Roundtable on Sustainable Palm Oil
Recertification Audit Report

Report no.: RA1_82450214012
Recertification assessment against the
RSPO Principles & Criteria Generic Standard 2013

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: February 10 to 13th, 2016

Report prepared by:
Aswan Hasibuan
(RSPO Lead Auditor)

Certification decision by:
Abdul Qohar
(Director of PT TUV Rheinland Indonesia)

Certification Body:
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1.0 SCOPE OF RECERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against RSPO Generic Principles & Criteria 2013. The operations of Kencana Sawit Indonesia, Sei Kunyit Mill were also assessed against Module E of the RSPO Supply Chain Certification Systems (SCCS) document (November 2014).

1.2 Type and Scope of Assessment

The recertification assessment was carried out on PT Kencana Sawit Indonesia Mill and 3 estates under PT Kencana Sawit Indonesia owned by Wilmar International Tbk, including smallholder scheme under PT Kencana Sawit Indonesia i.e. Swamata Cooperative Scheme smallholder consist of Sei Kunyit Estate, Sei Kulai Talao Estate and Sei Keruh Talao Estate. This is not a multi-site certification.

1.3 Recertification Details

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

<table>
<thead>
<tr>
<th>Table 1: RSPO Re-certification details of PT Kencana Sawit Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Membership no.: 2-0017-05-000-00.</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity: 2011-04-21 until 2016-04-20</td>
</tr>
<tr>
<td>Date of certification audit: 2010-11-21 to 2010-11-25</td>
</tr>
<tr>
<td>Date of previous surveillance audit: 2015-02-22 to 2015-02-26</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity (if applicable): 2015-08-12</td>
</tr>
<tr>
<td>Current CPO tonnages claimed: 38,658</td>
</tr>
<tr>
<td>Current PK tonnages claimed: 9,829</td>
</tr>
<tr>
<td>Proposed new CPO tonnages claimed: 38,904</td>
</tr>
<tr>
<td>Proposed PK tonnages claimed: 9,892</td>
</tr>
</tbody>
</table>

1.4 Location and Maps

<table>
<thead>
<tr>
<th>Table 2: GPS locations for all estates and mills included in re-certification assessment (include smallholder estate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of mill / estate</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>PT KSI Mill</td>
</tr>
<tr>
<td>KSI Estate, Division 1</td>
</tr>
<tr>
<td>KSI Estate, Division 2</td>
</tr>
<tr>
<td>KSI Estate, Division 3</td>
</tr>
<tr>
<td>Cooperation Swamata (Sei Kuntit dan Talao)</td>
</tr>
</tbody>
</table>
Figure 1a: Location map of PT Kencana Sawit within the West Sumatera 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 Organizational 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 Province, 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 2015 & year 2016 (Jan 2016)

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB supplied year 2015</th>
<th>FFB supplied year 2016 (until January)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>%</td>
</tr>
<tr>
<td>Company owned estates (certified sources):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KSI – 1</td>
<td>58,291.97</td>
<td>32.49</td>
</tr>
<tr>
<td>KSI – 2</td>
<td>61,212.88</td>
<td>34.12</td>
</tr>
<tr>
<td>KSI – 3</td>
<td>50,029.34</td>
<td>27.89</td>
</tr>
<tr>
<td>Sub Total</td>
<td>169,534.19</td>
<td>94.50</td>
</tr>
<tr>
<td>Smallholders / out grower (Certified sources):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sei Kunyit</td>
<td>4,660.62</td>
<td>2.60</td>
</tr>
<tr>
<td>Talao</td>
<td>4,462.08</td>
<td>2.49</td>
</tr>
<tr>
<td>Sub Total</td>
<td>9,122.70</td>
<td>5.09</td>
</tr>
<tr>
<td>Independent Out growers (Beni Almahendra)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>736.95</td>
<td>0.41</td>
</tr>
<tr>
<td>Sub Total</td>
<td>791.32</td>
<td>5.32</td>
</tr>
<tr>
<td>Grand Total</td>
<td>179,393.84</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Projected FFB processed in year 2016 is 172,800 tonnes (KSI-1, KSI-2, and KSI-3 = 162,000 tonnes and Sei Kunyit and Talao = 10,800 tonnes)

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>
</tr>
</thead>
<tbody>
<tr>
<td>CPO</td>
</tr>
<tr>
<td>Certified tonnages claimed</td>
</tr>
<tr>
<td>Certified tonnages sold year 2015</td>
</tr>
<tr>
<td>Certified tonnages purchased year 2015</td>
</tr>
<tr>
<td>Actual Certified Production year 2015</td>
</tr>
<tr>
<td>Actual Total Production year 2015</td>
</tr>
<tr>
<td>Conversion Factor (%) year 2015</td>
</tr>
<tr>
<td>Projected Total Production year 2016</td>
</tr>
<tr>
<td>Conversion Factor (%) year 2016</td>
</tr>
<tr>
<td>Projected certified for year 2016</td>
</tr>
<tr>
<td>Projected Conversion Factor (%)*</td>
</tr>
</tbody>
</table>

*Budget of CPO & PK production for year 2016
1.8 Dates of Plantings and Replanting Cycles

The company follows a replanting cycle of 25 years. Information on the dates of plantings is as per the table below.

**Table 5: Age and year of plantings of company estates supplying to PT KSI mill year 2015**

<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. (2016 – 2012)</td>
<td>0.00</td>
</tr>
<tr>
<td>6 - 10 yrs. (2011 – 2007)</td>
<td>0.00</td>
</tr>
<tr>
<td>16 - 20 yrs. (2001 – 1997)</td>
<td>2,230.60</td>
</tr>
<tr>
<td>21 - 25 yrs. (1996 – 1992)</td>
<td>137.37</td>
</tr>
<tr>
<td>26 – 30 yrs. (1991 – 1987)</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,500.48</strong></td>
</tr>
</tbody>
</table>

The Swamata Cooperative follows a replanting cycle of 25 years. Information on the dates of plantings is as per the table below.

**Table 6: Age and year of plantings of smallholder estates supplying to PT KSI mill year 2015**

<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>Sei Kunyit</td>
</tr>
<tr>
<td>0 – 5 yrs. (2016 – 2012)</td>
<td>0.00</td>
</tr>
<tr>
<td>6 - 10 yrs. (2011 – 2007)</td>
<td>93.62</td>
</tr>
<tr>
<td>11 - 15 yrs. (2006 – 2002)</td>
<td>206.38</td>
</tr>
<tr>
<td>16 - 20 yrs. (2001 – 1997)</td>
<td>0.00</td>
</tr>
<tr>
<td>21 - 25 yrs. (1996 – 1992)</td>
<td>0.00</td>
</tr>
<tr>
<td>26 – 30 yrs. (1991 – 1987)</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 2015**

<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 (tones)</th>
<th>Average yield/ Ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSI 1</td>
<td>3,450.61</td>
<td>2,500.48</td>
<td>2,500.48</td>
<td>0.00</td>
<td>58,291.9</td>
<td>23.31</td>
</tr>
<tr>
<td>KSI 2</td>
<td>3,320.99</td>
<td>2,856.09</td>
<td>2,853.57</td>
<td>0.00</td>
<td>61,212.88</td>
<td>21.43</td>
</tr>
<tr>
<td>KSI 3</td>
<td>3,444.50</td>
<td>2,343.854</td>
<td>2,342.86</td>
<td>0.00</td>
<td>50,029.34</td>
<td>21.35</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>0.00</td>
<td><strong>169,534.19</strong></td>
<td><strong>22.02</strong></td>
</tr>
</tbody>
</table>
Table 8: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Smallholder estate year 2015

<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 (tones)</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>4,660.62</td>
<td>13.32</td>
</tr>
<tr>
<td>Talao</td>
<td>423.02</td>
<td>350.00</td>
<td>350.00</td>
<td>-</td>
<td>4,462.08</td>
<td>14.87</td>
</tr>
<tr>
<td>TOTAL</td>
<td>803.90</td>
<td>650.00</td>
<td>650.00</td>
<td>-</td>
<td>9,122.71</td>
<td>14.03</td>
</tr>
</tbody>
</table>

Table 9: Land use data for PT KSI estate year 2015 (until this audit)

<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>
<th>Other Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSI Division 1</td>
<td>3,450.61</td>
<td>2,500.48</td>
<td>632.33</td>
<td>0</td>
<td>755.94</td>
</tr>
<tr>
<td>KSI Division 2</td>
<td>3,320.99</td>
<td>2,856.09</td>
<td>239.57</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>KSI Division 3</td>
<td>3,444.50</td>
<td>2,343.34</td>
<td>888.35</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,216.10</td>
<td>7,699.91</td>
<td>1,760.25</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 10: Land use data for Smallholder estate year 2015 (until this audit)

<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>
<th>Other Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sei Kunyit</td>
<td>380.88</td>
<td>300.00</td>
<td>7.06</td>
<td>-</td>
<td>73.82</td>
</tr>
<tr>
<td>Talao</td>
<td>423.02</td>
<td>350.00</td>
<td>4.70</td>
<td>-</td>
<td>68.32</td>
</tr>
<tr>
<td>TOTAL</td>
<td>803.90</td>
<td>650.00</td>
<td>11.76</td>
<td>-</td>
<td>142.14</td>
</tr>
</tbody>
</table>

1.10 Progress Against Time Bound Plan

There are some changes of Wilmar Plantation time bound 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</td>
<td>Certified</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>Sabahmas</td>
<td>Lahad Datu, Sabah</td>
<td>2008</td>
<td>Certified</td>
</tr>
<tr>
<td>Reka Halus</td>
<td>Sandakan, Sabah</td>
<td>2008</td>
<td>Certified</td>
</tr>
<tr>
<td>Saremas (1 + 2)</td>
<td>Miri Serawak</td>
<td>2008</td>
<td>Certified</td>
</tr>
<tr>
<td>Kaminsky</td>
<td>Miri Serawak</td>
<td>2008</td>
<td>Certified</td>
</tr>
<tr>
<td>Suai</td>
<td>Miri Serawak</td>
<td>2008</td>
<td>Certified</td>
</tr>
<tr>
<td>Segarmas</td>
<td>Miri Serawak</td>
<td>2008</td>
<td>Certified</td>
</tr>
<tr>
<td>Terusan (1 + 2)</td>
<td>Sandakan, Sabah</td>
<td>2009</td>
<td>Certified</td>
</tr>
<tr>
<td>Kiabau</td>
<td>Sandakan, Sabah</td>
<td>2009</td>
<td>Certified</td>
</tr>
<tr>
<td>Ribubonus</td>
<td>Sandakan, Sabah</td>
<td>2009</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Perkebunan Milano (Sungai Daun, Batang Saponggol &amp; Merbau estate)</td>
<td>North Sumatra</td>
<td>2009</td>
<td>Certified</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 Mulaijaya</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>Certified</td>
</tr>
<tr>
<td>PT Daya Labuhan Indah (Cabang Dua Estate)</td>
<td>North Sumatra</td>
<td>2013</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Permata Hijau Pasaman</td>
<td>West Sumatra.</td>
<td>2013</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Perkebunan Milano</td>
<td>North Sumatra.</td>
<td>2013</td>
<td>Certified</td>
</tr>
<tr>
<td>BBPOP (Benso Plantation)</td>
<td>Ghana</td>
<td>2014</td>
<td>Certified</td>
</tr>
<tr>
<td>PT Citra Riau Sarana</td>
<td>Riau</td>
<td>2014</td>
<td>has been sold</td>
</tr>
<tr>
<td>PT Mentaya Sawit Mas</td>
<td>Central Kalimantan</td>
<td>2014</td>
<td>Main audit</td>
</tr>
<tr>
<td>PT Sinarsiai Dianpermai</td>
<td>Riau</td>
<td>2015</td>
<td>Planned</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>PT Pratama Prosentindo</td>
<td>West Kalimantan</td>
<td>2016</td>
<td>Rescheduled</td>
</tr>
<tr>
<td>PT Putra Indotropical</td>
<td>West Kalimantan</td>
<td>2016</td>
<td>Rescheduled</td>
</tr>
<tr>
<td>PT Agronusa Investama (Landak)</td>
<td>West Kalimantan</td>
<td>2016</td>
<td>Rescheduled</td>
</tr>
<tr>
<td>PT Agronusa Investama (Pahauman)</td>
<td>West Kalimantan</td>
<td>2016</td>
<td>Rescheduled</td>
</tr>
<tr>
<td>PT Murini Sam Sam</td>
<td>Riau</td>
<td>2015</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Daya Landak Plantation</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Indoresins Putra Mandiri</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Agro Palindo Sakti</td>
<td>South Sumatra</td>
<td>2015</td>
<td>Main Assessment done</td>
</tr>
<tr>
<td>PT Agro Palindo Sakti</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Buluh Cawang Plantation</td>
<td>West Kalimantan</td>
<td>2014</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Musi Banyuasin Indah</td>
<td>South Sumatra</td>
<td>2016</td>
<td>Rescheduled</td>
</tr>
<tr>
<td>PT Karunia Kencana Permaisejati</td>
<td>Central Kalimantan</td>
<td>2015</td>
<td>Planned</td>
</tr>
<tr>
<td>PT Rimba Harapan Sakti</td>
<td>Central Kalimantan</td>
<td>2015</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 2-0017-05-000-00.</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>Refer to the time bound plan under Section 1.10 above</td>
</tr>
<tr>
<td>(e) No replacement of primary for-</td>
<td>There are some newly developed plantation areas under Wil-</td>
</tr>
</tbody>
</table>
### Partial Certification Requirements

- **(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 criteria 6.4, 7.5 and 7.6.

- **(g)** Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.

- **(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.

### Audit Findings

- Plantations such as in Jambi province, West Kalimantan province Indonesia and Nigeria as explained on the table 11 above. Some areas have undergone the New Planting Procedure (NPP) and been approved while some areas are still undergoing the NPP, as shown in Table 11 above.

- Wilmar International carried out the New Planting Procedure for BIASE Plantation Limited (Ibiae estate) in Nigeria with an announcement made on the RSPO website on 9 November 2012. During this NPP process, a complaint was submitted by the Rainforest Resource & Development Centre (RRDC) on behalf of the Ibiae Land Lord Community. The complaint covered infringements to several aspects of Principle 1 and Principle 2 of the RSPO P&C. The case was taken up and investigated by the RSPO Complaints Panel, with decision made for RSPO to a lawyer well acquainted with Nigerian laws to review and give an authoritative opinion on whether the company had complied with the legal requirements of Nigeria. The legal opinion was received by the RSPO on 27 August 2014, and based on this opinion, the RSPO confirmed that BIASE Plantations was in compliance with legal requirements and closed the case. However, the result was not accepted by RRDC as well as the NGO, Friends of the Earth and the issue remains ongoing with no resolution. As the company has complied with requirements to attempt to resolve the dispute through the RSPO grievance procedure, this is noted by the TÜV Rheinland audit team as an observation and progress of the case will be monitored.

- There is also an ongoing land dispute at PT Gersindo Minang Plantation (GMP), West Sumatra under Wilmar, which has been ongoing since year 1997 with the village of Jaorang Rantau. This company has been RSPO certified by another certification body who is monitoring the status of the dispute with the RSPO.

- PT Tania Selatan regarding employee bonus has been resolved. There are no other identified labour disputes ongoing at other subsidiary companies of Wilmar.

- Some of Wilmar’s other management units have not complied with certain legal requirements, for example in PT Sarana Titian Permai, PT Kerry Sawit Indonesia, PT Mustika Sembuluh 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.

- In addition, there were non-compliances raised in June 2015 by the Environmental Department of Agam against PT AMP Plantation, another subsidiary of Wilmar. The non-compliances raised were that:
  - The company continued to carry out land application after
The company's license for land application had expired on 14 March 2014.
- The company was carrying out POME treatment using an adsorption system which had not been studied or approved as per the company's environmental management document.
- There was no follow up by the company's management on the results of the evaluation by the Agam district on PT AMP mill's wastewater treatment facility in 2013.
- Sample analysis results of wastewater discharged from the mill was found to have exceeded the legal limits for BOD and COD.

At time of this audit, the company was still making efforts to close these legal non-compliances.

**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 Kunyi, both smallholders group has been fulfill RSPO requirement and certified by TUV Rheinland Indonesia also in June 2014.

PT Kencana Sawit Palm Oil mill also receive FFB from independent out growers, 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 are as follows:

- Crude Palm Oil (CPO): 38,904 tonnes
- Palm Kernel (PK): 9,892 tonnes

**1.14 Recommendation for Certification**

The audit team has confirmed through the audit process that PT Kencana Sawit Indonesia – Sei Kunyi Mill has established and maintains an effective system to ensure compliance with the RSPO P&C Generic Standard 2013 and RSPO Supply Chain Certification System requirements (dated November 2014). It is also confirmed that the company’s annual volume of CPO and PK sold for the period of year 2015 has not exceeded the certified annual tonnages as claimed in the organization’s RSPO certificate.

TUV Rheinland recommends that PT Kencana Sawit Indonesia (mill & estate) be continuing approved for certification of compliance to the RSPO P&C and Supply Chain Certification System requirements.

**1.15 Date of Certificate Issued and Scope of Certificate**

The scope of the certificate covers production of palm oil from PT Kencana Sawit Indonesia – Sei Kunyi Mill and its supply base, which includes KKPA Sei Kunyi & Talao. The date of certificate issued is valid from 2016-04-21 until 2021-04-20. Further details of the certificate are as per Appendix 1.
2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT TÜV Rheinland Indonesia is a 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. 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, ISCC as well as CDM Validations and Verifications. 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 recertification audit that were part of the same assessment team for the previous audit are as follows:

1) Aswan Hasibuan
2) Wahyu

The assessment team members that were part of the recertification 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>Muhammad Nurul Anwar</td>
<td>Auditor</td>
<td>Education: Bachelor of Agriculture, Bogor Agricultural Institute &lt;br&gt;Trainings attended: - Indonesian Sustainable Palm Oil (ISPO) Auditor Training, - Sustainable Forest Management (Bogor, 2013). &lt;br&gt;Working Experience: Trainer for community development and entrepreneurship projects and motivator for micro business entrepreneurship program since 1999, experience as ex-</td>
</tr>
</tbody>
</table>

Ibrohim Prayetno Auditor

Education: Bachelor Degree of Forestry, Faculty of Forestry, IPB

Trainings attended:
- ISO 9001 2008: IRCA Approved Course
- ISPO, Lead Auditor Course, Komisi ISPO
- HCV ALS Training; Approve Course HCVNetwork
- IFCC (PEFC) Auditor Training, Approved Course
- PHPL & VLK Auditor Training, Ministry of Forestry
- LEI Auditor, Approved Course
- Reduced Impact Logging, In-house Training
- FSC Auditor awareness, TUV Rheinland Indonesia

Working experience:

2.3 Assessment Methodology & Agenda

The recertification assessment was conducted between February 10 to 13th, 2016 as per the assessment program below. The assessment was carried out in accordance with 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.

The methodology of audit consist of document checking, field verification, interview with relevant stakeholder and stakeholder consultation.

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 recertification 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.

Recertification Audit Agenda

<table>
<thead>
<tr>
<th>Date</th>
<th>Location/Main Sites</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1, February 09, 2016</td>
<td>-</td>
<td>Travelling from Jakarta to mill / estate location</td>
</tr>
<tr>
<td>Date</td>
<td>Location/Activity</td>
<td>Notes</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Day 3, February 11, 2016 | Hotel Pesona Alam Sangir So-lok Selatan                                             | - Public Consultation (All Auditor)  
- Continue document check |
| Day 4, February 12, 2016 | KSI Estates covering KSI-1, KSI-2 and KSI-3                                        | Field Visit by WHY regarding Environment, Economic and Legal Issues, covering:  
Compliance of regulation, Legal Land, Training, Zero burning, New Planting, Continual improvement  
Field (stake holder) Visit by MNA regarding Social issues, covering:  
Compliance of regulation, Conflict, Labour or employee, New Planting, Continual improvement  
Field Visit by AH regarding Environment and OHS issues, covering:  
Legal aspect, OSH, Environmental management & monitoring Continual improvement  
Field Visit by EEB regarding Transparency, Best Practice and Waste Management issues, covering:  
Transparency, Field operations/Best Practice, Environmental impact, Waste, New planting, Continual improvement |
| Day 5, February 13, 2016 | KSI Smallholder (Cooperative Swamata and Talao) Estates                             | Field Visit by WHY regarding Environment, Economic and Legal Issues, covering:  
Compliance of regulation, Legal Land, Riparian zones, Training, Zero burning, New Planting, Continual improvement  
Field (stake holder) Visit by MNA regarding Social issues, covering:  
Compliance of regulation, Conflict, Labour or employee, New Planting, Continual improvement  
Field Visit by AH regarding Transparency, Environment and OHS issues, covering:  
Legal aspect, OSH, Environmental management & monitoring Continual improvement  
Field Visit by EEB regarding Transparency, Best Practice and Waste Management issues, covering:  
Field operations/Best Practice, Environmental impact, HCV, Waste, New planting, Continual improvement |
| Day 5, February 13, 2016 | KSI Mill                                                                           | Documentation check and implementation by WHY regarding Environment Management plan and Training, covering:  
Compliance of regulation, Management Plan, Legal Land, Training, and Continual improvement  
Documentation and Implementation check by AH regarding Transparency, SCCS, OSH & Pollution/Emission Issues, covering:  
Agrochemical, energy Efficiency, Hazardous Waste Issues, Continual improvement, CPO Processing and Mass Balance  
Documentation check and stakeholder interview by MNA regarding Social issues, covering:  
Compliance of regulation, Conflict, Labour or employee, New Planting, Continual improvement  
Documentation check by EEB regarding Best Practice and Waste Management issues, covering:  
Field operations/Best Practice, Environmental impact, Waste handling, land application, Continual improvement, etc |
2.4 Stakeholder Consultation and Stakeholders Contacted

The stakeholder consultation involved both external and internal stakeholders. External stakeholders were notified to make comments on the certification assessment by placing an invitation to comment on the RSPO website. Stakeholders included those immediately linked with the operation of the company such employees, out-growers, the local government, NGO’s, trade and labor unions and local communities.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with stakeholders were held to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO Principles & Criteria, and to comment on aspects where improvements could be made. Meetings with local communities were held at Hotel Sangir Solok Selatan their respective premises within and near the company’s area.

A stakeholder consultation meeting was also held on Hotel Pesona Alam Sangir Solok Selatan on February 11, 2016. Letters inviting individual stakeholders to the stakeholder consultation meeting were prepared and sent to the individual stakeholders, while electronic mail and telephone calls were made to arrange the meetings. In all the interviews and meeting, the objectives of the RSPO and the purpose of the assessment was clarified at the outset followed by an evaluation of the relationship between the stakeholders and the company before discussion proceeded to obtain the stakeholders feedback on the company’s compliance to different aspects of the RSPO Principles & Criteria.

Although several stakeholders were not familiar with RSPO but they agreed with its objective and expressed their willingness to collaborate in the promotion of sustainable palm oil in West Sumatera province. In all interviews and meeting, the assessment team did not restrict discussion of both the positive and negative aspects of operations conducted by PT Kencana Sawit Indonesia Estate and mill.

The stakeholder consultation meeting held with stakeholders during the audit was extensive and productive, with an attendance of more than 25 attendees. This was followed by site inspections, including visits to the local communities, interviews with land claimants and contractors, and inspections of worker amenities and infrastructure. All stakeholder issues raised were recorded and forwarded to the management for their written response, and this is summarized in Section 3.4. The list of stakeholders that attended the stakeholder consultation meeting and stakeholders interviewed during the assessment is included as Appendix 4.

2.5 Date of Next Surveillance Visit

The next surveillance visit is planned for February 2017
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The following is a summary of findings during recertification audit for the criteria listed in the RSPO Principles & Criteria Generic Standard year 2013 and RSPO SCCS year 2014. This audit generate 1 (one) Nonconformity Major against RSPO against RSPO SCCS.

RSPO P&C

**Principle 1: Commitment to transparency**

**Criterion 1.1: Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making**

**Findings:**

The company has list of stakeholders for each estate and mill. Stakeholders listed include surrounding government offices (at provincial, district, sub-district and village level), community leaders, other palm oil companies, police stations, universities and school, NGO’s (national, local level), contractors, suppliers, smallholders, social organisations, workers and community members. The lists are updated periodically and are available at each estate and mill. The list will be updated at least once a year.

The type of information which are available to public are (but not limited) as stated on management decree letter No. 001/MLN-EXT/V/2015:
- Company profile
- Land titles/user rights
- Area statement and Mill production capacity
- CSR documents
- Occupational health and safety plans
- Plans and impact assessments relating to environmental and social impacts.
- HCV documentation
- Pollution prevention and reduction plans
- Details of complaints and grievances
- Negotiation procedures
- Continual improvement plans
- Public summary of certification assessment report;
- Human Rights Policy
- Wilmar Sustainability Policy
- Planning for company’s improvement.

The company has dedicated personnel who are responsible for providing and updating information as well as a documented procedure defining these roles and responsibilities, as follows:
- Licensing, Regulations and Legal Compliance (Partnership Development Department)
- Public Relation (Partnership Development Department)
- Collaboration with stakeholders (Partnership Development Department and Community Development Organizer)
- Security (Partnership Development Department)
- Environmental management (EHS officer/ estate and mill managers)
- Community Development/Corporate Social Responsibility (Corporate Social Responsibility representatives/EHS/Manager estate and mill).

The information were disseminated to 14 stakeholders on June 19, 2015 such as; Pulo Bargot head of village; Merbau Head of regent; Management PT Smart as neighbor; estate community.
The mill maintains records of all requests made by stakeholders in a logbook (handwritten), including information on the date when request was received, party making the request, details of request, letter number, the responsible person, response from the mill and date of completion. As seen from the logbook, the mill had received 44 requests since start of year 2015, all of which were request for assistance. There were no requests for information or complaints made.

The company has standard operation procedure for handling request of information and its response i.e. Procedure PRO-GEN-002. The company has dedicated personnel who are responsible for providing and updating information as well as a documented procedure defining these roles and responsibilities, as follows:
- Licensing, Regulations and Legal Compliance (Partnership Development Department)
- Public Relation (Partnership Development Department)
- Collaboration with stakeholders (Partnership Development Department and Community Development Organizer)
- Security (Partnership Development Department)
- Environmental management (EHS officer/ estate and mill managers)
- Community Development/Corporate Social Responsibility (Corporate Social Responsibility representatives/EHS/Manager estate and mill).

As stated on the procedure the time frame for response to request of information at least 14 working days.

There were no requests for information or complaints made for recent one year, as seen from the logbook, the mill had received 44 requests since start of year 2015, all of which were request for assistance and donation only.

Evidence of responses made were sighted in the form of response letters and payment receipts made to the relevant party, e.g
1) Letter dated 4 April 2015 in response to request made by KoniKec. Torgamba made on 31 March 2015 requesting donation for their Koni Cup Tournament. Donation receipt of Rp200,000 dated 21 April 2015 was sighted.
2) Letter dated 30 March 2015 in response to request made The Raden Center (an NGO) made on 27 March 2015 requesting donation to establish an office and facilities. Donation receipt of Rp100,000 dated 8 April 2015 was sighted.
3) Letter dated 26 April 2015 in response to request made by BUSER Newspaper made on 30 March 2015 requesting to subscribe to their newspaper as assistance. Receipt of Rp100,000 dated 30 April 2015 was sighted.

Compliance status: Full compliance

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

Findings:

The company already share their documents such as legal, environmental, social to stakeholders such as:
- b) UKL/UPL report with cover letter no. 004/HRR-MLN/Ext/I/2014;

As mentioned in Procedure PRO-GEN-002, the Sustainability department will be control the documents as mention on the table below, information about list of publicly available document has been uploaded also on
Management documents such as environmental management document, HCV management document and SIA management document has been setting up as well as its monitoring plan. The report are stored on sustainability and EHS officer and publicly available on request.

**Compliance status:** Full compliance

**Criterion 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.**

**Findings:**
PT. KSI already has a code of conduct that contains the code of integrity and commitment to ethical behavior in the whole conduct of operations and transactions.

The code of conduct has been documented and disseminated on 6 June 2015 in the parking lot of CPO to the various levels of employees.

Code of Conduct consists of three principles:
1. To avoid conflict of interest
2. To avoid misuse and/or abuse of position
3. To ensure confidentiality of information and to Prevent misuse of information gained through the Company's operations, either to personal gain or for any purpose other than that intended by the company.

Information code of conduct has been written in the Bahasa Indonesia language and not in pairs on board the information easy to read.

**Compliance status:** Full compliance

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

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

**Findings:**
The organization has complete list of rules and regulations covering the fields of plantation, environment, OHS, and Employment. There is evidence that the organisation has review and evaluate compliance to applicable legal requirements periodically. The last review has been performed on February 1st, 2016. The results of review and evaluation were reviewed, and found that the organization able to demonstrated their compliances to all relevant legal requirements. Summary of review and evaluation as follow:

1. **Law Register Related to Plantations, document no. KSI-FRM-BNM-013, Rev.09, dated February 01, 2016.** This revision is insert Permentan No. 11 year 2015, date 18 March 2015, concerning Certification System of Indonesian Sustainable Palm Oil (ISPO).
2. **Law Register Related to Environmental, Document No. KSI-FRM-HRD-019, Rev. 10, dated 07 January 2015.** There is no revision since previous updated on 07 January 2015, due to there is no any changes. However, auditor has found an observation, that is: Indonesian Government Regulation (PP) No18 Year of 1999 and PP No. 85 year of 1999 still listed in the Law Register, whereas both these regulation have been revealed and declared no longer valid since PP No. 101 year of 2014 has issued and enacted at 17 October 2014 (article 258).
3. **Law Register Related to OH&S, Document No. KSI-FRM-HRD-035, Rev. 06, dated 21 January 2015.** There is no revision since previous updated on 21 January 2015, due to there is no any changes.
4. Law Register Related to Employment, Document No. KSI-FRM-HRD-34, Rev. 05 dated 12 January, 2016

There is evidence that law registers was cover all updated relevant legal and other requirements, such as:

a. Social field:
   - Government Regulation of RI No. 44/1997 concerning on partnership
   - Cooperative Law No.25 / 1992 on Cooperatives
   - Law No. 40/2007 on Limited Liability Company
   - Law No. 11/2005 On Social Economic and Cultural Rights
   - Regulation No. 11 / T.140 / 3/2015 concerning ISPO
   - Law No. 39 on Human Rights

b. Employment aspect
   - Law No. 18/1956 on the Basics Right to Organise and Collective Bargaining (ILO. 98)
   - Law No.03 / 1992 on Social Security Workers
   - Law No. 13/2003 on Manpower
   - Law No.1 / 2000 on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child (ILO.182)
   - Law No.24 / 2011 on BPJS
   - Government Regulation (PP) No.78/2015, concerning on Equal Remuneration
   - Government Regulation (PP) No. 46/2015, concerning on the Implementation of Program JHT
   - Regulation of the Minister of Labour No. 21/2008, concerning on Guidelines in resolving industrial disputes through bipartite talks
   - Decree No. 261/2004 on Mandatory Implement Company Job Training

Copy of legal and other requirements are available on soft copy, and only printed when needed. The copies of documents maintained and updated.

There are evidences of compliance to regulation requirements and sighted from some licenses for Estate and Mill which were found to be still valid, as follows:

- License for temporary storage of hazardous wastes for PT KencanaSawit Indonesia–Number 660/62/KLH/II/2012 valid for 5 years until year 2016
- amount of hazardous wastes produced is less than 50kg per day is 180 days
- location of storage is 01°28'09'' South and 101°30', 43,9 East
- License for First Aider
- License for Location,
- Environmental License (AMDAL),
- License for land application,
- License for fire protection, and etc.

The organization has proposed an requestion letter to authority agency concerning extension of validity period due to will expire. For example:

1. Letter No 001/PKS-KSI/I/2016, dated January 05, 2016, addressed to Social, Labor and Transmigration Agency of Solok Selatan District, concerning the license extension due to will expire on January 28, 2016, that are:
   - Steam Turbine (2 units)
   - Diesel Motor (3 units)
   - Installation of Electricity
   - Fire Protection System
   - Air Compressor (3 units)
   - Lift Crane (3 units)

The letter was response by the authority body, through letter no. 560/01/DSTKT/II-2016, February 2016, said: the inspection will be held on February 15, 2016.

The organization has a document system include the following items: personnel in charge to manage, set of legal documents, comprehensive list of international, national, provincial with detail of specific to the mill and estate operations, and relevant sections or articles within the law that is identified and linked to activities. There is evidence that the documents are available for managements. For these purpose the organization has establish a procedure "Identification Compliance and Evaluation of Applicable Legal Aspect and Law and Regulations" Document No. KSI-PRO-BNM-01, Rev.00, dated September 15, 2010. The responsible to manage the documentation has been assigned that is Document Controller. The organization also has establish a procedure for tracking any changes in the law that is Procedure of Control of Document (Doc, No. KSI-PRO-GEN-001, Rev.01, date May 01, 2010.

The organization has established a mechanism for ensuring compliance that is Procedure of Internal Audit, Document No. KSI-PRO-GEN-003, Rev.02, dated September 29, 2012. The internal audit has performed on October 13 -16 and October 19, 2015. The scope of audit was cover estate and mill, and there is evidence that legal and other requirements are parts of audited. Results of an internal audit have been documented, including minutes of the implementation of internal audit and signed by Jeprol Osinggangan (AGM), Sosialisman (DM) and Zulsyarhi (Staff Sustainability).

Based on review documents, some observation was raised as follow:

- Document of Water Management Plan, was found that the legal referred has no listed in the Law Register, for example Ministry of Environmental Regulation No. 12 year 2009 and Decree of Minister of Public Work No. 526/KPTS/M/2014.
- Procedure of Riparian of River Management, KSI-SOP-GEN-009, Rev.02, dated September 01, 2010, was found that the legal referred has no longer listed in the Law Register, they are: Law (UU) No. 11 year of 1974 concerning of Irrigation and Government Regulation No. 28 year 2005 concerning Forest Protection.
- Procedure of Management of River, KSI-SOP-GEN-008, Rev.02, September 01, 2010, was found that the legal referred has no longer listed in the Law Register, example: Law No. 11 year 1974, PP No. 28 year 2005, PP No. 77 year 2001.

Compliance status: Compliances with observation

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

**Findings:**

There was no change on company’s land title during this recertification 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 7,222.5 ha belonging to the community of Sei Kunyit Village, while measurement book no. 02 covers an area of 2,993.6 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.

The organization has establish a Procedure Identification and Maintenance of Boundary of HGU (land use right), Rev.00, Doc No KSI-PRO-BNM-02, dated September 15, 2010. The organization has a legal map that showing location of boundaries.

The records of boundary maintenance such as activity plan of maintenance and official report of boundary monitoring December 2015 were reviewed. And the location of boundaries was observed. There is evidence that the
organization has maintained the boundary stones, such cleaning, painting and routine inspection during period year 2015. The program of boundary maintenance for 2016 has established also, that is “Program Kerja GIS Tahun 2016”, the programmes are:

1. Maintenance of boundary 4 (four) times for a year (on March, June, September, and December)
2. Measurement of block
3. Measurement of occupation block
4. Palm oil census that existing at riparian area and swamp.

Based on the management information PT KSI and document tracking and verification to communities Village Nagari Talao and Village Sungai Kunyit, proved that during 2015 there were no land conflicts that can disrupt the operations of PT KSI.

The organization has establish a mechanism that govern the disputed land is SOP on Land Dispute Resolution KSI- PRO - BNM - 007 revision 01, dated September 16, 2015 include the finalization of doing:

- Identification of the subject matter
- Identification of the legal land
- Field observation
- The substance contained in the soil map creation process Main Problem Identification.

Based on information management and document tracking, there is no new land conflict between PT. KSI with the community during the 2015. The results of the verification at the time of the public consultation also inform us that throughout 2015 did not occur to land conflicts between PT KSI with community. Previous 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 have 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.

The organization has a policy to keep the peace order and avoid violence and inciting the public. Based on the records on the security measures not proved that PT KSI acts of intimidation to maintain order. In case of routine security, PT KSI has:

- 34 internal security
- 2 Police Resort of South Solok.
- 1 Babinsa of Koramil

Placement of security by the police based on:

- Presidential Decree 63 of 2004 on Vital National Security, that all national vital objects to be secured by cooperating with police.
- MoU No B / MOU / 05 / VI / Police, between PT KSI with South Solok district police on the Implementation of Security PT KSI dated 12 June 2015 which was signed by Ahmad Basail, police chief of South Solok and
Meanwhile involvement of Babinsa is corresponding duty is to provide guidance to the villagers.

Compliance status: Full Compliance

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

Findings:

PT KSI has defined a mechanism in the form of SOP Document No. KSI-PRO-BNM-006, dated 15 September 2015, concerning regulation of Activities and the Rights of Traditional. The scope of this procedure is: the process of identification, setting up and handling of community activities in the garden and rights her traditional.

There is evidence that the identification of the law, indigenous rights or the user has been done through the FPIC process, in the form of a document prepared by the SIA Independece by Aksenta Organization in October 2010. Pursuant to the results of research Aksenta there are five key stakeholders, namely 1) NinikMamak, 2) Wali Jorong, 3) Wali Nagari, 4) Smallholder, and 5) Supplier/suppliers.

Social map depicting the location of the villages around the working area of PT. KSI. The map created by based on the SIA report. Map comes with the title and legend. The map has been accepted by the community as evidenced by the absence of an objection when it was confirmed during the public consultation.

There is a copy of the agreement with the producers as affected communities. The agreement documents are:

- The memorandum of understanding (MoU) between the Cooperative of Swamata with PT Tidar Sungkai Sawit (which was subsequently acquired by PT KSI) as well as with the Government of Solok District on July 25, 2002 on the Development of Palm Plantation Cooperative of Swamata in Jorong Talao and Sungai Kunyit, Sungai Kunyit Village, sub distric Sangir Jujuan , Solok Distric. The MoU manage collaboration between PT KSI with smallholder/plasma (Cooperative of Swamata), ranging from the development of oil palm plantations covering an area of 650 hectares plasma, plant maintenance, and to harvesting.

- Sales and Purchase Agreement to buy TBS No. 01 / KSI-PKS/ TBS / VIII / 2015 dated August 29, 2015 between PT KSI with Beni Almahendra (supplier of FFB) containing that Mill PTKSI willing to accept TBS of the second party in accordance with the technical provisions have been agreed by both stakeholders. Payment according with prices prevailing at the time of the transaction no later than 15 after the transaction. The agreement is valid until August 29, 2016

There is evidence that the plasma created in a participatory agreement with the farmers, as defined by smallholders in Public Consultation. Based on the recognition of farmers that the entire agreement be made open and agreed without any coercion from PT. KSI.

Based on the verification to the people affected, it is evident that the public has a copy of the agreement and all agreements made in the Bahasa language that is understood by the public, and during the process of agreement there was no coercion and intimidation of the PT KSI.

There are representatives of farmers during the negotiation of cooperation agreements, the board of Cooperative of Swamata (plasma farmer cooperatives) that have been selected by the members so entitled to represent members in negotiations with other parties, including PT KSI. The representatives accepted by society because it was proposed by members of the cooperative as a representation of farmers.

Compliance status: Full Compliance

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

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

Findings:
The organization has developed and implemented management plan in order to achieve long-term economic and financial liability. The documentation were reviewed are:

- **Profit & Loss Simulation for the next 5 (five) years – 2016 to 2020**
  The documents contain projection of cost of all activities, revenue and profit (before and after tax). And also there is projection of:
  a. Area in ha (mature and immature)
  b. FFB production in ton
  c. CPO production in ton
  d. Palm Kernel production in ton
  e. Sales (Rp) of CPO and PK
  f. FFB Purchasing from Plasma and Outsider
  g. Mature cost
  h. Milling cost
  i. Net profit before tax
  j. Tax
  k. Net profit after tax
  l. % Cost than sales (2016 – 2020)
  m. % Profit before tax
  n. % Profit after tax
  o. % Cost mature / ton
  Based on this simulation, financially, the organization has good projection.

- **Cash flow Simulation for the next 5 (five) year (2016 – 2020)**
  This document was demonstrate forecast/simulation of cash flow for the next five year. The Document contains:
  - Revenue
  - Purchasing FFB
  - Mature cost
  - Milling cost
  - Total cost (COGS)
  - Capital expenditure
  - Net cash (before tax)
  - Tax
  - Net cash after tax:

- **Schedule 4. FFB Processed (2016 – 2020)**
  Information contained in this document are sources of FFB projection (own estate, own group, plasma)

- **Schedule 5. FFB Cost of Production (2016 – 2020)**
  Consist of expenditure of Maintenance, collection, harvesting, manuring, general and admin, amortization mature area. and depreciation cost.

- **Schedule 5.B. Milling Cost (Mill Expenditure)**
  The information consist of : variable cost, fixed cost, total milling cost (include depreciation) and total cost (exclude depreciation)

- **Plantation Development Expenditure Estate**, the contained data are:
  - 2018: Replanting 346.44 ha
  - 2019: Replanting 355.68 ha
  - 2020: Replanting 344.92 ha

- **Schedule 7. Capital Expenditure – Estate/Mill (2016 – 2020)**, contains:
  Account Heading Mill, consist of: Paint and Machinery, Building Housing Amenities, Agriculture & transport vehicle equipment, office equipment, Water installation, Electricity installation, Workshop equipment, and domestic equipment
  - Account heading Estate consist of : land & building, machineries, equipments, furnitures,

- **Summary Cost General & Administration 2016 – 2020**
  Including cost for EHS, Social dan RSPO

- **Action plan of Program of RSPO/CSR PT KSI – 2016 – 2020**
  Including action plan of quality, environment, EHS, Social, Licensing and Management System of RSPO
  The program has been approved by Group Manager dated January 11, 2016

- **Schedule 1: Financials Projection from 2011 – 2020**
  The document contain information such as:
  - Mature – Oil Palm Panting
    a. 2015: 7,669.91 ha
b. 2016: 7,669.91 ha  
c. 2017: 7,669.91 ha  
d. 2018: 7,353.47 ha  
e. 2019: 6,997.79 ha  
f. 2020: 6,652.87 ha  
- Immature – Oil Palm (re-planting)  
a. 2015: 0 ha  
b. 2016: 0 ha  
c. 2017: 0 ha  
d. 2018: 346.44 ha (planting year 1994)  
e. 2019: 702.12 ha (planting year 1994)  
f. 2020: 1,047.04 ha (planting year 1994 & 1995)  
- Unplanted Group  
a. Status survey LC: 0  
b. Unplanted: 0  
c. Nursery: 0  
d. Not planting: 0  
e. POM: 17,40 ha (2015 – 2020)  
f. Roads, drainage, housing: 2,498.79 ha (2015 – 2020)  
Total area: 10,216.10 ha  

Plasma Swamata Projection from 2016-2020
1. Schedule 1 Financials  
   - Mature area cumulative: 650 ha  
     a. Planting year 2001: 27.00 ha  
     b. Planting year 2002: 264.27 ha  
     c. Planting year 2003: 187.11 ha  
     d. Planting year 2004: 171.62 ha  
   - FFB Yield (mt/ha/year)  
     a. 2016: 17  
     b. 2017: 17  
     c. 2018: 18  
     d. 2019: 18  
     e. 2020: 19  

2. Schedule 2 Areal Statement (Mature: 650 ha; Immature: 0; Unplanted (not planted 37,77 ha and Road – drainage – housing – other: 116,13 ha) → total 153,90 ha then Total area 803,90 ha  

The management plan subjected to be review and evaluate every year periodically. There is evidence that the organization has reviewed their management plan as planned schedule through management review meeting. The last review has conducted at January 15, 2016. Based on minute meeting record, one of review agenda is Crop and Cost to date December 2015. The review was attended by and lead by GM PT KSI. The mechanism for improving organization’s performance has been implemented, some evidence were reviewed, they are:  
- Document of Problem Identification Corrective Action (PICA). This documents contain identified problems and action plan needed to solve the problems and improve its. Including time frame and person in charge.  
- Document of Methane Capture Project Schedule. Development of methane capture has reach 83%.  
- Mill performance records  

Table: Data mill extraction rates = Oil Extraction Rate (OER) for year 2015

<table>
<thead>
<tr>
<th>No</th>
<th>Month</th>
<th>FFB Received / Process (kg)</th>
<th>CPO Prod’n (kg)</th>
<th>OER (%)</th>
<th>PK Prod’n (kg)</th>
<th>KER (%)</th>
<th>Milling Hours</th>
<th>Mill Throughput</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan</td>
<td>15,986.660</td>
<td>3,184.030</td>
<td>20.00</td>
<td>800,407</td>
<td>5.03</td>
<td>376.65</td>
<td>42.275</td>
</tr>
<tr>
<td>2</td>
<td>Feb</td>
<td>14,021.460</td>
<td>2,664.353</td>
<td>19.01</td>
<td>693,798</td>
<td>4.95</td>
<td>345.74</td>
<td>40.538</td>
</tr>
<tr>
<td>3</td>
<td>March</td>
<td>15,894.820</td>
<td>3,100.520</td>
<td>19.52</td>
<td>843,565</td>
<td>5.31</td>
<td>367.00</td>
<td>43.287</td>
</tr>
<tr>
<td>4</td>
<td>April</td>
<td>16,565.620</td>
<td>3,331.750</td>
<td>20.07</td>
<td>880,838</td>
<td>5.30</td>
<td>470.34</td>
<td>35.303</td>
</tr>
</tbody>
</table>
**Principle 4: Use of appropriate best practices by growers and millers**

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

**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. PT Kencana Sawit Indonesia also has some SOP related to operation including Health and Safety such as:

- Pencucian Alat Kerja dan APD Kegiatan Semprot Racun Serta Pengelolaan Air Limbah Pencucian (PT Kencana Sawit Indonesia - SOP-GEN-016)
- Alat Pelindung Diri (KSI-SOP-GEN-015)
- Tempat Penyimpanan Peralatan Kerja dan Alat Pelindung Diri (KSI-SOP-GEN-014)
- Prosedur Tim Penanggulangan Keadaan Darurat (KSI-SOP-GEN-010)
- Penanganan Limbah Bahan Berbahaya dan Beracun (KSI-SOP-GEN-005)
- Alat Pemadam Api Ringan (KSI-SOP-GEN-019)

For another activities also available as mechanism to check procedure implementation by conducting Internal audit yearly following KSI –PRO-GEN-003 and Quantitative Agro-Management System (QAMS) after harvesting activity in random area sampling, following Wilmar Agronomist Guidance Chapter 11.

The Company has established guidelines in the form of a document GAP "Agriculture Manual and Standard Operating Procedure for Oil Palm in 2011. These guidelines refer to and adopt the "Technical Guidelines Development Palm Estate" by the Ministry of Agriculture - Directorate General of Plantation, Jakarta, in December 2006. The Company has established SOPs to ensure the balance and the availability of soil nutrients so plants can grow and produce optimally maintain soil fertility. Procedures and SOPs include: 1. SOP Fertilization, KSI-SOP-EST-004 Rev. 04 dated 12 April 2012 2. Application SOP Empty Fruit Bunch, KSI-SOP-EST-012, Rev.00, dated 11 April 2012.

PT KSI maintain records of monitoring and any actions taken as appropriate, for example QAMS census on February 08th, 2016 related harvesting activity on field number 177 division 3 section 2.1 by Mr. Sepriadi on witnessing by Mr. Sukardi, reported on February 08th, 2016. Result of that activity is good.

**Compliance status: Full compliance**

**Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.**
Findings:
PT KSI estate has records of fertilizer application programme for year 2015 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.

The company has a SOP on fertilizer application with with number of procedures 1. SOP Fertilization, KSI-SOP-EST-004 Rev. 04 dated 12 April 2012 2. Application SOP Empty Fruit Bunch, KSI-SOP-EST-012, Rev.00, dated 11 April 2012.

The company has records implementation of fertilizer application from January to December 2015. Based on records of fertilizer application, it was seen that the application activities was undertaken in accordance with the recommendations of the leaf analysis.

The company has records of fertilizer use per ton of FFB, among others:
- NPK: total application until October 2015 amounted to 716,550,000 kg with FFB produced much as 32,869,730 kg so that the application of fertilizers per ton of FFB is 0.021 kg / ton of FFB.
- Dolomite: total application until October 2015 amounted to 63,450,000 kg with FFB produced much as 32,869,730 kg so that the application of fertilizers per ton of FFB is 0.0019 kg / ton of FFB.
- SOA/ZA: total application until October 2015 amounted to 291,550,000 kg with FFB produced much as 32,869,730 kg so that the application of fertilizers per ton of FFB is 0.0088 kg / ton of FFB.
- MOP: total application until October 2015 amounted to 280,500,000 kg with FFB produced much as 32,869,730 kg so that the application of fertilizers per ton of FFB is 0.0085 kg / ton of FFB.
- RP: total application until October 2015 amounted to 25,550,000 kg with FFB produced much as 32,869,730 kg so that the application of fertilizers per ton of FFB is 0.00077 kg / ton of FFB.

The company has procedure of soil and leaves analysis with number of document Pro-KSI t-008 revised 01 effective date October 1, 2013. In the procedure stated that the leaf analysis shall be conducted every one year and soil analysis conducted 5-10 years. Based on the existing records, it was seen that the implementation of fertilizer application was conducted in accordance with a procedure that is owned by the company. A record of the results of leaf analysis was done in 2014 by Environmental Management Unit (EMU) Laboratory to obtain fertilizer recommendation in 2015. The results of analysis the leaves has described the content of N, P, K, Mg, Ca, B, Cu, Zn, Fe 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 Palm 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.

The company has records of the use EFB to maintain soil fertility. The company has records of EFB application from January to December 2015 covering an area 80.01 ha with the amount of empty bunch much as 3,200,700 kg. The program includes application doses per year of planting for each block. For the palm oil mill effluent which is applied for Land Application, records show amount applied in year 2015 was total of 149,901 m³ and in year 2015 was 160,123 m³ (until December 2015).

Compliance status: Full compliance

**Criterion 4.3: Practices minimize and control erosion and degradation of soils.**

Findings:
PT KSI has identified soil type, including identification of availability marginal soil in KSI area. Maps of fragile soils are available at all estates. A soil map for KSI estate is available. As informed on Contour Map (Topography map), some part of KSI area is hilly with slope more than 25% which is plantable. For area more than 40% of slope can’t planted and dedicated for conservation area. There is no peat land available in KSI area.
Company has a management strategy for plantings on slopes above a certain limit, such terracing as refer to Agriculture Manual and SOP for Oil Palm Year 2008. PT KSI has establish a procedure to minimize and control erosion and degradation of soils, i.e.:

1) SOP Pembuatan Tapak Kuda (Manual), Doc. No. KSI-SOP-EST-10,
2) SOP Pembuatan Silt Pit, Doc. No. KSI-SOP-EST-11,
3) SOP for Silt Pit Mechanic Construction, Doc. No. KSI-SOP-EST-20, and
4) SOP Kebijakan Pemeliharaan Jalan, Doc. No. KSI-SOP-GEN-17

KSI has monthly road maintenance programs for year 2015 made by each estate manager as stated on which includes the budget for road maintenance activities for each estate, and records of actual road maintenance activities conducted such graveling, road service, resurfacing. Field assistant of Road (FA Road) has responsibility for road maintenance activities.

**Compliance status: Full compliance**

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

**Findings:**

PT KSI has water management plan that take account of the efficiency of use and renewability of sources; ensure that the use and management of water by the operation does not result in adverse impacts on other users within the catchment area, including local communities and customary water users; aim to ensure local communities, workers and their families have access to adequate, clean water for drinking, cooking, bathing and cleaning purposes; and avoid contamination of surface and ground water through run-off of soil, nutrients or chemicals, or as a result of inadequate disposal of waste including Palm Oil Mill Effluent (POME).

Supplying water for POM is from Jujuhan river. The water is pumped into reservoir and treated before used for boiler, power house, cleaning, and domestic purposes. Water usage is monitored every day and recorded on a daily basis, with monthly and yearly summary records available. The data of water usage at POM for year 2015, as below:

- Processing (Boiler + power house): 296.857 M3
- Domestic: 235.509 M3
- Cleaning: 45.532 M3
- FFB Processes: 179,393.85 Ton

Based on the above data, the average of water consumption of processes for year 2015 was 1.65 M$^3$/ton FFB.

In order to protection and prevent contamination of water course and effective usage, the organization has implemented water management plan and establish procedures. There is evidence that the organization no longer applied fertilizer and chemist at around riparian and buffer zone. The organization also has equipped fuel tanks and workshop by oil trap and equipped making oil trap and develop water trap at fertilizer packaging’s washing room, PPE Washing Room, Housing (Ganeh, Salo and Tengah Pulau). The map of water courses reference no. 4102, date January 27, 2015 was available.

The organization has supporting equipments that enable to monitor and control water usage both of for Mill and Estate. There is evidence that:

- Flow meter was installed at Inlet from Jujuhan Rivers into Reservoir.
- Flow Meter was installed at inlet into POM processes and housing’s POM.

There is a treatment process in for effluent as describe on this picture. There is Land Application (LA) which is the POME is pumped from pond POME treatment. The flow treatment process is:

Liquid wastes from mill -> De-oiling pond -> Anaerobic pond 1 -> pumped to land application (or to the Anaerobic pond 2) -> recycle to pond 1. On this recertification audit, that was found there is no more mill effluent (after treatment process) is flown to Jujuhan River.
The License for Disposal of Palm Oil Mill Effluent PT. KSI to Jujuhan River, license no. 60/177/KLH/XII.2010, dated on 29 December 2010 and valid for 5 years (in 2015 end up) and it was not to be extended.

Based on 1st Semester of 2015 environmental report, there are place for checking and monitoring water discharge quality (particularly BOD). Those place are :
- Outlet of waste water treatment installation (IPAL)
- Body river of Jujuhan, upstream and downstream
- Sumur pantau (monitored well).

There is evidence that value of BOD at Outlet IPAL, River Jujuhan (before and after mill) and monitoring well was monitored and found that the values are under limit/threshold. Based on that standard quality, all BODs parameters in all sampling units are compliance with national regulation.

The organization had a license for treatment discharge and LA once. The license is 60/177/KLH/XII.2010, dated on 29 December 2010 and valid for 5 years (in 2015 end up). The audit found that PT KSI did not taking extend the license because of the KSI will use the effluent for the LA and had a plan to use in methane capture (electric power plant). Field verification at effluent ponds, shown that the last pond (aerobic pond 6) had been blocked by concrete cement. This blocking will be unable the effluent flow to the river. (geographic point : S 1°27’52” - E 101°30’53”).

PT KSI has license to use the mill effluent to LA i.e Izin Pemanfaatan Air Limbah Industri Minyak Sawit (LA). This licence was issued by Regent of Solok Selatan, letter no 660.410-2014 dated on December 1, 2014 and will be expired on December 2019.

Based on document verification, PT KSI had reported the managing and usage of mill effluent periodically (by quarter). Report document of manage and usage of mill effluent on Q4 in year 2015, shown that BODs parameter in October, November and December 2015 as follows :

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Units</th>
<th>Benchmark</th>
<th>Results Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Kep.Men LH No 28 / 2003</td>
<td>October</td>
</tr>
<tr>
<td>BOD₅</td>
<td>Mg/l</td>
<td>Max 5000</td>
<td>190.5</td>
</tr>
</tbody>
</table>

During recertification audit found that PT KSI has been building the methane capture to be a power plant. The methane capture will use the mill effluent which is flown to the special pond. PT KSI had been holding the environmental permit (license) due to methane capture project, i.e. Izin Lingkungan terhadap Kegiatan Pemanfaatan Gas Methane pada IPAL. This permit was issued by Regent of Solok Selatan, letter no 660.448-2015 dated on October 28, 2015. Based on field verification, it’s known that project was on construction and installation phase and did not operate yet.

This project had not cause the EIA document (AMDAL) is needed to be revised or added. The utilization of methane gas (methane capture) is part of the POME handling in installation of wasted water management (IPAL).
IPAL itself has been verified and studied in EIA assessment.

Compliance status: Full compliance

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

**Findings:**
Based on document verification and interview with managers, it was mentioned that IPM to be planned to be implemented. There was an evidence that IPM plan was documented in Program Kerja Deteksi Hama dan Penyakit Kelapa Sawit 2015 document. This document describes field no, palm no, perimeter each field and activity in every month.

IPM has not been implemented through every stage yet. This is due to the result of pest detection mentioned that there are no any kind of pest and tree disease are founded, For Example, in Form document no : KSI-FRM-EST-029, Dated on January 27, 2016, Field no: 198, Division : III, it is shown there are no finding any kind of pest.

![Figure: Form of Pest and Disease Detection PT KSI](image)

Potential pest and thresholds are identified by detected of pest and disease which is conducts every month and field regularly. This detection is carried out by “detector”, verified by “field conductor” and checked by division manager.

The result of detection of pests and disease is used as early information to decide, either the next step of IPM is needed to be taken or not. There is no evidence the IPM has been taken fully due to the result of detection of pest and disease.

Based on the detection of pest and disease there are not found any kind or pest or disease. This indicator is N/A.

Compliance status: Full compliance

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

**Findings:**
Company has policy related safety and safe use of chemical such as:
- Health and Safety Policy of Wilmar group Indonesia which is signed by Country Head Mr. Hendra Saksti in
- Also there is internal memo number 001/KSI-GEM/VIII/2010 from GEM of KSI regarding usage of Paraquat in KSI not to use it in KSI operation since August 04th, 2016
- PT Kencana Sawit Indonesia has procedure to use selective product specific to target pets, weeds, or disease which have minimum effect to non-target species, company develop and apply pesticide rotation application, as defined in spraying program.
- Integrated Pest Management procedure (Deteksi dan Sensus Hama dan Penyakit Kelapa Sawit, PT Kencana Sawit Indonesia - SOP-EST-005),
- Company has plant beneficial plant such as Turnera Subulata, regular census conducted to identify pest disease

PT Kencana Sawit Indonesia has pesticide application program which is explain how many times and how much certain pesticide should be applied in certain area. This program develop for each section for activities Circle Spraying, Selective weeding, Spot Spraying, VOPS, Weeping, Wild Seedling, for example division 3 on Section 3.3, under head section Mr. Sarwoko. PT Kencana Sawit Indonesia has record of pesticide usage for year 2014 and year 2015.

PT Kencana Sawit Indonesia keep good record of pesticide application as record in form Trend PenggunaanBahan Agrochemical, this record detail in active ingredient used and “Daftar Kandungan Bahan aktif Agrochemical tahun 2016” List of agrochemical contain Name, Type, Methode, Register number, active ingredient, Classified, Dosage, LD 50, and Color, they are:
- Dwistic 380 a.i.; AlkilarilPoliglikolEter 380
- Starlon 665 EC, ai: TriklopirButoksiEtil ester 665
- Glisat 480 ai: IsopropilamineGliposat 480
- Starane, ai: Fluroksipir 200 g/l
- Lindomin 865, ai: 2.4 D dimetil Amin 865 gr/l
- Tiara 20 WG, ai: MetilMetsulfuron 20%
- Wizaryai: Venvalerate 10.5%

PT Kencana Sawit Indonesia has IPM plan, start with early warning System daily based by EWS person, and monthly based report from Field Officer in charge to Estate Manager, this report of EWS will be used as baseline to perform following action related pest.

PT Kencana Sawit Indonesia practice beneficial plant such as TurneraSubulata and others and IPM effectiveness monitored in the next day by EWS person and estate PIC. There is no prophylactic use of pesticide for the last one year, during year of 2015 PT KencanaSawit Indonesia used total pesticides amount 12,952. litre compare to year 2014 amount 14,388 liters, decreasing of pesticide usage as the result of IPM which company implement for last years.

Records show that chemicals used in all estates during the year 2015 there is no chemicals listed under WHO Type IA, IB, or listed under the Stockholm and Rotterdam Conventions. Company has policy not to use Paraquat in whole company area. Since year 2010, usage of pesticide based on Indonesia pesticide greenbook of Agriculture and forestry, 2013 edition.

The organization has been demonstrated that all pesticides handled, used and/or applied by persons who have completed the necessary training. Some document were reviewed, i.e.: Socialization of hazardous material usage, and training of fertilizing / Maintenance Palm Oil Mill, date August 28th, 2015 for spraying tim and on October 15th, 2015 in division 3 by Dr. Eric Oktomarizon regarding safety in spraying

Handling of empty pesticide container following procedure of “Penanganan Limbah Bahan Berbahaya danBercacu (B3)” (KSI-SOP-GEN-005), empty container treated as Hazardous Waste which is kept in temporary storage of hazardous waste before sent to licenced collector. Company has appointment with assigned collector (PT Shali Riau Lestari) to disposed PT Kencana Sawit Indonesia hazardous waste. PT Kencana Sawit Indonesia has licensed both in estate and mill.
It was found that the inventories for all hazardous wastes at PT Kencana Sawit Indonesia has been updated from June 2015 until August 2015 has been collected by the contractor on September 08th, 2015, based on manifest number 00049509 PT Kencana Sawit Indonesia sent 2,796 litre of used oil, oil filters was 356 pieces, contaminated container 135 kg, 67.5 kg contaminated dust cloth, 174.7 kg medical waste collected by the contractor as stated in manifest. Inventory records at the mill hazardous waste stores were found to be consistent with the hazardous waste collection summary note prepared by the mill and final collection amount stated in the manifests.

PT Kencana Sawit Indonesia has no planning for pesticide application aerially, the requirement is not applicable.

Company prepare training for all workers including worker in scheme-smallholder, sprayer operator trained by field supervisor, regarding job safety in pesticide application, covering Risk and hazard, PPE usage, Emergency Situation, Emergency Response, and First Aid. Training conducted on June 22nd, 2015 by Mr. Zulsyarhi (EHS Officer) and Mr. Suryanto

PT Kencana Sawit Indonesia Estate, Sei Kunyit and Talao Estate, there is a chemical-spraying activities and it were observes the workers were well understand what their job and responsibilities related their job risks and complete personal protective equipment were found wear during the workers perform the job including how they were dispose the chemical container used.

There is evidence that the organization has perform specific annual medical surveillance for pesticide operators, for example:

- There is Report of Measurement/Examination Report Working Environmental and Medical Check PT Kencana Sawit Indonesia Year of 2015, was include:
  1. Audiometry
  2. Spirometer
  3. Cholinesterase (consist of 14 women worker)
  4. Pb on Blood

From interviews of female sprayers at PT Kencana Sawit Indonesia -1 estate, they said that they undergo medical checkups once every 3 months and this includes blood and urine test and checks for headaches or skin itchiness. Sprayers interviewed at all estates also mentioned that they receive free supply of milk from the management once a week. The milk serves to neutralize the effects of pesticide poisoning and it is required by law in Indonesia to provide milk to workers handling pesticides.

Based on the medical check-up result, show that all personnel still normal for all sprayer and no need a further medical doctor advice neither Cholinesterase

There is evidence that the organization has defined a mechanism to ensure that all chemical-applying worker not consist of pregnant women and not pregnant nor breastfeed their babies, even for the company’s sub-contracted workers. There is applied mechanism to ensure that all sub-contractor worker is obey to company’s policy.

Based on the letter, the third party should be do not employ pregnant women and not pregnant nor breastfeed their babies, menstruating women, and employ children

Compliance status: Full compliance

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

**Findings:**

All estates have documented occupational safety and health (OSH) policy, which is signed by the executive di-
rector of PT. Kencana Sawit Indonesia. The OSH policy includes documented objectives and target, i.e. comply with the company’s OSH procedures, committed to wearing of Personal Protective Equipment (PPE) at work sites, and manage potential work risks at the site.

PT Kencana Sawit Indonesia Mill has identified and documented Occupational Health and Safety (OHS) risks for all mill activities, although this was documented under its December 31st, 2016 environmental aspects and impacts register. All precautions attached to products are properly observed and applied to the workers.

Risk assessment also conducted in scheme small-holder activities since land clearing, planting, cultivation, harvesting, and maintenance. Risk assessment document is maintained and reviewed at least once a year.

Chemical storekeeper in PT Kencana Sawit Indonesia is provided with helmets, boots and goggles but look not much aware to the visitor that need to wear the PPE while entering his area as it was already arranged in procedure No. PRO-GEN-016 Rev0 2009 related to Personal Protective Equipment. Contract field-maintenance workers are required to wear boots and provide by company. Female contract spraying/manual maintenance workers interviewed in PT Kencana Sawit Indonesia Estate are provided with Personal Protective Equipment (PPE) by the company, including masks, gloves, and plastic aprons. The sprayers are provided with appropriate cloth gloves for spraying activity. While they wash their PPE at washing facilities at the division office and they store their PPE in the estate store. At PT Kencana Sawit Indonesia Estate 2, spraying workers are also providing with rubber gloves, goggles; masks and plastic aprons by the company. PPE wash in washing room and storage facilities are provided for the sprayers.

Safety officer in plantation assigned to Mr. ZulSyarhi and Mr. Doni Putra as safety officer in Mill, regular meeting as defined in organisation structure and registered to local government of SolokSelatan District. Regular reporting system to the related responsible local government also were sighted as they were observed report quarterly which consist of the OHS team activities such as safety patrol, inspection, regular meeting and emergency drill, summary of accident report using Frequency Rate and Severity Rate calculation record activities were reported.

The company has an emergency response procedure documented under Standard Operating Procedure No. PRO-GEN-013 Rev 05 dated 15 April 2015, including identification of potential emergency situations (fire, accidents, flood, explosion, and chemical leakage) and a flowchart for Handling Fire Emergencies. Company has records of emergency response training and simulation on 22 May 2015 for over 50 workers, emergency preparedness held on February 09th, 2015, as well as land burning simulation on division staffs. It was confirmed through interviews with three harvesters that they had attended the emergency response training. Notes of the training results are maintained, including the steps of the accident & emergency response procedure. Records of other OSH training, i.e. for first aid and management of hazardous waste, are available.

During site visits, field executor (supervisor) in KSIU-1 estate, and scheme small-holder were found having brought first aid kits to the field, and those are located at other locations such as estate office, workshops, chemical storehouse, etc. It was observed that the first aid kit at Division 1 of PT Kencana Sawit Indonesia -1 office a complete pack of first aid kit. However, at PT Kencana Sawit Indonesia -1 Estate Division 3, harvester and manure foreman also have a first aid kit.

All estates provide National Employee Social Security (BPJS) to permanent employees, as sighted from sampled payslips of 3 harvesters of PT Kencana Sawit Indonesia-1 Estate, as verified with interview. According to the company’s Work Instruction for Jamsostek/BPJS Participants and Fees, the amount paid by the company for Jamsostek/BPJS contribution is 3 % of the employees’ basic salary, while another 2% payment is made through regular deduction of their basic salary. It has been verified paid correctly. As for contract workers, PT KencanaSawit Indonesia -1 Estate deducts the amount required for their insurance against payment to the respective contractors, and pays this insurance amount directly to the relevant authority to ensure that all contract workers are covered with insurance. All occupation injuries recorded in estate clinic, lost time accident calculated and also recorded and reviewed regularly.

Compliance status: Full compliance
**Criterion 4.8: All staff, workers, smallholders and contractors are appropriately trained**

**Findings:**

The auditor were reviewed some related document of trainings and found that there is sufficient evidence that all staff, workers, smallholders and contractor appropriately trained. The documents were verified are:

- Training Matrix of POM Internal Training year 2016, Document No.: FRM-EHS-006; Rev.01, the program was include:
  1. First Aid Training
  2. Emergency Response Plan
  3. Hazardous Material Handling and Emergency Sign Training
  4. LOTO & Work Permit
  5. RSPO, SCCS, ISPO, and ISCC Training not implemented yet
  6. Accident Investigation Training not implemented yet
  7. Management of Hazardous Waste
  8. Basic of Instrument and Electrical
  9. Scaffolding Training for Technician

- OH&S Training for Warehouse has conducted at September 02, 2015
- Fire Drill Simulation was conducted at February 06, 2016
- PPE’s Application Training, was conducted at October 21, 2015
- Fire Extinguisher Training was conducted at December 10, 2015.

The supporting documents of the training and/or socialization are available such as: invitation letters, official reports, attendance lists, activity reports, minute of meetings, and other related documents

**Compliance status: Full compliance**

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

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

**Findings:**

PT KSI has conducted an Assessment of Environmental & Social Impacts (AMDAL) according to Indonesian regulations. This includes the social and environmental impact assessment (AMDAL). The EIA document was prepared on behalf of previous company, PT Tidar Sungkai Sawit. The EIA document was approved by Ministry of Agriculture Indonesia dated on December 28, 1998; letter no. 40/ANDAL/RKL-RPL/BA/XII/1998.

The EIA document includes of Environmental Monitoring and Management Plan (RKL/RPL), which is states of three aspects required to be monitored which are water quality river (where treated effluent is discharged to), level of disturbance to flora and fauna and community dissatisfaction.

Based on the EIA (AMDAL) and RPL/RP document, PT KSI has been implemented environmental monitoring and management based on identification of all estate and mill environmental impacts and reported in every semester. Report of environmental 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 are evidences that all environmental impact which has been identified in environmental monitoring and
management plan for semester I and II of 2015 had been carried out. The result of monitoring mentioned that the BOD parameter is lower than standard quality threshold in every units sampling.

The EIA (AMDAL) is included the environment monitoring and management plan (RKL/RPL). This document, especially environmental monitoring plan is a guidance document to conduct monitoring programme for measuring the environment impact of estate and mill operation.

Monitoring programme has cover of air and water pollution and emission sources identified, mill effluent analysis and social impact.

The result of monitoring is reported every semester regularly. Last monitoring reported on Semester II, 2015 are: water quality upstream and downstream of Batang Jujuhan river, inlet of LA, well monitor of LA, air quality of emission from boiler, genset (power plant), air ambient (locations: office, staff housing complex, backyard of mill), noise level area (location: office, water treatment, staff housing complex), monitoring condition of flora and fauna, buffer area of river and slope hill. The results of all parameter to be monitored are shown or indicate the value is lower than threshold or standard quality according to the regulation.

Parameters to be monitored or impacts to be measure are based on the identification of environmental impact due to the estate and mill operation.

The monitoring of environmental impact is functioned as early warning system concerning to the environment changes due the estate and mill operation.

There is evidence that the EIA was cover all activities within PT KSI, such as: building new roads, processing mills or other infrastructure; drainage or irrigation systems; replanting and/or expansion of planting areas; management of mill effluents; clearing of remaining natural vegetation; management of pests and disease palms by controlled burning. The EIA format and its reporting was follow the applicable legal and requirements. Environmental impacts assessment has been identified on soil and water resources, air quality, biodiversity and ecosystems, and people’s amenity both on and off-site.

Compliance status: Compliance

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

Findings:

Based on the HCV report which was conducted in 2010 is stated that there are HCV values are identified in PT KSI area. The HCV perimeter consists of 2,229.59 ha indicatively. Based on indicative perimeter, PT KSI had gazetted the HCV area consists of 1,760.25 ha and establish the boundaries of each area HCV.

Table: The HCV Area of PT KSI

<table>
<thead>
<tr>
<th>No</th>
<th>Name of HCV area</th>
<th>Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buffer zone of Ganeh river</td>
<td>97.30</td>
</tr>
<tr>
<td>2A</td>
<td>Buffer zone of Kulai river(a)</td>
<td>149.90</td>
</tr>
<tr>
<td>2B</td>
<td>Buffer zone of Kulai river(b)</td>
<td>84.20</td>
</tr>
<tr>
<td>3</td>
<td>Bukit Harimau (Bukit Kerdil)</td>
<td>10.20</td>
</tr>
<tr>
<td>4</td>
<td>Buffer zone of Jujuhan river</td>
<td>244.30</td>
</tr>
<tr>
<td>5</td>
<td>Reservoir Water Treatment</td>
<td>12.60</td>
</tr>
<tr>
<td>6</td>
<td>Bukit Tengah Pulau</td>
<td>448.10</td>
</tr>
<tr>
<td>7</td>
<td>Bukit Salb</td>
<td>466.10</td>
</tr>
<tr>
<td>8</td>
<td>Buffer zone of Suir river</td>
<td>170.00</td>
</tr>
<tr>
<td>9</td>
<td>Water pond (embung) 207</td>
<td>30.70</td>
</tr>
</tbody>
</table>
There are evidence that PT KSI has a commitment to protect the HCV area are identified. Field visit to Bukit Lipai shown that this area still a natural forest and there is no disturbance on it. In this area, PT KSI has a collaboration programme with one primate conservation’s NGO to re-introduce siamang (gibbon, *Symphalangus syndactylus*) to the wildlife area. This gibbon is categories as endangered species by IUCN Red Data List.

In the HCV area once, recorded the harimausumatera (*Panthera tigris sumatrani*) was found that captured by the camera trap which was installed.

There is no special or unique habitat or threatened ecosystems were found in the PT KSI estate area.

HCV Assessment was performed by qualified HCV Assessor, they are:
- Sujatmika (HCV 5 dan 6)
- Resit Sozer (HCV 1, 2 dan 3)
- Babang Widyamoko (HCV 4)
- Wilson Novarino (Ornithologi)
- Robert Sinaga (HCV 4 dan Pemetaan)

In document of HCV report, there are attendant list of opening and closing meeting due to the HCV assessment and participatory mapping. The list of species that were found in the assessment HCV activity include the area that was recommended as an HCV area.

The HCV assessment were conducted to Panduan Identifikasi KBKT di Indonesia (Konsorsium Revisi HCV Toolkit Indonesia, 2008).

All area that were recommended to be HCV area was put in the HCV map.

There are a few RTEs had been identified in PT KSI’s conservation area mentioned as HCV area too, those species are: Harimau sumatera (*Panthera tigris sumatrani*), Tapir (*Tapirus indicus*), Siamang (*Symphalangus syndactylus*)

PT KSI had declared the internal regulation to protect the RTEs species to be hunted and disseminated this regulation to all level worker and local communities around PT KSI. Evidences of this activities are shown by document i.e
- BA Pelaksanaan Sosialisasi HCV /RSPO/ K3/SOP on December 22 and 23, 2015 at Divisi I, Perumahan Bukit Lipai & Divisi II, Perumahan type H3. The attendant are consist of worker in harvesting team, loading team, spraying, fertilizer team and operator. (there is no attendant list is attached except photos)
- PT KSI had conducted the patrol and boundaries HCV checked

There are a few programme were implemented by PT KSI to enhance, protect and monitored the HCV area.

To enhance the HCV area in Bukit Tengah Pulau, PT KSI collaborated with NGO to re-introduce siamang (gibbon). To monitor the HCV area and the species in it, PT KSI put the camera trap and the camera will be replaced every month. The film (digital film) in the camera trap is downloaded and stored to the office to be analysed, either there is a new species was captured or regular species who were already be there before.
Based on verification in The area HCV in Bukit Lipa I, there was found a coffee garden, nearby the block 207 in HCV area. Based on the previous audit, this coffee garden has already identified and recommended to monitor this area. Interview with the manager, explained that PT KSI had a problem to monitor this coffee garden, especially the boundaries due to safety reason. The farmer of this coffee garden was claimed based on the legacy of this land that belong to his ancient. The HCV officer stated that less than two weeks before the audit conducted, he accompanied by the security met to the owner of the coffee garden. The HCV officer explained the HCV programme to the farmer. This garden coffee is a disturbance to the HCV area.

By checking the coffee garden rapidly, there was no evidence that the garden was extended. In the front row of the garden coffee in line with inspection road there were found a few sapling of the coffee tree. Regarding this coffee garden, PT KSI should developing the mechanism or system to monitor the impact and the area. This monitoring mechanism or system has to consider the safety reason and social aspect.

There is a policy regarding environmental called “Kebijakan Lingkungan” (Environmental Policy). There are some points concerning to the protecting RTE species.

This policy is implemented by PT KSI through the establishment boundaries and gazetted the HCV area. The RTE species found in this area such as, harimau sumatera (*Pantheratigrissumatranus*) and tapir (*Tapirusindicus*). One of the HCV areas, in Bukit Tengah Pulau, there is a programme to re-introduce siamang (gibbon/*Symphalangussyndactylus*) to the wild life. This programme is collaboration between PT KSI and the NGO (Kalaweit). Re-introduce programme is based on early research concerning the condition of area HCV that concluded the area has adequate of the habitat carrying capacity of the siamang (gibbon) species.

Re-introduce program is one of evidence that the area HCV of PT KSI is protected and good condition. There is evidence that the HCV and the RTE species found in that area was disseminated to the workforce. The dissemination was conducted in November 30, 2015 to the Sprayer workforce, December 22-23, 2015 in Lipai and Type G3 housing complex and January 27, 2016 in the Salo housing complex.

To protect the HCV area and the estate, PT KSI conducts the patrol and installs the sign board. The last patrol regarding to the HCV area was conducted on January 14, 2016 in buffer zone of Suir river in PT KSI area. Installation the sign board, as follows:

<table>
<thead>
<tr>
<th>Date of Installation</th>
<th>Location</th>
<th>Description of Sign Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 26, 2015</td>
<td>Housing Complex G3 type</td>
<td>Information about protected fauna in HCV area of PT KSI</td>
</tr>
</tbody>
</table>
Nov 12, 2015  Bukit Lipai  Prohibition of illegal activities in the KSI area included HCV area.

Jan 15, 2016  Bukit Tengah Pulau  Prohibition of illegal activities in HCV area.

Jan 16, 2016  Water source at Ganeh housing complex  Prohibition of activities, such as fertilization, disposal of domestic waste and other activities that can disturb the water quality.

There is no evidence that the violation of the company policy and company procedure is happen in the workforce. There is evidence that the RTE species are monitored. Installation of the camera trap and review the capturing of the camera every month explain the monitoring is. The analysis of the status RTE species is reviewed regarding to the condition of HCV area. The HCV areas are identified in the KSI concerning the RTE species and the community basic need.

Based on the HCV report, there is no HCV area is identified or regarded to the existing rights of local communities. Based on local customary, the land of the PT KSI belongs to a few tribes based on consanguinity called “NinikMamak”. There is no evidence that area belongs to the NinikMamak is used as a daily living needs. Therefore, the HCV didn’t identify the value of HCV concerning the existing rights of local communities.

Compliance status: Compliance

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

Findings:
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 December 2015 and including noise level monitoring. All results were documented on RKL/RPL report for semester II, 2015.

Monitoring of air emissions last conducted in December 2015 and included monitoring of noise levels. All results are documented analysis RKL / RPL for the first half and the second in 2014 consisted of:

- Evaluation of the Liquid Waste Quality, the parameters COD, BOD, TSS and oil / fat when compared with the effluent standards for the palm oil industry in July - December 2015 was still below the waste water parameter threshold values.
- Evaluation of solid waste such as leftover oil palm fruit bunches, palm leaves that have died and domestic waste is managed by providing a TPS that have been separated according to the type of waste (organic, inorganic and B3).

Compliance status: Full Compliance

**Criterion 5.4: Efficiency of energy use and use of renewable energy is maximized**

Findings:
There is evidence that PT KSI is will use the methane gas, methane capture, to be modified to electricity (power plant). Field visit show that project to build the power plant is still going on. There is licensed/permit to use the methane gas i.e no 660.448-2015 dated on October 26, 2015 by Solok Selatan Regent. There is a record document of the consumption of fossil fuels, bio solar in mill and estate.

In year 2015, mill record the efficiency of the use fossil fuels 67.60%. The efficiency of fossil fuels use is based
on the comparison the number of the fossil fuel if the generator is full operated to the number of fossil fuels used when starting to operate.

Compliance status: Full compliance

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

Findings:
There is zero burning policy in the PT KSI’s environmental policy. In point 3 the environmental policy is stated that: Implement the zero burning policy in all aspect of estate development except special condition as mentioned on ASEAN Policy. During the audit, there is no evidence that burning policy is implemented. This is because, there is no activity to prepare the land to be planted or replanted

There is no change of pollution source since the last identification as documented in AMDAL and Environment aspect and Impact Document.

Compliance status: Full Compliance

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

Findings:
Monitoring of quality of pollution and emission sources identified is conducted regularly and reported to the local government every six months regularly, 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 December 2015 and including noise level monitoring. All results were documented on RKL/RPL report for semester II, 2015

Currently, the company currently has GHG emissions reduction program through developed Methane Capture Project. The project was achieve around 83% till this audit.

The smallholder scheme still has not undergone any replanting and next replanting cycle is not planned for another 12 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.: Identification of pollution sources at smallholder inline with Environment Aspect Impact Identification as well as; Transportation, spraying, Manuring, Power Generator Operation, Domestic activity, usage of Fossil Fuel. Etc.

Compliance status: Compliance

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

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

Findings:
PT KSI has had SIA document that developed on October 2010 by Independent Agency i.e. Aksenta. The SIA
development processes and findings have been documented and reported in the document. The document has covered all potential impacts factors, that are:

- Increased public education around PT KSI
- The gap qualified labour needs
- Migration of people into region around PT. KSI
- Insufficient resources of agricultural land and plantation
- Change livelihoods
- Changes in income
- Financial institutions, both formal and non-formal, including banks and cooperatives
- Social capital
- Improved rural infrastructure (roads, transport, communications, religious facilities, sports facilities, etc.)
- Health
- Workplace safety

There is evidence that impact assessment has been involved the affected communities. The communities affected are the land owners and the people residing in villages around the site of PT. KSI. Based on information from the public and SIA document, that participatory assessment carried out by using method of Focus Group Discussion with affected communities.

In the document of SIA, there are any recommendations on the preparation Social Management Plan as social impact mitigation plan. PT KSI has had a Social Management Plan to avoid or mitigate negative impacts and positive promotion, and monitoring the impacts. There is evidence that evaluation of social activities has conducted every two year, the last evaluation in 2014. Review carried out independently by PT. KSI as a form of evaluation of the activities carried out. Review has been documented in a report Monitoring and Management Plan Social Activities PT KSI 2015. The management plan for social activities year 2016 available.

There is evidence that farmers has involved in the process of preparing SIA as a resource of information. Based on the explanation of farmers in mind that the farmers involved in the whole process of primary data collection in the preparation of the SIA. The main impact for farmers is the loss of land to the farmers who have been replaced by the development of plasma plantation by PT KSI.

**Compliance status: Full Compliances**

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

**Findings:**

PT KSI has establish a procedure for communication and consultation between organization and local community and other affected namely SOP Communication and Consultation Document No. CS - PRO - GEN - 010 revision 01 dated August 1, 2010. The scope of the procedure include receiving, documenting and responding on news or events from stakeholders and from the PT. KSI. The SOP has been disseminated to all employees and is repeated on a safety talk in the morning.

Based on the verification to the public known that PT. KSI responsive to the problems expressed by the community, such as a complaint against the recruitment, where people generally do not meet the required qualifications. The Company provides an alternative non acceptance of the manpower needs skill as power harvesting and maintenance

The Company has appointed Communications PICis Muzain Arfa Satria (CD Senior Staff), and the job description are:

- Identify the types and nature of CSR
- Recommend results presented identifikasi for CSR program
To coordinate with operating unit leaders and the regional coordinator of CSR
- Coordinate all of CSR
- Ensure a harmonious relationship with the community
- To identify and anticipate every obstacle in CSR activities
- Prepare and submit reports CSR
- Society has to understand PIC designated as evidenced by the company's incoming mail that can be immediately responded by PT. KSI.

The organization keep and maintain list of stakeholders. Recording confirmation correspondence is documented in the log book / letter entry – exit. Efforts have been made by PT KSI to ensure understanding of the community is done by placing one staff person to manage the smallholdings are always provide information on PT. KSI Evidence tape PT KSI action in response to input from stakeholders also documented in the log book. As an example of Ninik Mamak letter dated 22 December 2015, on the application for incentives ninik mamak, and has responded by PT. KSI through Disposition Estate Manager with the incentive of Rp1,050,000, - per month for 7 person NinikMamak

**Compliance status: Compliance**

**Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.**

**Findings:**

The organization has established mechanism for handling complaints and grievances of all parties affected, namely:

- **SOP Communication and Consultation No. KSI-PRO-GEN-010**
- **SOP Communication, Consultation and Coordination with Stakeholders No. KSI-PRO-BNM-005**
- **SOP Information Service for Stake Holder No. KSI-PRO-BNM-003**
- **SOP sighs mourning and Worker Complaint No. KSI-PRO- HRD- 005**

The organization has appointed PIC for communication (Muzain Arfa Satria/CD Senior Staff) which responsible for:

a. **SOP system has disseminated to stakeholders**
   - Letter dated 2 March 2013 on applications for assistance used sacks for dam repair
   - Letter October 31 Talao about 201 of the country request for assistance of heavy equipment to repair roads.

b. **This system understood the community, the community proved to file a written complaint to the PT. KSI:**
   - Prodesur Reception complaints and dispute resolution No. KSI-PRO-BNM-004 revision 01 of September 16, 2015.

c. **There are policies that ensure the safety of whistle-blower protection in the form of:**
   - If there is no agreement in the settlement of disputes will be resolved through LKS bipartite with the help of the union and if there is no agreement it will be resolved through the courts.

There is documentation of employee complaints, namely:

- Complaints housing
- Complaints quality crop tool

The complaint was submitted to leadership directly and subsequently reported to the Manager Estate PT. KSI to give answers / responses. Documentation on complaints made by staff of Document Control

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

**Findings:**
There SOP to identify the legal, customary rights of local communities, is SOP Management Activities and the Rights of Traditional No. KSI - PRO - BNM - 06, dated 15 September 2010. The scope of the TSB procedure are:
- Identify all the activities and the traditional rights of the people who come into contact with farm or factory activity
- Classify formulate and define settings, handling community activities and traditional rights
- Perform necessary remedial action against violations
- Running the function of communication, consultation and coordination of policies related to the management community activities and traditional rights.
The procedure is compiled independently by the Company.

The company has establish procedure of Dispute Resolution No KSI - PRO - BNM - 007 as an effort for calculating and distributing fair compensation to the people affected. Such procedures observing the principle of mutual agreement and fairness in compensation payments. The entire impact receiving communities have equal access to redress does not distinguish between gender and ethnicity. Communal ownership in this case is the land of NinikMamak also get the right to the land compensation process.
The entire process of the agreement and the agreement and payment of compensation claims have been documented by PT. KSI
Document the agreement has been approved by the people affected and has been signed as proof of approval and participation.
Document of agreement was made in duplicate, for the company and for society. So the document is open to affected communities.

**Compliance status: Full Compliance**

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

**Findings:**
Types of work arrangements in accordance with the strata of workers at PT KSI, consisting of:
- KHT (2A): The monthly salary, overtime, medical benefits and KP BPJS
- KB (2B- 2D): Bonuses, overtime,
- Staff (3A-4D): the trip home domicile non Sumbar, trasnportasi allowances, compensation for overtime work
- Officer (5A - 5B):
  - Assistant Manager (6A-6B)
  - Manager (7A-7B)
  - Group Estate (8A-8B)
  - GM and PH (9A-9B)

Documents contained in the wage labour agreement / contract of employment, with wages system by government regulation:
- Governor Decree No. 562-777-2015 on Minimum Wages Provins West Sumatra in 2016 amounted to Rp 1,800,725, -
- Internal Memo No.001 / HRGA-IM / II / 2016 dated 18 January 2016 concerning the minimum wage in 2016 amounted to Rp 1,800,725 per month or Rp. 72 029, - per day
There is a document employees' salaries by PT KSI, for example Slip salary:
- Parizal No. Workers KF / KS / 0304/278 in January 2016: Rp 3,499,869
- Supriyanto / KF / KS / 1210/4122 in January 2016 to Rp 2,139,042, -

There is an agreed definition of wages in accordance with Law No. 13 of 2003 on Manpower. The record of the wages of employees have been documented by PT. KSI in Finance.

The salaries and working conditions are clearly detailed facility has been written contract of employment, such as hours, deductions, overtime, sick leave entitlements and maternity leave, reasons for termination, notice periods, etc. The employment contract prepared in the Bahasa language understood by the workers, signed by both the company and employees. Salary and conditions provided in accordance in labor laws, union agreements or direct contracts of employment in accordance with the minimum wage in accordance with the decree of the Governor of West Sumatra. Based on the verification results to the workers there is no violation by the company PT KSI related to employee remuneration

PT. KSI both plantations and mills have been providing housing and basic needs proper and appropriate national standards. The facilities provided by PT . KSI is:
- housing : 6 complex @ 70-150 home
- Electricity is adequate; of the generator and mill
- Clean water supply : water treatment , wellbore
- Medical services : 1 unit clinic located within the enterprise , a doctor , two midwives , two nurses
- Education : children's education: kindergarten and elementary school and teachers 15, primary schools and 2 kindergartens
- Welfare facilities
- Facilities worship : 6 units mosque
- Leisure and arts : field football , voley , badminton

The educational facilities are found that foundation managers of educational institutions have not done an update in accordance with the structure and new management. Based on the verification of workers PT .KSI, proved that PT KSI provides access to the food needs of the form :extra food for employees who worked nights at Mill. As for the energy harvester if it reaches certain targets they will get a bonus of rice. Cooperative employees provide daily necessities of life for employees including food needs such as rice.

Compliance status: Full Compliance

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

Findings:
PT. KSI has a firm policy in the Bahasa language that recognizes the rights of employees to freedom of association. Employees have the union that allows all workers, including migrant workers and migrants and contract workers, trade union membership. Unions are associations of workers to negotiate with the company. The results of the negotiations in the form of PKB is endorsed by the company and workers. PKB period 2015 - 2017, and witnessed by the Department of Labor South Solok. The PKB contains the rights, obligations and working conditions, safety, welfare, leave, termination of employment, etc.

Ratification PKB 560/511 / DSTKT / IX / 2015 by the Director of Social Service Manpower and Transmigration District of South Solok. The PKB refers to the Law No. 13 of 2003 on Labour and has been disseminated to the workers, it is evident that workers know the contents of the PKB.
The meeting between unions and the company have been documented. Documentation of the discussion of the problems of employees, among others:

- On March 30, 2015: discussion of a warning letter to Azwar (Driver) that have been defaulters 1 month
- On August 10, 2015: Yendrizal occupational accidents (heavy equipment operator)
- On September 8th, 2015: loss of a motorcycle belonging to M. Zen (conductor) at the location of the employee housing.
- On 28 September 2015: discussion of resignation (retired self) Jumadi (harvester)

The documents was made in 2 (two) for the Company and for the trade unions

**Compliance status: Full Compliance**

<table>
<thead>
<tr>
<th>Criterion 6.7: Children are not employed or exploited.</th>
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<tbody>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>There are rules about the minimum age of employment at PT KSI at least 18 years of age with the working hours of 8 hours of work per day. Based on data from workers at PT KSI and verification in the field proved to be no workers under the age of 18 years. The youngest worker was Hadi Addaha date of birth June 11, 1992 (Sustainability staff).</td>
</tr>
<tr>
<td>Compliance status: Full Compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</th>
</tr>
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<tbody>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>PT KSI has had a policy was no discrimination in employment. The policy have been implemented proven employees of PT KSI came from various regions of both local and surrounding areas. Job is informed through the mass media and announcements in the surrounding villages. Man power data at PT KSI are:</td>
</tr>
<tr>
<td>- Mill: 90 % are local people</td>
</tr>
<tr>
<td>- Estate: 60 % are local people</td>
</tr>
<tr>
<td>There is no gender discrimination in the recruitment of employees in PT, KSI, proved:</td>
</tr>
<tr>
<td>- Employees working women also have access from the lower level and upper level as an assistant accounting manager (management)</td>
</tr>
<tr>
<td>- Comparison of the number of male employees and female: 8 women 94 men</td>
</tr>
<tr>
<td>There is a history of employee health records presented in the clinic per month. There Evaluation of Employee Performance Assessment annually and used as the basis for promotion of employees.</td>
</tr>
<tr>
<td>Compliance status: Full Compliance</td>
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<tr>
<th>Criterion 6.9: There is no harassment or abuse in the work place, and reproductive rights are protected.</th>
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Findings:
The company has established policies and mechanisms to ensure there is no harassment or abuse in their workplace and also to protect reproductive rights, i.e.:

a. There is a policy to prevent all forms of sexual harassment
b. There is a Gender Committee as a means for workers to facilitate the fulfillment of basic rights of women.

c. Gender Committee activities are:
   - Socialization of women's rights, domestic violence in each division.
   - Receive a report of domestic violence.

d. The Gender Committee Chairman is Hernizen by the number of committee members 38 female workers.
e. There are childcare facilities to accommodate the interests of women workers in order to still be able to work well. Childcare facilities also include play facilities and space for breastfeeding.

There is a policy of protection of women's reproductive rights. Implementation of the policy is contained in the CBA, in the form of:
   - Menstruation, pregnancy, childbirth, and breastfeeding
   - Routine examination 3 pregnancies per month for each worker women.
   - Medical examination for employees dealing with chemicals every 6 months.

The Company has a mechanism to deal with complaints of work, that respects and protects the anonymity of the complainant. There is evidence of no sexual harassment in the workplace PT KSI.

Compliance status: Full Compliance

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

Findings:
Meeting to pricing TBS/FFB conducted in West Sumatra Plantation Office every month with the participants of palm oil companies, cooperatives plasma, and mill.
FFB price determination for non-plasma supplier partners are determined by labor agreements in accordance with the base: year of planting, the average weight of bunches, the quality of crops, and crop varieties. Payments to non-plasma are made two weeks after receipt of the fruit. Otherwise payments for plasma is monthly.

FFB payment transaction records available to farmers through the Bank Nagari, for example:
   - Payments TBS farmers Talao, December period amounted to USD 334,376,615, - (350 ha)
   - Payments TBS farmers Sei Kunyit, December period amounted to USD 347,063,171, - (300 Ha)

Employment contracts made available in a transparent, fair legal and there is no pressure, for example: Employment Agreement Letter No. 04 / KSI - DIV.I / SPK - TBS / I / 2016 between PT KSI with Effendi on FFB Transport in January-March, 2016.
Payments are made as agreed in the contract of employment, namely non-plasma Farmers done 2 times per month and smallholders once a month (first week of the next month).

Compliance status: Full Compliance

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

Findings:
Identification of community needs has been carried out by PT KSI, which is contained in the SIA report. PT KSI has contributed to regional development in the field of infrastructure development, education, religious, social assistance, health and natural disaster relief.

Assistance in education is the provision of auxiliary fees elementary school teachers in the villages around KSI. Custom development assistance in the form of donations to Ninik Mamak. Contributions are made based on the participatory identification of community needs. Social activities in the field of economic empowerment is still small compared with the productive infrastructure activities.

There is a complete registry Plasma Cooperative as FFB supplier TBS from community. There is evidence that the plasma farmer has got training for plantation management according to best agriculture practices. The number of plasma farmers are 325 persons, who is divided into 2 (two) nagari, 150 persons from Nagari Sei Kunyit and 175 persons from Nagari Talao.

Compliance status: Full Compliance

Criteria 6.12. No forms of forced or trafficked labour are used.

Findings:
PT KSI has had a policy on the prohibition of forced labour. Recruitment of foreign workers conducted by the Jakarta headquarters with reference to labour laws in Indonesia. The Company does not hold workers’ passports or identity as collateral work. The company has only a copy of the identity documents of workers PT KSI does not implement labour policies outsourcing.

Base on document tracking and verification in the field proved that: there is no evidence of the replacement of employment contracts of employees and all workers have had a copy of the employment contract. Based on the data searcher and verification in the field proved that PT. KSI does not apply a policy for temporary workers.

Compliance status: Full Compliance

Criterion 6.13. Growers and millers respect human rights

Findings:
PT KSI has had a policy on human rights, which have been disseminated to all employees by the public relations department. Policy information is also listed on the information board at the PT. KSI During 2015 have never been human rights violations in PT KSI.

Compliance status: Full Compliance

Principle 7: Responsible development of new plantings

Findings:
There is no any new palm oil development within the company’s area since the establishment of the RSPO Principles and Criteria.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 considered “not applicable”.

Compliance status: Not Applicable

Principle 8: Commitment to continuous improvement in key areas of activity
Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations

Findings:
The estates and mill have a monitoring action plan and implementation report based on their Environmental Management and Monitoring plan (UPL/UKL), and regular evaluations of plantation and mill operations. For example, estate and the mill prepares a report of their implementation of the UPL/UKL once every 6 months as required by the environmental department of Indonesia, which covers aspects required to be monitored in the UPL/UKL. For the estate, this includes ambient air quality, groundwater quality, waste collection, water biota sampling and analysis, road damage, social economic aspects such as hiring of workers and FFB and EFB transport (which can impact water and air quality), as well as impacts to community health due to fertilizer application, and FFB and EFB transport. For the mill, the implementation report includes results ambient air quality, boiler emission quality, palm oil mill effluent quality, soil quality of land application area, noise levels, and scheduled waste production records.

The organization has establish action plan for improvement as describe in the following documents:
- Working Program for Compliance of OHS’s Legal & Other Requirements
- Working Program Concerning to Follow Up Medical Checkup Results
- Problem Identification Corrective Action (PICA)
- Management Review Result

The components of these program was include, identified main problems, corrective action proposed, persons/department in charge, time frame, monitoring of implementation, and evaluation of action taken effectiveness. There is evidence that the program has been implemented as planned, for example Methane Capture Project, Development Education Building, POM processes improvement program, and etc.

Compliance status: Full Compliance

RSPO SCCS

PT Kencana Sawit Indonesia Palm Oil 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 is regarding Land Use Right transfer Permit from PT Tidar 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-14718 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 94.50% 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 5.5% 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 Kunyiit, 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:

**E.1. Definition**

Findings:
PT Kencana Sawit Indonesia Palm Oil Mill (POM) receives FFB from their own company-owned estate, i.e. PT KSI 1,2, & 3 Estate and from third party independent suppliers which are not within the certification scope. All FFB supplied to PT KSI mill except FFB from independent outgrower has been certified. The company implements RSPO SCCS model (Mass Balance) with module E

Compliance status: Full compliance

**E.2. Explanation**

Findings:
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill has been defined under table 3 of this report. As verified during this certification audit, the estimated certified tonnages based on actual production from the approved HGU area of PT Murini Sam-Sam estate is 4,333.88 tonnes of CPO and 1,089.62 tonnes of PK.

The mill has registered to the RSPO IT platform as they have been selling certified PKO but have not carried out any transactions yet in the RSPO E-Trace. This is raises as non conformity.

Compliance status: Non Compliance

NCR No. 2016-01 of 01
PT Kencana Sawit Indonesia Palm Oil Mill has already selling PK RSPO certified, but no evidence the transactions has register in the RSPO E-Trace.

**E.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 maintainance 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 2015 (period of January to December) is FFB receiving from company’s estate (certified FFB) is 169,534.19 tonnes, FFB receiving from smallholder-outside (certified FFB) is 9,122.70 tonnes and independent outgrowers is 736.95, CPO production of certified is 31,400.473 tonnes, PK from certified is 4,637.838 ton. All CPO were sold as ISCC certified claimed while for
PK were sold as non certified.

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

**Compliance status:** Full Compliance.

### E.4. Sales and Good Out

**Findings:**

The sales and goods out mechanism of the company are still described in their procedure of sales of palm oil. Records of all sold RSPO certified materials will be recorded in material balance sheet. The information stated that production of certified product and outgoing product for CSPO claimed.

All products dispatch to PT Wilmar Nabati Indonesia and PT Usaha Inti Padang a refinery and Kernel Crushing Plant owned by Wilmar, every certified product delivered using Weightbridge 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 Weightbridge 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.

As stated on information above All CPO were sold as ISCC certified claimed while for PK were sold as non certified. Company has not sale for RSPO certified product until the time of recertification audit.

**Compliance status:** Full Compliance

### E.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 2015; 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 Supply Chain system implementation have been trained well. The Last of SCCS training was held on October 23th, 2015 where attend by 6 participants from all operator relevant in mill with evidence such as list of participant, photograph and training material.

**Compliance status:** Full Compliance

### 3.2 Status of Previously Identified Non-conformities

During 4th surveillance assessment, there is no non conformity were identified against RSPO P&C and RSPO SCCS.

### 3.3. Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

During the recertification assessment, there is no non conformity were identified against RSPO P & C and 1 (one) non conformity were identified against RSPO SCCS. The company has taken the necessary corrective action to close these non-conformances within 30 days of completion of the assessment, and this was verified by the audit team through documentation review submitted by the company. A summary of identified non-conformity, corrective actions taken and auditor conclusions is as below:
RSPO SCCS

Ref. E.2.2. Supply chain actors who:
• are supply chain actors between the mill and final refinery;
• take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and
• are part of the supply chain of RSPO Certified Sustainable oil palm products
must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO.

Non-conformance 2016-01 of 01 Major non-conformity):

Findings:
PT Kencana Sawit Indonesia Palm Oil Mill has already selling PK RSPO certified, but no evidence the transactions has register in the RSPO E-Trace.

Correction:
PT KSI has follow up to PT UIP to make correction of etrace and has announced at etrace

Corrective Actions Taken:
PT KSI has appointed a person in charge for monitor and control of etrace, i.e.: Mr. Wagino

Date of completion: February 25, 2016

Auditor Conclusions: Closed

Verification result:
PT KSI has sent some Shipping Announcement documents, as evidence of Palm Kernel RSPO Certified transaction has registered in the RSPO E-Trace. The Transaction ID, i.e:
1. TR-4bbefdd3-8cbb
2. TR 608df273-343f
3. TR-9208a75c-1ca1
4. TR-0cce6e23-aa32
5. TR-4168834a-a025
6. TR-1b2c9c9b0240

3.4 Noteworthy Positive Components

<table>
<thead>
<tr>
<th>No.</th>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>-</td>
<td>PT KSI has a good filling system such as retrieval of requested documents was done in a timely manner.</td>
</tr>
<tr>
<td>2.</td>
<td>2.1</td>
<td>PT KSI has demonstrate pursuance to legal and other requirements both of at Mill and Estate.</td>
</tr>
<tr>
<td>3.</td>
<td>5.2</td>
<td>PT KSI has demonstrate high commitment for maintain and improve their HCV’s areal</td>
</tr>
</tbody>
</table>
4. 5.4 PT KSI (Mill) has been developed Methane Capture that will be used as source of electricity energy.

### 3.5 Issues Raised by Stakeholders and Findings Pertaining to Issues

<table>
<thead>
<tr>
<th>No</th>
<th>Name /Institution</th>
<th>Raised Issue</th>
<th>Management Response</th>
</tr>
</thead>
</table>
| 1  | Ir. Am / Sekda from Solok Selatan District | a. No conflict with community  
b. Suggested for KSI to be more responsive to communities problem such as natural disaster or other incident  
c. Suggested to be more pro-active to provide aid to community. | PT KSI Management will keep maintain and enhance the relationship, both in communication and concern with surrounding community |
| 2  | Mr. Trihandoyo / Forest and Plantation Agency | a. Conservation areas should be rigorously maintained for the balance of the environment and continues to be maintained  
b. Riparian areas and creeks should be retained as vegetation and enriched with the conservation plant (bamboo, tamarind, etc.)  
c. Do not plant in large river riparian area about 100 m  
d. Concerning social issues, KSI has foster Swamata Cooperation in talao and Kunyit River  
e. Suggested for PT KSI to keep implement / comply with the provision set price based on the meeting to determine the price of FFB cooperations, every two weeks  
f. PT KSI should foster Swamata Cooperation about gardening techniques based on Good Agricultural Procedure as given to nucleus of PT KSI  
g. PT KSI has good relationship with government and community. Evidence of CSR donation is quite responsive.  
h. PT KSI has developed a school with an excellent building, to expect the school can be useful mostly for Solok Selatan community. | PT KSI Management has identify conservation area according to the document assessment of environmental and HCV by having a matrix of management and monitoring of the environmental and HCV Management Plan Document, with elaborated in various action plan to keep HCV in steep hills, riparian, and circumspection, by monitoring and maintenance and socialization of HCV. The obstacles we faced in the conservation area is discussed with the local community and relevant agencies.  
PT KSI management to the price determination from FFB smallholders in accordance with the mechanism established by Plantation Agency.  
PT KSI Management follow existing management in nucleus of PT KSI in smallholder establishing.  
PT KSI Management keep enhancing the quality of education to be used by surrounding employees' children in order to improve the human resource quality. |
| 3  | Mr. Muslim / Head of Sub-District Sangir | a. PT KSI has grown pretty well along with community, though not perfect  
b. PT KSI has been running the CSR program well, but needs to be repaired, for example by labelling/name plate on built infrastructure/facilities, in order to avoid overlap with other charity programs. Then one activity can not be claimed by some programs.  
c. PT KSI is expected to report the CSR program and implementation to Nagari (villages) and Sub-District Government.  
d. The community participated as smallholder feel the result/benefits of the palm oil operation, proven by repaired traditional houses. | PT KSI Management has had environment and social impact assessment (SIA) documents and has managing matrix and environmental monitoring as well as SIA management plan, which is elaborated in CRS programs. PT KSI will respond the advice of the attended communities in creating plank given from PT KSI, and report it to sub-district.  
PT KSI Management, in labor recruitment, is in accordance with the employee requirement and competency by open recruitment process. Most employees in PT KSI are local |
### For future expectation, PT KSI can give ring information (priority) to Nagari who receives donations from company, there should be clarity for Ring I, Ring II, and so on.

### Acceptance and placement of employee is good, but the district government needs to get information about the number of persons employed in PT KSI.

### Labor recruitment should be preferred from local community (especially ring I) in accordance with the ability and expertise of the community.

#### a. Generally, PT KSI has fulfilled the requirements associated with industrial relations in accordance with the Labor Law.

#### b. Transformation of the expertise of PT KSI to local community has not seen well, for example: outsourcing activities better partly by local communities.

#### c. Skills training for community need to be improved, as community development program.

#### d. Information related employment is not yet reported to Agency of Labor and Social (Dinsosnaker/ Dinas Sosial dan tenaga Kerja), especially Cooperative of Swamata.

#### e. PT KSI is include as company which mandatory to certification under Regulation 50 year 2012 about SMK3 (OHSAS)

### Employees of PT KSI mostly from surrounding communities, each employee get training in accordance of the work field.

### PT KSI Management in CSR will try to increase the community development in skill improvement.

### PT KSI management always submit reports regularly about employee or labor list including smallholder to relevant agencies.

### PT KSI applies OHSAS.

### a. PT KSI still not accommodate recruitment of workers from communities near company, example: from 10 of Guard reception in PT KSI is no one from Talao community.

### b. Agraria

### c. Problem Related DAS (Daerah Aliran Sungai/ River flow area); Suir River

### d. PT KSI is less transparent in giving information, eg. Methane gas creation is not yet confirmed to community first.

### e. CSR must clear for Ring I, Ring II, Ring III etc

### f. Plasma / smallholder does not accommodate the communities

### g. Cooperative Swamata has fostered since 2009, but so far has not seen the progress of the cooperative.

### h. Private oil palm plantations should be promoted by KSI

### i. KSI is not willing to accept smallholder from community

### PT KSI management in labor recruiting is in accordance with needs and competency of the employee through the open recruitment process. Most employees in PT KSI is local communities according to their competencies.

### PT KSI management has identified conservation areas according to environmental document and HCV assessment with matrix of management and monitoring environment document and HCV management plan, elaborated in various action plan, to keep HCV of steep hills and riparian and circumspection. The obstacles we faced in the conservation area is discussed with the local community and relevant agencies.

### PT KSI management has environment document and Social Impact Assessment (SIA) document with matrix of management and monitoring of social and SIA management plan, which is elaborated in CSR activities.

### PT KSI management assisted in organization creation and technical
<p>| | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>can be created together with relevant agencies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In FFB reception, PT KSI management does not prohibit community to sell to KSI as long as in accordance with requirements established.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The constraints that we face in maintaining the conservation area is always discussed with the community and relevant agencies.</td>
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<tr>
<td>6</td>
<td>Abdul Musis / Wali Nagari Talao</td>
<td>KSI conservation land in Sungai (River) Suir has not been released by Talao community (Sungai Kunyit), but the land is now being developed by other communities outside Solok Regency, with planted oil crops and left by KSI. PT KSI is prompted to explain the land position to community.</td>
</tr>
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</tbody>
</table>
| 7 | Rusnizal / Wali Nagari Sei Kunyit | a. Some of the programs that have been initiated earlier did not materialize, such as FORKAS (Forum Komunikasi Masyarakat / Community communication forum) as bridge of information and all program communication from PT KSI to community.  
   b. KSI CSR is limited to stimulant and sudden (eg. Heavy machinery)  
   c. Some of the CSR program has not touch economic activity of community, for example:  
   o Agriculture: seedling, agricultural training, assistance to farmer groups,  
   o Productive economy, workshop training, trading  
   o Scholarship for achievement students  
   o Social and cultural, gadang house, etc  
   d. Employee recruitment should consider the Sungai Kunyit and Talao communities interest, for example the Guard reception should be from community of Ring I  
   e. Livestock issues, according to the government program, the livestock is integrated with palm. But KSI prohibit livestock in palm area.  
   f. Methane gas construction was never consulted with nagari government  
   g. In order for the company to facilitate government activities related to company, for example midwife pick up service and cadres to psyandu to company location.  
   h. PT KSI asked to involve the nagari government and ninik mamak in extension of concession.  
   i. Related to the concession, there is no agreement document until now, between nagari and ninik mamak with PT KSI.  
   | The communication and coordination relationship with stakeholder keep running good and conducive. FORKAS is a communication forum and discussion related to general and kinship. Currently, in community paradigm regarding FORKAS must be formal as hand extension of company to community. Until year 2015, CSR of PT KSI only a stimulant and proposal input from community. |
| 8 | Rusli Datuk Rangkayo Basal / Secretary of Kerapatan Adat Nagari (KAN) | a. KSI is expected to help land acquisition for facilities development of Inpatient Room of Puskesmas approximately Rp 68 million  
   b. Expect that the company played a role in the development of traditional house in Sei Tumeric, according to the needs of community.  
<p>| Each application is always through the existing procedures. Input from community will be processed either request of donation. The procedure requires that each request is written known concerned by such Nagari. |</p>
<table>
<thead>
<tr>
<th></th>
<th>the Gadang House.</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td><strong>Agnes Surya Nengsih / head of AMDAL monitoring team of Ministry of Environment (KLH) Solok Selatan District</strong></td>
</tr>
</tbody>
</table>
|   | a. Environment management has been running well  
   | b. Proper 2015 → Blue: hazardous waste transportation delay more than 90 days and not reported to KLH  
   | c. KSI does not undertake domestic waste water treatment  
   | d. Not provide foster for processing and waste management to community.  
   | e. There are no reports of public complaints to the ministry of environment  
   | f. KSI has had environment permits related to the management of methane gas |
| 10 | **Ali Amran / Ninik Mamak Talao** |
|   | a. Hoping there is routine monthly donation to Ninik Mamak.  
   | b. There are 5 Gadang Houses in Talao, and still one more gadang House Tuanku Gajah hopes to get funding aid.  
   | c. The addition of labor inspectors of conservation forest in Bukit Solo. |
| 11 | **Asfery Ardiyanto, GM Kalaweit** |
|   | PT KSI has to establish cooperation with the element of PT, NGO and community to maintain and guard the area that has been designated as conservation area.  
   | PT KSI management has a joint venture with educational institutions and NGO. |

In Environmental management of PT KSI refers to environmental document and matrix of management and periodic monitoring every six months to BLH.

PT KSI Management apply domestic waste management, as stipulated in PT KSI procedure and implementation need to be improved.

Input from Ninik Mamak has been appreciated and processed by the company in accordance with the procedure.
3.6 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

Management Representative
Date: April 25, 2016

Signed on behalf of PT TÜV Rheinland Indonesia

Aswan Hasibuan
Lead Auditor
Date: April 25, 2016
APPENDICES

Appendix 1: Details of Certificate

Certificate


Certificate No.: 824 502 14012

Certificate Holder: PT TUV Rheinland Indonesia certifies:

PT Kencana Sawit Indonesia Palm Oil Mill
Subsidiary of Wilmar International Limited,
Jenong Sei Kurniyat, Gangir Balai Jenggo Sub-district
Solok Selatan District, West Sumatera, Indonesia
Head Office: Multivision Tower Lt. 15 Jl. Kuningan Mulia Kav. 98, Jakarta Selatan, Indonesia

and its company owned estates according to the annex:

Scope: Palm Oil Production and Plantation Management System

An audit was performed, Report No. RA1_82450214012. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production, Generic Standard year 2013 are fulfilled.

The due date for all future surveillance audits is 21.02 (dd.mm).

Validity: The certificate is valid from 21-04-2016 until 20-04-2021.

The certificate shall remain valid in period stipulated above provided that the certificate holder mentioned here continues to comply with the RSPO P&C requirements. Status of compliance of the certificate holder shall be based on the annual inspections conducted by PT TUV Rheinland Indonesia.

RSPO registered: Wilmar International Limited
parents company*: (RSPO Member No.: 2-0017-05-000-00)
* Name of the RSPO registered member company of which the certificate holder is a subsidiary (if applicable)

Date of first certificate: April 21, 2011

Indonesia, 20-04-2016

PT TUV Rheinland Indonesia
Director

The certificate remains property of PT TUV Rheinland Indonesia and can be withdrawn in case of terminations as mentioned in the contract or in case of changes or deletions of the above-mentioned data. The licensee is obliged to inform PT TUV Rheinland Indonesia immediately of any changes in the above-mentioned data. Only an original and signed certificate is valid.
Annex to certificate


Certificate Regn. No.: E24 502 14012

Location: PT Kencana Sawit Indonesia Palm Oil Mill
Address: Subsidiary of Wilmar International Limited,
Jenang Beli Kuryit, Bengkalis Jenggo Sub-district,
Solok Selatan District, West Sumatera, Indonesia

The palm oil mill and supply base covered in certification scope are:

<table>
<thead>
<tr>
<th>Name of mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT KSI Mill</td>
<td>Sel Kuniyt, Sengg BiBa Jenggo sub-district, Solok Selatan District, West Sumatera, Indonesia</td>
<td>Latitude: 1° 27' 52&quot;  Longitude: 101° 37' 26&quot;</td>
</tr>
<tr>
<td>KSI Estate, Division 1</td>
<td>Solok Selatan</td>
<td>Latitude: 1° 26' 20&quot;  Longitude: 101° 32' 25&quot;</td>
</tr>
<tr>
<td>KSI Estate, Division 2</td>
<td>Indonesia</td>
<td>Latitude: 1° 26' 27&quot;  Longitude: 101° 37' 07&quot;</td>
</tr>
<tr>
<td>KSI Estate, Division 3</td>
<td>Indonesia</td>
<td>Latitude: 1° 29' 25&quot;  Longitude: 101° 31' 46&quot;</td>
</tr>
<tr>
<td>Cooperation Sawah (Sel Kuniyt &amp; Year)</td>
<td></td>
<td>Latitude: 1° 26' 20&quot;  Longitude: 101° 32' 25&quot;</td>
</tr>
</tbody>
</table>

CPO Tonnage Total Production: 37,276 tonnes
PK Tonnage Total Production: 9,149 tonnes
Company Estates FFB Tonnages: 172,800 tonnes
CPO Tonnage claimed for certification: 38,004 tonnes
PK Tonnage claimed for certification: 9,802 tonnes

Scope of SCCS & supply chain model assessed:
- FFB receipt, produce and delivery of CPO & PK with implementation of the following SCCS:
  - Identity Preserve
  - Mass Balance

Issued by PT TÜV Rheinland Indonesia

Indonesia, 26-04-2015

QMF: RSPO-007b-11
### Appendix 2: List of Stakeholders Interviewed and Contacted

The following table lists the stakeholders interviewed and contacted during the RSPO recertification audit:

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Function: within the company (audit leader/auditor/environmental expert/trainee/.......)</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TRI HAO DYA</td>
<td>Kadih fokus</td>
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<tr>
<td>2</td>
<td>INAIN SOPHIE</td>
<td>Staff Discoameriens</td>
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<td>3</td>
<td>ThAUR N/Z</td>
<td>Sorowid 123 Bauer</td>
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</tr>
<tr>
<td>4</td>
<td>NURANDI LI</td>
<td>Kombi Pengaman Isi Tonham</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>ASPEK ARDYANTO SSI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>ABDUL MUNIR SY</td>
<td>Wali Negri TAUN</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>AIN FIKRA S.</td>
<td>Staff Bauer (Wen 587)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>TAMLUEM</td>
<td>takao</td>
<td></td>
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<tr>
<td>9</td>
<td>MIRF YAHIN RAKON BAGAN</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>10</td>
<td>SAYANG RIAN</td>
<td>Staff Disocarte</td>
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</tr>
<tr>
<td>11</td>
<td>M RIKU</td>
<td>Staff Disocarte</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>AGU JAHARAN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>KLUIN P</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>ABU DAWAR</td>
<td>Kep. Benar/Talao</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>KELUH</td>
<td>Kep. Jompo Satria</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>MATEOSI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>MIRIAMON S.T.P</td>
<td>NIK KAPUT</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Name</td>
<td>Function: within the company (audit leader/auditor/environmental expert/trainee/...)</td>
<td>Signature</td>
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<td>-------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>19</td>
<td>Musliin, Si. Pd</td>
<td>Camat Sanggul Batai Langgo</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>R. Ridzwan</td>
<td>Kepala Taman Koto Sanggul Murni</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>EMI Susanti, S. K.</td>
<td>Kepala Taman Koto Sanggul Murni</td>
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<tr>
<td>23</td>
<td>Ny. Haris</td>
<td>Anggota Kormil</td>
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<tr>
<td>24</td>
<td>Ny. Budi Hartono</td>
<td>Kepala Des. Tamarak Sanggul Murni</td>
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<tr>
<td>25</td>
<td>Rino Rosarto</td>
<td>Kepala Peranil MERCU</td>
<td></td>
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<tr>
<td>26</td>
<td>Sammyo Ta</td>
<td>Kepala Peranil MERCU</td>
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</tbody>
</table>
Appendix 3: Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Observations / Opportunities for Improvement</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PT KSI has conducted a review and evaluation of regulatory compliance on regular basis, however there are still some use of reference and regulations need to be adjusted between the legislation references or SOP applied with the list of laws. For example, still found several regulation references which applied in SOP and other documents but not listed in updated regulations, such as:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Water Management Plan Document, there is a statement: “Legality used as guidelines on the water use in PT Kencana Sawit Indonesia:</td>
<td></td>
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<tr>
<td></td>
<td>- Law Register: Minister of Environment Regulation No. 12 year 2009 about Rain Water Utilization.</td>
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<tr>
<td></td>
<td>- Surface Water Utilization Permit, Minister of Public Works No. 526/KPTS/M/2014.”</td>
<td></td>
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<tr>
<td></td>
<td>However, both are not registered in List of Rules and environmental, OHS, and plantation regulations.</td>
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<tr>
<td></td>
<td>2. Riparian area management procedure (KSI-SOP-GEN-008, Rev. 02, 01 September 2010), Reference Number 4, mentioned:</td>
<td></td>
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<tr>
<td></td>
<td>a. UU RI No. 11 year 1974 about Irrigation</td>
<td></td>
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<tr>
<td></td>
<td>b. PP No. 28 year 2005 about Forest Protection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. PP No. 77 year 2001 about Irrigation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. Minister of Public Works Regulation No. 63 year 1993 about Riparian Border Line, Domination of River Area and Former River.</td>
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<tr>
<td></td>
<td>Those references are not listed on the list of Environmental, Plantation and OHS Laws.</td>
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</tr>
<tr>
<td>2</td>
<td>In accordance with SOP of land Dispute Settlement No. KSI-PRO-BNM-007 revision 01, dated September 16, 2015, that the location/ dispute land area should be mapped, and map of the land occupation near Sungai Suir is not yet available based on the document verification, the maps should be made as part of the measures to settle the land dispute.</td>
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<tr>
<td></td>
<td>Efforts made from PT KSI is the prevention to avoid the expansion of occupied area on site through regular monitoring by KSI team.</td>
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</tr>
<tr>
<td>3</td>
<td>PT KSI has determined and declared, and demarcated the area defined as HCV areas. There are parts of region are occupied or interrupted, hence PT KSI must develop monitoring system (that is reliable and safe for employee/worker who does) to the interrupted or occupied protected area, as it should be applied in HCV area of Bukit Lipai (bordering on plot 207) and riparian area in S.Suir.</td>
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<tr>
<td></td>
<td>PT KSI has made demarcation of the boundaries of HCV areas, but some areas have not marked in accordance with existing procedures.</td>
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<tr>
<td>4</td>
<td>PT KSI has provided hygiene facilities such as bins to separate types of waste, but has not been fully implemented, particularly in employee housing area.</td>
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<tr>
<td>5</td>
<td>PT KSI has been providing adequate welfare facilities for employee such as:</td>
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</tr>
<tr>
<td></td>
<td>• Adequate housing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Adequate electricity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Adequate supply of clean water</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Good medical services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Good education support for kindergartens and elementary school</td>
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</tr>
<tr>
<td></td>
<td>• Sport facilities</td>
<td></td>
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<tr>
<td></td>
<td>• Adequate worship</td>
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<tr>
<td></td>
<td>Related to the education facilities, the legality of the Deed of Foundation of education managers (for kindergarten and elementary) should immediately amended in accordance with the current real conditions.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>PT KSI has contributed to regional development to support the infrastructure development, education, religious and social assistance, health and natural disaster relief.</td>
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</tr>
<tr>
<td></td>
<td>Education support i the provision of auxiliary elementary teachers’ salaries in villages around PT KSI.</td>
<td></td>
</tr>
</tbody>
</table>
Custom development support is like the donations to Ninik Mamak. However, support in productive economic sector still needs to be improved in accordance with the needs and potential of the community, such as:

- Training in the development of agriculture and plantation of palm, rubber, coffee, etc
- Help of seeds and other agricultural inputs
- Development of community skills such as workshop, etc
- Training to increase value-added of agricultural products
- etc

Appendix 4: List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>AMDAL</td>
<td>Analisis Dampak Lingkungan &amp; Sosial (Social &amp; Environmental Impacts Assessment)</td>
</tr>
<tr>
<td>BHL</td>
<td>Buruh Harian Lepas (Temporary worker)</td>
</tr>
<tr>
<td>BKPM</td>
<td>Badan Koordinasi Penanaman Modal (Capital Investment Coordination Board)</td>
</tr>
<tr>
<td>BOD</td>
<td>Biological Oxygen Demand</td>
</tr>
<tr>
<td>BPN</td>
<td>Badan Pertanahan Nasional (National Land Agency)</td>
</tr>
<tr>
<td>CDM</td>
<td>Clean Development Mechanism</td>
</tr>
<tr>
<td>COD</td>
<td>Chemical Oxygen Demand</td>
</tr>
<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
</tr>
<tr>
<td>Disnaker</td>
<td>Dinas Tenaga Kerja (Labour Department)</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>EMP</td>
<td>Employee</td>
</tr>
<tr>
<td>ERTs</td>
<td>Endangered, Rare &amp; Threatened species</td>
</tr>
<tr>
<td>ESH</td>
<td>Environmental Safety &amp; Health</td>
</tr>
<tr>
<td>EHS</td>
<td>Environmental Health &amp; Safety</td>
</tr>
<tr>
<td>ETP</td>
<td>Environmental Target Program</td>
</tr>
<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
</tr>
<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
</tr>
<tr>
<td>EFB</td>
<td>Empty Fruit Bunches</td>
</tr>
<tr>
<td>EMU</td>
<td>Environmental Management Unit</td>
</tr>
<tr>
<td>FORKASS</td>
<td>Forum Komunikasi Masyarakat (Community Communication Forum)</td>
</tr>
<tr>
<td>GIS</td>
<td>Global Information System</td>
</tr>
<tr>
<td>HCV</td>
<td>High Conservation Value</td>
</tr>
<tr>
<td>HRD</td>
<td>Human Resources Department</td>
</tr>
<tr>
<td>HGU</td>
<td>Hak Guna Usaha (Land Use Rights)</td>
</tr>
<tr>
<td>ISCC</td>
<td>International Sustainability and Carbon Certification</td>
</tr>
<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
</tr>
<tr>
<td>IUP</td>
<td>Ijin Usaha Perkebunan (Plantation Operation Permit)</td>
</tr>
<tr>
<td>JHT</td>
<td>Jaminan Hari Tua</td>
</tr>
<tr>
<td>JKK</td>
<td>Jaminan Kesehatan Keluarga</td>
</tr>
<tr>
<td>JKM</td>
<td>Jaminan Kematian</td>
</tr>
<tr>
<td>K3</td>
<td>Keselamatan dan Kesehatan Kerja (Occupational Safety &amp; Health)</td>
</tr>
<tr>
<td>Kadisbun</td>
<td>Kepala Dinas Perkebunan (Head of Plantations Department)</td>
</tr>
<tr>
<td>KepMen Naker</td>
<td>Keputusan Menteri Tenaga Kerja (Workforce Minister’s Decree)</td>
</tr>
<tr>
<td>KHT</td>
<td>Karyawan Harian Tetap (Permanent Worker)</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>LRR</td>
<td>Legal Requirements Register</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>OSH</td>
<td>Occupational Safety &amp; Health</td>
</tr>
<tr>
<td>PGA</td>
<td>Personel and General Affair</td>
</tr>
<tr>
<td>PK</td>
<td>Palm Kernel</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>PKS</td>
<td>Pabrik Kelapa Sawit (Palm Oil Mill)</td>
</tr>
<tr>
<td>PLN</td>
<td>Perusahaan Listrik Negara (National Electricity Body)</td>
</tr>
<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>PUK</td>
<td>Perkembangan Usaha Kecil (Small Enterprises Development)</td>
</tr>
<tr>
<td>RKL</td>
<td>Rencana Pengelolaan Lingkungan (Environmental Management Plan)</td>
</tr>
<tr>
<td>RPL</td>
<td>Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)</td>
</tr>
<tr>
<td>SCC</td>
<td>Supply Chain Certification</td>
</tr>
<tr>
<td>SIA</td>
<td>Social Impact Assessment</td>
</tr>
<tr>
<td>SKU</td>
<td>Satuan Kerja Unit (Daily permanent Worker)</td>
</tr>
<tr>
<td>SK-KBP</td>
<td>Serikat Pekerja-Kesatuan Buruh Perjuangan (Workers Union)</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>SBSI</td>
<td>Serikat Buruh Sejahtera Indonesia (Indonesian Labour Union)</td>
</tr>
<tr>
<td>SPSI</td>
<td>Serikat Pekerja Seluruh Indonesia (Indonesian Workers Union)</td>
</tr>
<tr>
<td>SPTI</td>
<td>Serikat Pekerja Transportasi Indonesia (Indonesian Transportation Workers Union)</td>
</tr>
<tr>
<td>UKL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
</tr>
<tr>
<td>UMP</td>
<td>Upah Minimum Propinsi (Provincial Minimum Wage)</td>
</tr>
<tr>
<td>UPL</td>
<td>Upaya Pengelolaan Lingkungan (Environmental Management Efforts)</td>
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