area.

To provide socialization for all workers regarding housing maintenance.

**Auditor Conclusions:** Evidence of immediate action taken was accepted. Effectiveness of implementation to verified at next audit.

**Criterion 6.1.1. (Minor indicator 1)** Smallholders own records of management and monitoring of social impacts (RKL/UPL) which are available at smallholders organisation.

Non-conformance 2014-SS-02 of 04 (Major non-conformity)

There is no evidence of social impact management program for year 2013.

**Correction:**

The company has conduct management of social impact based on social impact assessment report and to monitor the progress.

The company has established program of social impact well conducted and monitored as specified in action plan. There is report of social impact management of smallholder, held on July 2013.

**Auditor Conclusions:** Closed Verification result :

The company provide new management and monitoring plan for identified social impact and monitoring plan and records of socialization of social impact conducted on Julyu 2013.

**Criterion 6.2.1. (Minor indicator 1)** Smallholders organisation has records on communities’ aspiration and their responses or follow-up actions.

Non-conformance 2014-SS-02 of 04 (Major non-conformity)

There is neither record of communities’ aspiration nor record of the follow-up action at Plasma Talao and Sei Kunyit.

**Correction:**
Assign special person incharge who has responsibility to records incoming complain i.e. Syahbudin and Martius Rizal.

To introduce the jobs and description to the assigned persons, and provide mechanism to for complaint to all workers. To records all incoming complain and claim both internal and external.

**Corrective action:**
Cooperative party together with PT KSI conduct regular checking for complaint handling.

**Auditor Conclusions:** Closed

**Verification result:**
There is decree letter signed by estate manager regarding assignement of person incharge who has responsibility to records incoming complain i.e. Syahbudin and Martius Rizal. Assignment letter including information on their job description.

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**Criterion 8.1. (Major 1)** Scheme manager, together with smallholders, prepares action plan for continuous improvement, based on consideration of the main social and environmental impacts and opportunities for improvement.

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**Non-conformance 2014-SS-02 of 04 (Major non-conformity)**

Cooperation manager has not established corrective action for overdue maximum harvesting period, erosion, fertilizer and protection to water courses quality.

**Correction:**
Company and Cooperation management conduct management review to discuss about operational performance in smallholder areas such as for harvesting period, erosion, fertilizer program and protection water courses.

**Corrective Action:**
To ensure that management review meeting will be conducted as scheduled.

**Auditor Conclusions:** Closed

**Verification result:**
The company provide management review result meeting. The result including document for operational performance in smallholder areas such as for harvesting period, erosion, fertilizer program and protection water courses.

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### 3.4. Description of Supply Chain Management System

PT Kencana Sawit mill is one of the palm oil mills owned by Wilmar International in West Sumatera. PT Kencana Sawit Indonesia mill was established in July, 2001 with a production capacity of 45 tons/hours. The company was initially a National Investment Company owned by Tidar Kerinci Agung group, and the company then changed status to a Multinational Investment Company i.e PPBOP Sdn. Bhd. based on “Surat Keputusan Menteri Negara Agraria No. 1-VIII-1998 regarding Land Use Right transfer Permit from PT Tidak Kerinci Agung to PT Tidar Sungkai Sawit. Based on notarial decree letter no. 96 (Notaris Buntario Tigris SH, SE, MH), the name of PT Tidar Sungkai Sawit was changed to PT Kencana Sawit Indonesia (PT KSI). This was confirmed by a decree letter from Minister of Justice and Human Rights Republic of Indonesia No. C-14 718 HT.01.04.TH.2006 about approval of company’s charter (Anggaran Dasar) changing of PT Tidar Sungkai Sawit to PT Kencana Sawit Indonesia. Currently PT Kencana Sawit Indonesia Mill is receiving approximately 85.82% of its supplies of fresh fruit bunches (FFB) from 1 company-owned estates comprising of 3 divisions (KSI 1, KSI 2 and KSI 3) and the remaining 14.18% from the company’s smallholder schemes, neighbours plantation such as PT Perkebunan Nusantara VI and independent outgrowers surrounding Solok Selatan District.

The company has 2 (two) smallholders groups supplying FFB to PT Kencana Sawit Mill i.e. KKPA (Koperasi Kredit Primer Anggota) Sei Talao and KKPA Sei Kunyit, while the mill only purchases FFB from independent
outgrowers that have already signed a contract with PT Kencana Sawit Indonesia mill, and are committed to supplying only legal and responsible FFB to PT Kencana Sawit Indonesia Mill.

PT Kencana Sawit Indonesia Palm Oil Mill is producing crude palm oil (CPO) and palm kernel (PK), the audit time has not register their transaction in the RSPO IT System, because company currently sell their product without claiming it as certified sustainable palm oil (CSPO) or certified sustainable palm kernel (CSPK), all CPO produced from KSI's estate are sold as Internationa Sustainability Carbon Certification (ISCC) certified claimed product, as company already certified according to ISCC requirement on February 2011. However, according to explanation from the company that the company will follow all requirements from RSPO to support implementation of sustainability requirements.

The company implements SCC-RSPO with “Mass Balance (MB)” model and the module the mill was assessed against i.e Module E of the RSPO Supply Chain Certification Standard, according to the nature of mill FBB supply condition. The following is a description of the company’s supply chain management system according to the RSPO SCCS requirements, including status of compliance of the company and their outsourced third parties to RSPO SCCS requirements:

### 1. Documented procedures

**Findings:**

Kencana Sawit Indonesia Palm Oil mill still use the existing standard operation procedure since incoming FFB until product dispatch, as well as incoming order procedure is handled by trading department in Wilmar headquarters. The last update procedure for implementation of SCCS (issued on March 30, 2012) where last procedures were issued on March 01, 2012. List of SOP stated on "Daftar Induk Dokumen (master list documents (FRM-GEN-004-01 Rev.01 for mill and KSI-REK-GEN-001 Rev.01 for estate)"). The company has policy regarding which SCCS model will be used for CSPO/CSPK production process signed by mill head regional manager i.e. POL-KSI-09 or SK No. 09.PKS-KSI/III/2012. According to policy, company implement “Mass Balance” model due to company receive 14.18% incoming FFB from smallholder scheme, neighbours plantation and independent outgrowers surrounding Solok Selatan District.

A set of production procedures has been established such as:

- SOP-MILL-002 rev. 02 (issued on March 30, 2012) for Incoming/reception of FFB,
- SOP-MILL-001 Rev.01 (issued on March 30, 2012) for Weighbridge of FFB in Mill,
- PRO-MILL-001 Rev.02 (issued on March 30, 2012) for Tracebility of CPO production
- SOP-MILL-005 Rev.00 (issued on January 31, 2011) for Despatch CPO and PK
- SOP-MILL-010 Rev.02 (issued on March 30, 2012) for Mass Balance
- SOP-MILL-011 Rev.00 (issued on January 31, 2011) for administration of despatch
- SOP-MILL-014 Rev.00 (issued on February 16, 2011) for control of record
- SOP-MILL-015 Rev.01 (issued on March 30, 2012) for inform to CB if projected of over production
- etc

The existing mill manager still assigned as management representative and having overall responsibility for and authority over the implementation of SCCS & ISCC requirements and compliance with all applicable requirements. The mill manager is expected to be able to demonstrate awareness of the facilities procedures for the implementation of SCCS & ISCC standard. Whereas in estate is Senior Assistant Manager.

**Compliance status : Full Compliance**

### 2. Purchasing and goods in

**Findings :**

Until the 3rd surveillance audit the mechanism for receiving FFB both from certified sources and non certified sources still same. The documents required to verify that the FFB are from certified sources are Weighbridge slip, Bunch Ticket including wet stamp from the origin estate and certified code and grading records. Whereas FFB from smallholders/outgrowers are accompanied by delivery letter, and weighbridge
A person has been appointed to be responsible to check and ensure the FFB quality and quantity as per purchase documents i.e.security officer and weighbridge operator. When receiving RSPO certified palm, personnel in the loading ramp are to verify physically the claimed category of the material. The company has no mechanism to inform the certification body immediately if there is a projected overproduction. Until the 3rd surveillance audit there is no over production for certified product since the company still not sale their product using RSPO claim.

**Compliance status:** Full Compliance

### 3. Records Keeping

**Findings:**
The organization has established a mechanism for control and maintenance of the data and document used in production process following procedure of PRO-GEN-001 (Document and Data control Procedure revised on March 01, 2012) and SOP-MILL-014 (Control of record) including the requirement of retention time for all SCCS records and reports for at least for five (5) years. The storage and maintenance of documents is the responsibility of the respective departments.

The mill has record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO on daily basis and three-monthly basis including record for PK production. The material balance already inform about: incoming FFB from company’s estate and outgrower of FFB processed, FFB produced, CPO production result including OER, PK production result including KER, product dispatch and balance product in the storage tank including the mass balance percentage. Method of Mass Balance calculation has been explained on SOP—Mill-010 issued on March 30, 2012.

All volumes of palm oil that are delivered are deducted from the material accounting system according to actual daily conversion ratios. The material balance can show deliver product sales from a positive stock. Based on CSPO products daily and monthly movement summary report on year 2013 (period of January to December) is FFB receiving from company’s estate (certified FFB) is 184,281.66 tonnes, FFB receiving from outsiders (non-certified FFB) is 10,525.91 tonnes and other sources is 1,097.80, CPO production of certified is 39,214.76 41 tonnes, PK from certified is 9,935.19 ton. All CPO were sold as ISCC certified claimed while for PK were sold as non-certified.

The mill has indicated product name and supply chain model in Weighbridge Document, including information about RSPO certificate number, and Mass Balance only for CPO but not for Palm Kernel (PK) product. All certified CPO is transferred to PT Wilmar Nabati Indonesia, Plintung-Riau for ISCC claimed. The mill does not sell Palm Kernel Oil, all kernel product from Palm Oil Mill were sold to PT Sinar Alam Permai.

**Compliance status:** Full Compliance.

### 4. Sales and Good Out

**Findings:**
The sales and goods out mechanism of the company is still described in their procedure of sales of palm oil. Records of all sold RSPO certified materials will be recorded in material balance sheet. However since there is no product sold claimed as RSPO the material balance for certified product transaction still empty. The information stated production of certified product and outgoing product for non-RSPO claimed.

All product dispatch to PT Wilmar Nabati Indonesia and PT Sinar Alam Permai a refinery owned by Wilmar, every certified product delivered using Weighbridge Slip (WB Slip), information on WBS already included data about: Reference Number, Date of issued, Delivery Order number, Contract Number, buyer name, buyer’s address, while for delivery palm kernel documents consist of Weighbridge Slip and delivery note which has information about the quantity of the products delivered and Reference to related transport.
documentation. The company has been prepare for all delivery document for CPO and Palm Kernel product will indicate information about RSPO certificate number, and supply chain model by using wet stamp as required by SOP-LOG-002, SOP-LOG-003, SOP-MILL-005 and SOP-Mill-011.

Compliance status: Full Compliance

5. Training

Findings:
PT Kencana Sawit Indonesia has training procedure PRO-GEN-003 and annual training program for their employee, such as training program year 2013: The training for SCCS has been conducted for KSI Mill workers and other relevant staff because all the person incharge (PiC) every section related of SCCS implementation have been trained. Last time of SCCS training was held on April 26, 2012 where attended by 13 participants from all operator relevant in mill with evidence such as list of participant, photograph and training material.

Compliance status : Full Compliance

6. Claims

Findings:
The company has specific SOP for making claims regarding the use of or support of RSPO certified oil palm products product according RSPO communication and claims. Until 3rd surveillance audit, the company has not used claim for end products (CPO and PK) and logo of RSPO due to the product type from KSI KSI is not end consumed product, which is not required to use logo claim.

Compliance status: Not Applicable

3.5 Identified non-conformance against RSPO SCCS requirements, Corrective Actions Taken and Auditors Conclusions

During 3rd surveillance audit that there is no non-conformities.

3.6 Noteworthy Positive Components

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>4.4.1</td>
<td>The company has strong commitment to protect riparian river, it was sighted that the existing riparian such as Riparian Jujuhan River has been comply with government regulation. The company always monitors water quality to ensure it is within government standard and ensures it can be used properly by community surrounding company area.</td>
</tr>
</tbody>
</table>
2. 4.7 The mill has a designated room for first aid, including a bed and stretcher to be used in case of emergencies.

3. 5.2.1 The company has well managed database of a whole biodiversity information within HGU area.

4. 5.3 Good Facilities for secondary containment at hazardous wastes and oil stores.

3.7 Issues Raised by Stakeholders and Findings Pertaining to Issues

<table>
<thead>
<tr>
<th>No.</th>
<th>Issues Raised</th>
<th>Audit Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is no annual meeting between Swamata cooperative member and cooperative officer.</td>
<td>There is no annual meeting because member did not pay obligative (simpanan pokok) and compulsory saving (simpanan wajib) yet.</td>
</tr>
<tr>
<td>2</td>
<td>There is no explanation from Swamata Cooperative officer to all members regarding to fluctuation of monthly earnings</td>
<td>The Swamata Cooperative officer already establish program for this kind activity within next month agenda.</td>
</tr>
</tbody>
</table>
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit is planned for March 2015

4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

It is acknowledged that the assessment visit was carried out as described in this report and we accept the assessment findings and report content.

Signed on behalf of PT Kencana Sawit Indonesia

Simon Siburat
Group Sustainability Coordinator
Date:

Signed on behalf of PT TUV Rheinland Indonesia

Hendra Fachrurozi
Lead Auditor
Date: August, 2014
APPENDICES

Appendix 1: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMDAL</td>
<td>Analisis Dampak Lingkungan &amp; Sosial (Social &amp; Environmental Impacts Assessment)</td>
</tr>
<tr>
<td>ANDAL</td>
<td>Analisa Mengenai Dampak Lingkungan (Analysis of Environmental Impacts)</td>
</tr>
<tr>
<td>Bapedalda</td>
<td>Badan Pengendalian Dampak Lingkungan Daerah (Regional Body for Management of Environmental Impacts)</td>
</tr>
<tr>
<td>BPD</td>
<td>Badan Pembangunan Desa (Village Development Body)</td>
</tr>
<tr>
<td>BPN</td>
<td>Badan Pertanian Nasional (National Land Agency)</td>
</tr>
<tr>
<td>CD</td>
<td>Community Development</td>
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<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>ERTs</td>
<td>Endangered, Rare &amp; Threatened species</td>
</tr>
<tr>
<td>ESH</td>
<td>Environmental Safety &amp; Health</td>
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<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
</tr>
<tr>
<td>EFB</td>
<td>Empty Fruit Bunches</td>
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<tr>
<td>FORKAS</td>
<td>Forum Komunikasi (Communication Forum)</td>
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<tr>
<td>HCV</td>
<td>High Conservation Value</td>
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<tr>
<td>HRD</td>
<td>Human Resource Department</td>
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<tr>
<td>Hyperkes</td>
<td>Hygiene Perusahaan &amp; Kesehatan Kerja (Company Hygiene &amp; Occupational Health)</td>
</tr>
<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>KER</td>
<td>Kernal Extraction Rate</td>
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<tr>
<td>KKPA</td>
<td>Koperasi Kredit Primer Anggota (Prime Cooperative Credit for Members)</td>
</tr>
<tr>
<td>KSI</td>
<td>Kencana Sawit Indonesia</td>
</tr>
<tr>
<td>KUD</td>
<td>Koperasi Unit Desa (Village Unit Cooperative)</td>
</tr>
<tr>
<td>LKS</td>
<td>Lembaga Kerjasama (Cooperative Institute)</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheets</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>OER</td>
<td>Oil Extraction Rate</td>
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<tr>
<td>OSH</td>
<td>Occupational Safety &amp; Health</td>
</tr>
<tr>
<td>PGA</td>
<td>Personnel and General Affairs</td>
</tr>
<tr>
<td>PHT</td>
<td>Pekerja Harian Tetap (Permanent Daily Worker)</td>
</tr>
<tr>
<td>PK</td>
<td>Palm Kernel</td>
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<tr>
<td>PKB</td>
<td>Perjanjian Kerja Bersama (Working Agreement)</td>
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<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
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<tr>
<td>POM</td>
<td>Palm Oil Mill</td>
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<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
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<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
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<td>RKL</td>
<td>Rencana Pengelolaan Lingkungan (Environmental Management Plan)</td>
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<tr>
<td>RPL</td>
<td>Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)</td>
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<td>SIA</td>
<td>Social Impact Assessment</td>
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<tr>
<td>SIO</td>
<td>Surat Izin Operator (Operator Permit Letter)</td>
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<tr>
<td>SMK3</td>
<td>System Manajemen Kesehatan dan Keselamatan Kerja (Occupational Safety &amp; Health Management System)</td>
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<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
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<tr>
<td>SPRS</td>
<td>Serikat Pekerja Seluruh Indonesia (Indonesian Workers Union)</td>
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<tr>
<td>TSS</td>
<td>Tidar Sungkai Sawit</td>
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<tr>
<td>UKL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
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<tr>
<td>UPL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>UPTD</td>
<td>Unit Pelaksana Teknis Daerah (Regional Technical Unit)</td>
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Appendix 2: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution - Address</th>
<th>Remark</th>
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<tbody>
<tr>
<td>1.</td>
<td>Agus Salim Alfat</td>
<td>RSPO Coordinator</td>
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<tr>
<td>2.</td>
<td>Mrs. Nova</td>
<td>Document Controller</td>
<td></td>
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<tr>
<td>3.</td>
<td>Memed Edyos</td>
<td>Estate Manager</td>
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<tr>
<td>4.</td>
<td>M. Fundy Chalid</td>
<td>EHS HO</td>
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<td>5.</td>
<td>Indra</td>
<td>RSPO Coordinator West Sumatera</td>
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<td>6.</td>
<td>Edrin Moss</td>
<td>RSPO Manager</td>
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<td>7.</td>
<td>Rachman</td>
<td>Mill Supervisor</td>
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<td>8.</td>
<td>Irvan</td>
<td>BM LO Padang</td>
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<td>9.</td>
<td>Fazry OR</td>
<td>Operasional</td>
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<td>10.</td>
<td>Hainul Nandi</td>
<td>Mill Supervisor</td>
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<td>11.</td>
<td>Hendra</td>
<td>Mill Supervisor</td>
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<td>12.</td>
<td>Selvi Indah Ria</td>
<td>EHSC-Medan</td>
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<td>13.</td>
<td>Sutanto</td>
<td>EMP AMP</td>
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<td>14.</td>
<td>Sulimi Arman</td>
<td>DMI</td>
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<td>15.</td>
<td>Daniel</td>
<td>FAA</td>
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<td>16.</td>
<td>Eric Co</td>
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<td>Herni Zen</td>
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<td>Leonardo S</td>
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<td>Zulasyahri</td>
<td>DC/QC</td>
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<tr>
<td>23.</td>
<td>Anas</td>
<td>Community Head</td>
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Appendix 3: Observations and Opportunities for Improvement

<table>
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<tr>
<th>No.</th>
<th>Observations / Opportunities for Improvement</th>
<th>Criteria</th>
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<tbody>
<tr>
<td>1</td>
<td>It is better for HCV officer to elaborate HCV monthly monitoring report with existing condition of community’s cultivation area within company’s HCV area.</td>
<td>5.2.</td>
</tr>
<tr>
<td>2</td>
<td>It is better for the company to ensure that environment impact identification formulation implementation is based on related SOP.</td>
<td>4.7</td>
</tr>
<tr>
<td>3</td>
<td>It is better that social impact management report provide in integrated in one document in order to have simple way of control and evaluation.</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Appendix 4: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution / Position</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mutiah</td>
<td>Maintenance division worker</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Mundarshih</td>
<td>Maintenance division worker</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Sulam</td>
<td>Maintenance division worker</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Wali</td>
<td>Village Head/advisor of Swamata Cooperative</td>
<td></td>
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<tr>
<td>5.</td>
<td>Anas</td>
<td>Cooperative Treasurer</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Name of Stakeholder</td>
<td>Institution / Position</td>
<td>Remarks</td>
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<tr>
<td>6.</td>
<td>Musariyanto</td>
<td>Harvester</td>
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<td>7.</td>
<td>Munawir</td>
<td>Harvester</td>
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<td>Midi</td>
<td>Harvester</td>
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<td>9.</td>
<td>Yadi</td>
<td>Harvester</td>
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<td>10.</td>
<td>Emi Wati</td>
<td>Swamata Cooperative Member</td>
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<td>Maridis</td>
<td>Village Officer</td>
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<td>12.</td>
<td>Hendri Warma</td>
<td>Harvester</td>
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<td>13.</td>
<td>Dt. Musa</td>
<td>Sei Kunyit Site Officer</td>
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<td>14.</td>
<td>Kosi</td>
<td>Sei Kunyit Site Officer</td>
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<td>15.</td>
<td>Yansen</td>
<td>Swamata Cooperative Member</td>
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<td>16.</td>
<td>Memed Edios</td>
<td>Scheme Manager</td>
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<td>17.</td>
<td>Sosialisman</td>
<td>Estate Manager</td>
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</tr>
<tr>
<td>18.</td>
<td>Octawira Ober</td>
<td>Conservasion/EHS officer</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Zul Syarhi</td>
<td>Document Controller</td>
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</tr>
<tr>
<td>20.</td>
<td>Daniel</td>
<td>PGA officer</td>
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