



**TÜVRheinland®**

Genau. Richtig.

## **Roundtable on Sustainable Palm Oil**

### **Annual Surveillance Audit Report**

Report no.: ASA3\_16030

Surveillance assessment against  
the RSPO Principles & Criteria (Generic) year 2013 and RSPO SCCS year 2014

Name of client  
**Wilmar International Limited**  
**PT Bumi Sawit Kencana**

**Head Office :**

Multivision Tower 12<sup>th</sup> floor, Jl. Kuningan Mulia Kav.9B, Guntur, Setiabudi Village, Kuningan Sub District,  
South Jakarta District, DKI Jakarta Province, Indonesia

**Representative Office :**

Jl. Jenderal Sudirman Km. 62, Sampit-Pangkalan Bun, Seruyan District, Central Kalimantan Province, Indonesia

**Date of assessment : July 25 to 29, 2016**

Report prepared by :

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**Abdul Qohar**

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## 1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

### 1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against the RSPO Principles & Criteria (Generic) year 2013 and the RSPO Supply Chain Certification Systems (SCCS) document (November 2014).

### 1.2 Scope of Assessment

The annual surveillance assessment was carried out on 1 (one) mill and 2 (two) estates under PT Bumi Sawit Kencana owned by Wilmar International Limited. The date of 3<sup>rd</sup> surveillance audit was on certification of this unit was July 25 to 29, 2016. This is transfer certification from former CB SGS Malaysia Sdn. Bhd.

### 1.3 Certification Details

The details of RSPO certification of PT Bumi Sawit Kencana area as per the table below :

**Table 1: RSPO Certification details of PT Bumi Sawit Kencana**

<b>RSPO Membership no. :</b>	2-0017-05-000-00 on behalf Wilmar International Limited
<b>RSPO Certificate no.* :</b>	Previous certificate SGS-RSPO/PM-My13/01300
<b>Date of first RSPO certificate &amp; validity :</b>	23 <sup>rd</sup> October 2013 – 22 <sup>nd</sup> October 2018
<b>Date of certification audit :</b>	02 to 05 October 2012
<b>Date of previous surveillance audit :</b>	September 28 to October 02, 2015
<b>Date of revised RSPO certificate &amp; validity (if applicable) :</b>	this is first certificate
<b>CPO tonnages claimed:</b>	<b>35,060.750*</b>
<b>PK tonnages claimed :</b>	<b>6,268.750*</b>

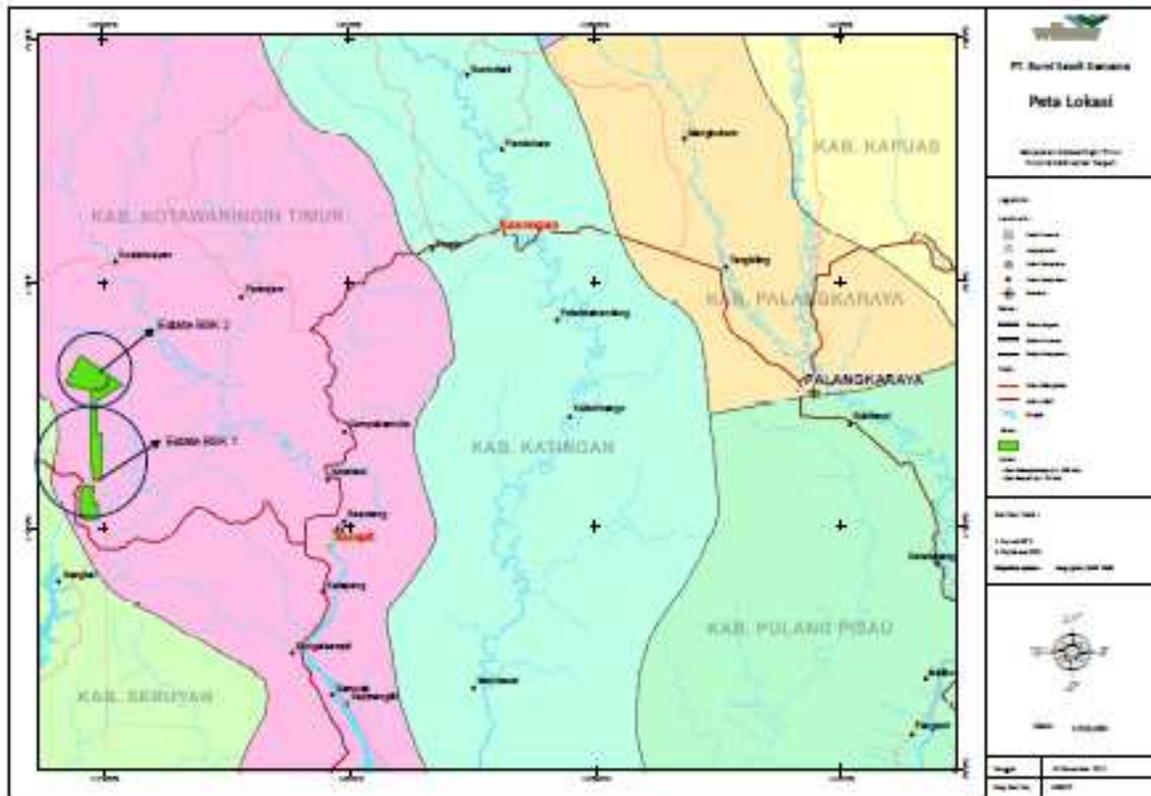
Note: \* CPO & PK certified to be claimed for year 2015 as stated on SGS 2<sup>nd</sup> surveillance audit done by SGS.

**Table 2: GPS locations for all estates and mills included in annual surveillance assessment**

Name of mill / estate	Location	GPS locations	
		Latitude	Longitude
BSK Mill	Desa Tangar Kecamatan Telawang, Kabupaten Kotawaringin Timur, Central Kalimantan	2° 13' 46"	112° 29' 39"
BSK 1 estate	Desa Tangar Kecamatan Telawang, Kabupaten Kotawaringin Timur, Central Kalimantan	2° 23' 3"	112° 29' 20"
BSK 2 estate	Desa Tangar Kecamatan Telawang, Kabupaten Kotawaringin Timur, Central Kalimantan	2° 13' 47"	112° 29' 16"

1.4 Location and Maps

Figure 1: Location map of PT Bumi Sawit Kencana in Kotawwringin Timur, Central Kalimantan, Indonesia



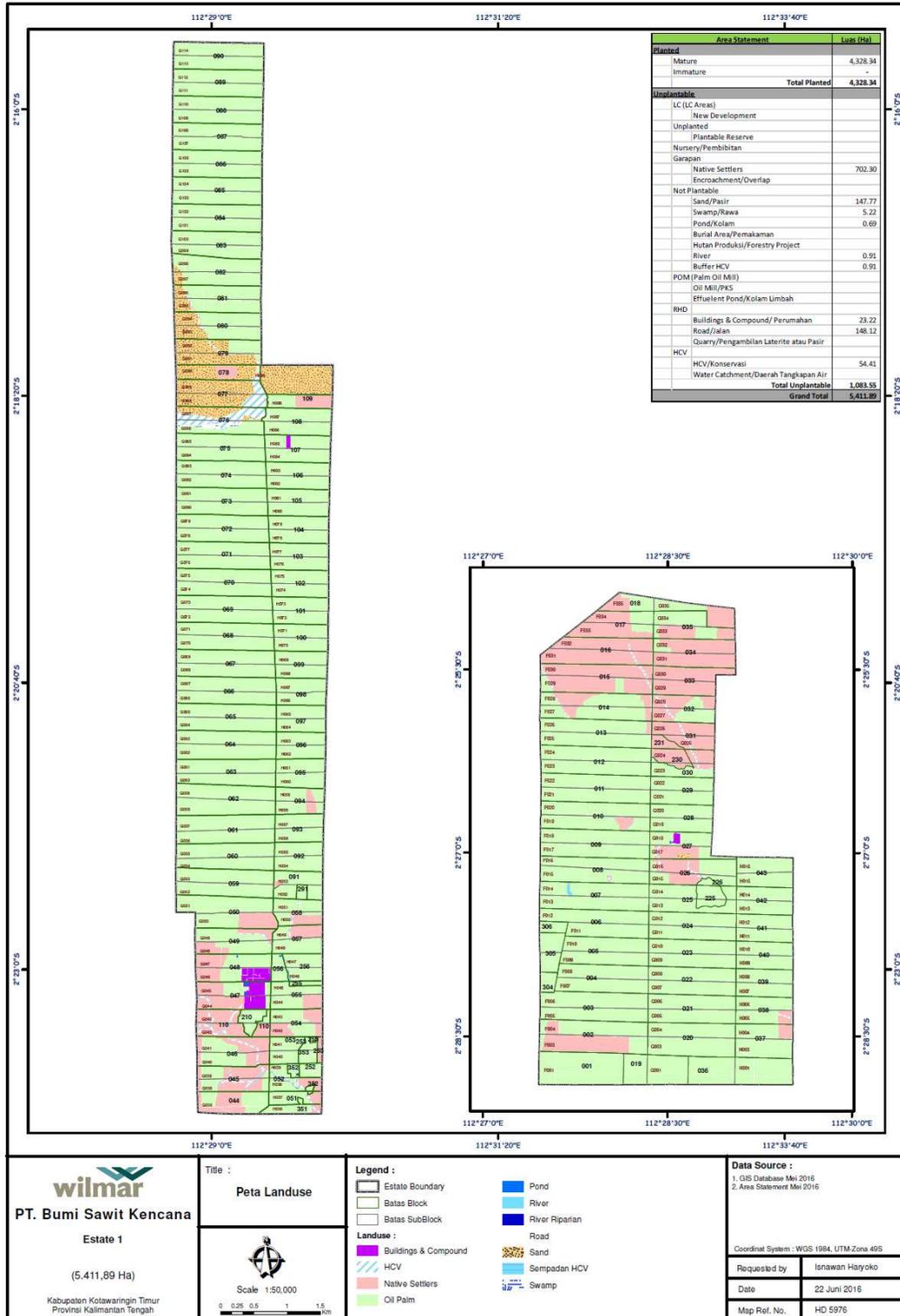


Figure 2. Land use map BSK 1 estate

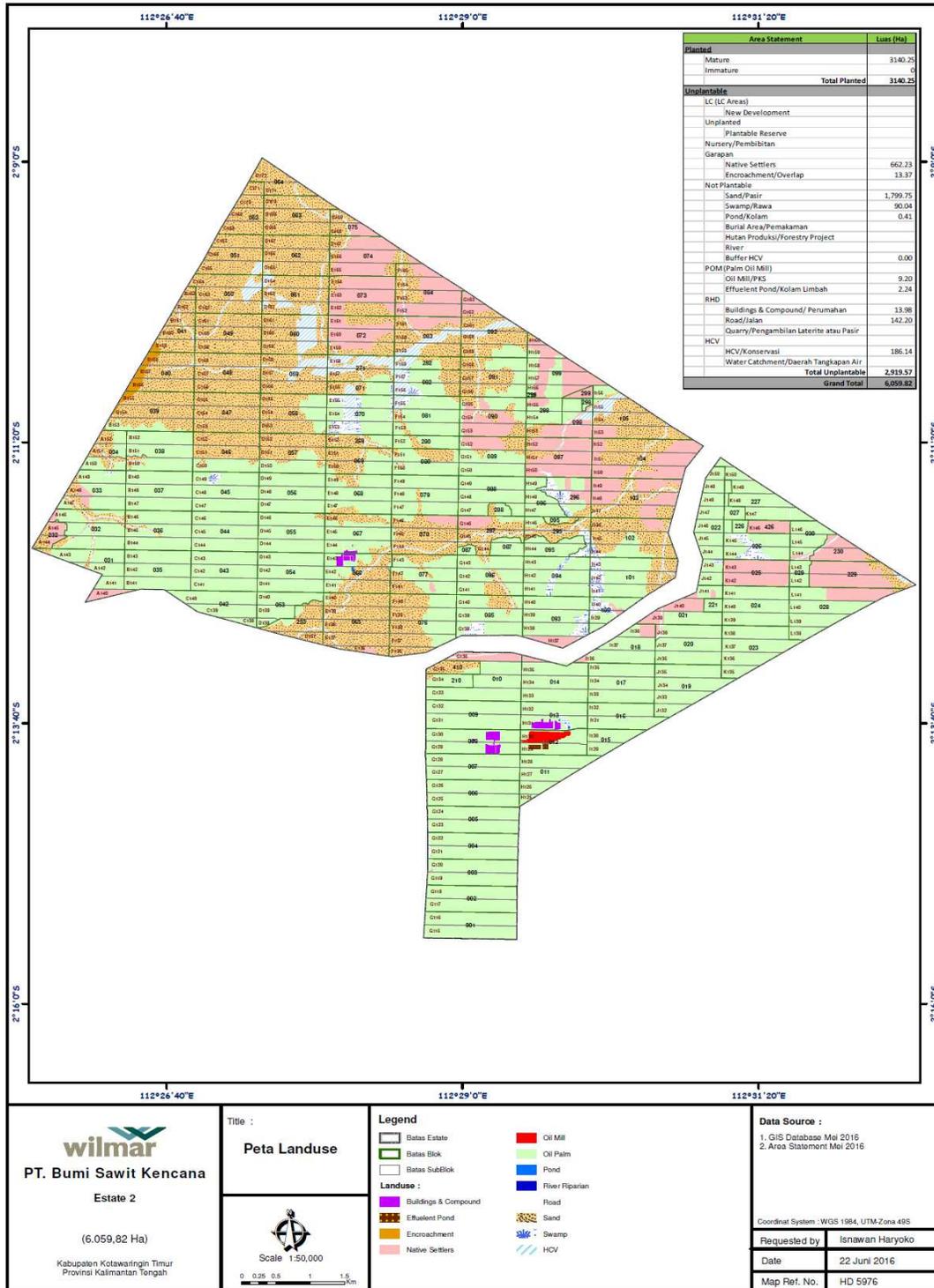


Figure 3. Land use map BSK 2 estate.

### 1.5 Organisational Information / Contact Person

Contacts details of the company are as follows:

<b>Company Name:</b>	<b>PT Bumi Sawit Kencana</b>
<b>Address:</b>	Jenderal Sudirman Km. 62 Road, Sampit-Pangkalan Bun, Seruyan District, Central Kalimantan, Indonesia
<b>Contact Person:</b>	Simon Siburat GM Group Sustainability
<b>Telephone:</b>	+6565070513
<b>Email:</b>	Simon Siburat <simon.siburat@my.wilmar-intl.com>

### 1.6 Description of Supply Base

**Table 3.a : FFB Supply Information for PT Bumi Sawit Kencana Mill (POM), year 2015 and year 2016**

FFB Contributors	FFB supplied Year 2015*		FFB supplied Year 2016**	
	Tonnes	%	Tonnes	%
<b>PT Bumi Sawit Kencana Mill</b>				
<b>Certified sources:</b>				
Company's owned estate:				
Bumi Sawit Kencana Estate 1	37,561.31	19.72%	17,374.50	26.28%
Bumi Sawit Kencana Estate 2	64,536.00	33.88%	19,761.17	30.11%
<b>Sub Total</b>	<b>102,097.31</b>	<b>53.60%</b>	<b>37,135.67</b>	<b>56.59%</b>
Other Wilmar certified estate (PT MSM 1)	4.70	0.002%	-	-
Other Wilmar certified estate (PT MSM 2)	155.35	0.08%	1,137.37	1.73%
<b>Sub Total</b>	<b>160.05</b>		<b>1,137.37</b>	<b>1.73%</b>
<b>Non Certified Sources</b>				
Other Wilmar non certified estate (PT KKP1)	87,644.73	46%	27,346.72	41.67%
Other Wilmar non certified estate (PT KKP2)	462.17	0.24%	-	-
Other Wilmar non certified estate (PT KKP3)	108.53	0.06%	-	-
<b>Sub Total</b>	<b>88,215.53</b>	<b>46.40%</b>	<b>27,346.72</b>	<b>41.67%</b>
<b>Total</b>	<b>190,472.79</b>	<b>100%</b>	<b>65,619.76</b>	<b>100%</b>

**Note: \* Periode January to December 2015**

**\*\* Periode January to June 2016**

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 Bumi Sawit Kencana

	Amount (MT)	
	CPO	PK
Certified tonnages	19,380.152	3115.113
Certified tonnages sold (January to December 2015).		4,683.89
Certified tonnage sold (January to Agustus 2016).	2,419.4	1,205.23
Certified FFB tonnages purchased		0 0
Total FFB Production (January to December 2016)	190,472.79	
Total certified FFB produced	102,257.36	
Total mill Production (January to December 2015)	41,846.87	8,624.417
Total Actual RSPO Certified Production for year 2015	22,465.94	4,632.26
Conversion Factor year 2015 (average)	21.97 %	4.53%
prpjected FFB from certified estate year 2016	169,290.00	
Projected FFB for year 2016	179,900.00	
Projected conversion rate for year 2016	24%	4.5%
Projected certified product year 2016	40,629.60	7,618.05

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 estate supplying to PT

Age and planted year	BSK 1	BSK 2	Total
	10 & 2006	3,501.66	-
9 & 2007	752.06	2776.58	3,528,64
8 & 2008	12.02	312.99	325.01
7 & 2009	-	50.68	50.68
6 & 2010	-	-	0
5 & 2011	62.6	-	62.6
<b>TOTAL</b>	<b>4328.34</b>	<b>3,140.25</b>	<b>7,468.59</b>

### 1.9 Area of Plantation (Total, Planted and Mature)

**Table 6 : Oil Palm Planted Area Summary, FFB Production and Average yield/ha for PT Bumi Sawit Kencana Period year 2015**

Estate Name	Total area (ha)	Oil Palm Planted area (ha)	Mature (Production) area (ha)	Immature (Non-production) area (ha)	FFB Production* (tonnes)	Average yield/ha
BSK 1	5,411.89	4,328.34	4,328.34	-	110,217.41	25.46
BSK 2	6,059.82	3,140.25	3,140.25	-	66,187.99	21.07
	<b>11,471.71</b>	<b>7,468.59</b>	<b>7,468.59</b>		<b>176,405.40</b>	<b>23.62</b>

Note: Not all FFB produced by PT BSK sent to BSK POM, only 34.08% FFB from BSK 1 and 97.50% sent to BSK POM

**Table 7: Land use data for PT Bumi Sawit Kencana**

Estate Name	Total area (ha)	Oil Palm Planted Area (ha)	HCV/Potential HCV areas* (ha)	Land used for other purposes (ha)			
				Housing, Road, Drainage, Nursery	Not plantable area*	Mill	Arable Land(Enclave)
BSK 1	5,411.89	4,328.34	54.41	171.34	155.50	-	702.30
BSK 2	6,059.82	3,140.25	186.14	156.18	1,890.21	11.44	675.60
<b>TOTAL</b>	<b>11,471.71</b>	<b>7,468.59</b>	<b>240.55</b>	<b>327.52</b>	<b>2,045.71</b>	<b>11.44</b>	<b>1,377.90</b>

**Note :**

- Consist of sandy soil (BSK 1 is 147.77 ha & BSK 2 is 1,799.75); Swamp area (BSK 1 is 5.22 ha & BSK 2 is 90.04) and water pond (BSK 1 is 0.69 ha and BSK 2 is 0.40 ha).

### 1.10 Progress Against Time Bound Plan

**Table 8 : Time Bound Plan of the Other Management Units**

Name of Holding	Location	Time bound plan for certification	Status
<b>Indonesia</b>			
PT Milano (Pinang Awan)	North Sumatra	2009	Certified
PT Mustika Sembuluh I	Central Kalimantan	2009	Certified
PT Kencana Sawit Indonesia	West Sumatra.	2010	Certified
PT I	Central Kalimantan	2010	Certified
PT Tania Selatan	South Sumatra	2010	Certified
PT AMP Plantation	West Sumatra	2011	Certified
PT Agro Nusa Investama (Sambas)	West Kalimantan	2012	Certified
PT Buluh Cawang Plantations 1	South Sumatra	2012	Certified
PT Bumi Sawit Kencana	Central Kalimantan	2012	Certified
PT Gersindo Minang Plantations	West Sumatra	2012	Certified

Name of Holding	Location	Time bound plan for certification	Status
PT Sarana Titian Permata	Central Kalimantan	2012	Certified
PT Daya Labuhan Indah-2	North Sumatra	2013	Certified
PT Mustika Sembuluh 2	Central Kalimantan	2014	Certified
PT Mentaya Sawit Mas	Central Kalimantan	2014	Certified
PT 2	Central Kalimantan	2014	Certified
PT Agro Palindo Sakti 1	South Sumatra	2014	Full Assessment on 14/11/2014
PT Musi Banyuasin Indah	South Sumatra	2014	Certification Failed
PT Murini Sam Sam	Riau	2014	Certified
PT Sinarsiak Dianpermai	Riau	2014	Gap Assesment on 19/09/2014
PT Karunia Kencana Permaisejati	Central Kalimantan	2016	Full Assessment on 09/04/2015
PT Rimba Harapan Sakti	Central Kalimantan	2016	Certified
PT. Bumi Pratama Khatulistiwa	West Kalimantan	2016	Full Assessment 26/09/2016
PT Agro Nusa Investama (Landak)	West Kalimantan	2016	Planned
PT Agro Palindo Sakti 2	West Kalimantan	2016	Planned
PT Buluh Cawang Plantation	West Kalimantan	2015	Certified
PT Agrindo Indah Persada 2	Bangko - Jambi	2016	<b>Planned</b>
PT. Putra Indotropical	West Kalimantan	2016	<b>Planned</b>
PT. Pratama Prosentindo	West Kalimantan	2016	<b>Planned</b>
PT. Indoresin Putra Mandiri	West Kalimantan	2016	Planned
PT Asiatic Persada	Jambi	2013	Not classified, company sold
PT Citra Riau Sarana 1	Riau	2014	Not classified, shares are being divested
PT Citra Riau Sarana (ML) 3	Riau	2014	Not classified, shares are being divested
PT Citra Riau Sarana 2	Riau	2014	Not classified, shares are being divested
<b>Malaysia</b>			
Sapi Palm Oil Mill	Labuk, Sandakan Sabah	Certified	
Reka Halus Palm Oil Mill	Labuk, Sandakan Sabah	Certified	
Sabahmas Palm Oil Mill	Lahad Datu, Sabah	Certified	
Saremas 1 Palm Oil Mill	Miri, Sarawak	Certified	
Saremas 2 Palm Oil Mill	Miri, Sarawak	Certified	
Terusan Palm Oil Mill	Labuk, Sandakan Sabah	Certified	
Ribubonus Palm Oil Mill	Telupid, Sandakan, Sabah	Certified	
Sri Kamusan Palm Oil Mill	Sugut, Sandakan Sabah	Certified	

**Table 9 : New Development Area under Wilmar International**

Name of Holding	Location	Total area	NPP Status according to RSPO NPP procedure
PT Agro Indah Persada	Merangin. Jambi	1,200 ha	Approved
PT Agro Nusa Investama Sambas	Sambas, West Kalimantan	1,024 ha	Approved
Biase Plantations (Ibiae Estate)	Calabar, Nigeria	5594 ha	Approved
Biase Plantations (Calaro Extension)	Calabar, Nigeria	3066 ha	Not submitted (Pending HCV/HCS study)
Eiyup Industry (Oban Estate)	Calabar, Nigeria	2986 ha	Not submitted (Pending HCV/HCS study)
Biase Plantations (Biase estate)	Calabar, Nigeria	8029 ha	Overlapping boundaries

**1.11 Compliance to Rules for Partial Certification**

Compliance of the uncertified management units of Wilmar Plantation Limited against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by submission self assessment report. A summary of findings is as stated below.

Partial Certification Requirements	Audit Findings
(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.	PT BSK Plantation is subsidiary of Wilmar International Indonesia is RSPO member with membership number <b>2-0017-05-000-00</b> .
(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	See table above, some changes on company's time bound plan due to several reason explained above.
(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure	There are some newly developed plantation areas under Wilmar International such as in Jambi province, West Kalimantan province Indonesia and Nigeria as explained on the table 10 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 10 above.
(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO	PT Asiatic Persada, which was previously a subsidiary of Wilmar had a significant land conflict issue but has

Partial Certification Requirements	Audit Findings
<p>Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.</p>	<p>been sold to other plantation company and is now no longer a subsidiary of Wilmar Plantation.</p> <p>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 &amp; 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&amp;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 TUV Rheinland audit team as an observation and progress of the case will be monitored.</p> <p>Further details on this case is available here: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/26">http://www.rspo.org/members/complaints/status-of-complaints/view/26</a></p> <p>There is also on 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 that is monitoring the status of the dispute with the RSPO.</p>
<p>(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</p>	<p>A previously ongoing labour conflict in Tania Selatan regarding employee bonus was temporarily resolved, however based on new information received from the Manpower and Transmigration Department, the dispute is still ongoing. The dispute is still being managed according to the company's conflict resolution mechanism with status being monitored during annual surveillance audit by TUV Rheinland.</p>
<p>(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.</p>	<p>Some of Wilmar's other management units have not complied with certain legal requirements, for example in PT Sarana Titian Permai, PT , 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.</p> <p>In addition, there were non-compliances raised in June</p>

Partial Certification Requirements	Audit Findings
	<p>2015 by the Environmental Department of Agam against PT AMP Plantation, another subsidiary of Wilmar. The non-compliances raised were that:</p> <ul style="list-style-type: none"> <li>- The company continued to carry out land application after their license for land application had expired on 14 March 2014</li> <li>- 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</li> <li>- 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</li> <li>- Complaint regarding wastewater discharged from the mill was found to have exceeded the legal limits for BOD and COD. It is alleged that PT Bumi Pratama Khatulistiwa, has polluted the Malaya river by disposing empty fruit bunches that caused flood every rainy season. The company also does not provide any CSR program to the community of Malaya Village. The process has been discussed into Complaint panel.</li> </ul> <p>At time of this audit, the company was still making efforts to close these legal non-compliances.</p>

**1.12 Progress of associated smallholders or outgrowers towards RSPO compliance**

There are two cooperation has been established i.e. KUD Permadat in Sebabai village and KUD Sejahtera in Sido Makmur village. Both to accomodate future associated smallholders under PT Bumi Sawit Kencana. Until the 3rd surveillance audit the progress of plasma development under requesting location permi and license for patneship program to Local administration office Kotawaringin Timur District. The location for smallholder program has not fixed. The cooperation asking apporval for membership to local government as basic to make agreement with PT BSK. Base on condition above, PT BSK posponed smallholder program toward RSPO certification due to uncertain land location and organization condition .

**1.13 Approximate Tonnages Certified**

The tonnages certified have been revised from the previous amount stated in the previous RSPO certificate due to FFB production has increased. Current volume certified is based on projection of the volume of FFB production from company owned estate (Bumi Sawit Kencana) year 2016 and other certified estate under Wilmar Plantation ,where projection certified FFB supplied to Bumi Sawit Kencana POM) amount of 169,290.00 tonnes with projection extraction rate year 2016 are 24% (OER) and 4.5% (KER). Approximate tonnages certified are as follows:

Crude Palm Oil (CPO) : 40,629.60 Mt  
 Palm Kernel (PK) : 7,618.05 Mt

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 500 locations in 65 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, SA 8000, RSPO (RSPO-ACC-013) and ISPO (LS-P&K-005-ISPO). PT TUV Rheinland Indonesia office is located in Jakarta, Indonesia.

### 2.2 Qualifications of Lead Assessor and Assessment Team

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

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

Name	Position	Qualifications / Experience
Dian S Soeminta	Lead Auditor	<p><b>Education:</b> Bachelors Degree in Forestry - Bogor Agriculture Institute. Indonesia, (1990 to 1995).</p> <p><b>Trainings attended:</b> ISO 9001:2000 lead assessor course 1996 - Neville Clark; ISO 14001 lead assessor course - PE International; OSHAS: 2007 training, Sustainable Forest Management (SFM) - Forest Stewardship Council (FSC) system training; Chain of Custody training for FSC System. RSPO lead Auditor training year 2010 by Pro Forest and Wild Asia. SCCS training by David Ogg Consulting. ISPO Lead Auditor training</p> <p><b>Working experience:</b> Professional forester since 1995 to 2000. Lead Auditor for Forest Stewardship Council (FSC), Sustainable Forest Certification (SFC) and Chain of Custody (COC) Certification. Lead auditor for Environmental Management System (EMS) and Quality Management System (QMS) audits. Conducted sustainable forest management certification audits on FSC and Indonesian Ecolabel Institute (Lembaga Ecolabel Indonesia - LEI) standards for 20 companies, 50 COC FSC/LEI audits, and EMS and QMS audits at more than hundred companies for TUV Rheinland Indonesia. Instrumental in the preparation of TUV Rheinland Indonesia for Sustainable Forest Management Certification System and TUV Rheinland Malaysia for RSPO Certification. Member of Task Force for Indonesian National Interpretation (Guidance on scheme smallholder RSPO certification). Developed TUV Rheinland RSPO accreditation process and report template.</p>
Budi Setiawan	Auditor	<p><b>Education:</b> Bachelors Degree in Forestry - Bogor Agriculture University, Indonesia, (2004 to 2008).</p> <p><b>Trainings attended:</b> Indonesian Sustainable Palm Oil (ISPO) Lead Auditor Course by Komisi ISPO, Quality Management System (QMS) Auditor/Lead Auditor by IRCA (ISO 9001:2008), Environmental Management Systems Auditor/Lead Auditor Conversion Training by IRCA (ISO 14001-2004), Calculation of Green House Gas at Palm Oil Plantation by Komisi ISPO, SVLK Auditor Training by Ministry of Forestry, CoC Auditor by LEI, PUB and</p>

		<p>Café training by ministry of tourism.  <b>Work experience:</b> Staff RSPO in PT MAS (2008-2009), Staff Planning &amp; Analysis in PT Bakti Sukses Mandiri (2009-2010), PT Mutu Hijau Indonesia, Jakarta as Technical Manager (2015-2016) and HR and finance manager (2014-2015), Auditor in PT Mutu Hijau Indonesia (2010-2016), and Auditor in PT TUV Rheinland Indonesia (2016-present)</p>
Andi Lubis Kausar	Auditor	<p><b>Education: Bachelor of Agriculture, University of Padjajaran – West Java.</b>  <b>Trainings attended :</b> ISO 9001:2008 Series Auditor / Lead Auditor Training – TUV Rheinland In-donesia (Jakarta), ISO 14001:2009 Auditor / Lead Auditor Training Course – TUV Rheinland Indonesia (Jakarta), ISPO training - Comission of ISPO.  <b>Working experience:</b> Experienced in Bakrie Sumatera Plantation, Tbk since 2007-2011, and Au-ditor for Quality Management System since 2011 – present. Auditor for Environmental Management System since 2014 – present. Auditor for ISPO since 2013 - present.</p>

### 2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted from July 25 to 29, 2016 as per the assessment program below. The assessment was carried out in accordance with PT TUV Rheinland Indonesia's RSPO audit procedure as well as the RSPO Certification Systems document. During the assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

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

All 2 estates and 1 mill were visited and the assessment team carried out field and document assessments of compliance to all the RSPO principles and criteria year 2013 and RSPO SCCS year 2014. 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.

**Surveillance Audit Agenda.**

Date	Location/ Main site	Main activities
25.07.2016	BSK 1 office	Verification of previous audit findings Hectare statement verification. Supply base information. Legal compliance Workers Issues Wages
26.07.2016	BSK 1 Office	Legal Boundaru maintenance Interview with villager Pantap Interview with villager Maju village Interview with worker family. Stakeholder communication Company Contribution to Local development Corporate Social responsibility SIA management and monitoring plan and implementation Best Agriculture Practice implementation Harvesting Safety and helath issue
27.07.2016	BSK 2 Office	Visit to housing family Boundary checking with land problem Interview with harvester HCV area. Workers Union Housing area Best Agriculture Practice implementation Harvesting safety and healt issue
28.07.2016	BSK mill	POM Supply Chain Certification System Legal compliance Plant Tour Worker interview
29.07.2016	BSK 1 Office	Preparing closing meeting Closing meeting

### 3.0 ASSESSMENT FINDINGS

During 3<sup>rd</sup> surveillance audit, there are 11 (eleven) nonconformities were assigned consist of Major Compliance (7 major findings against RSPO P&C and 4 (four) nonconformities Minor Compliance Indicator. Further explanation of the non-conformities raised and corrective actions taken by the company are provided in Section 3.3 & 3.6. The observations & opportunities for improvement are listed in **Appendix 4**.

#### 3.1. Description of Compliance to RSPO Requirement

##### 3.1.1. Compliance to RSPO P&C

The following is a summary of findings during this surveillance audit for the criteria listed in the RSPO Principles & Criteria Generic year 2013 and RSPO SCCS November 2014 was explained in below .:

#### **Principle 1: Commitment to transparency**

**Criteria assessed : CR1.1, CR1.2; Cr,1.3.**

**Criteria not assessed : -**

#### **Findings :**

##### **CR.1.1**

PT BSK has demonstrated it compliances regarding adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders. There is a standard operation procedure has been established to response request of information from the management, i.e. SOP47/PR/6/0516 revisi 6 dated May 1, 2016. The SOP explain mechanism for request of information and its responses, according to the SOP, all information requested will be handle by "Bina Mitra" department immediately. All Wilmar workers who receive request of Information will be transfer to Singapore Office if the information related to external which involves Wilmar project in Central Kalimantan. Name and address of CSR the contact person in Singapore is already included in SOP. "Binat Mitra" Departement Ministry will respond no later than 14 days from the reciving request the information. Requests for information could be by email, letter, telephone, and fax or directly visit BSK office of Regional Office Central Kalimantan Project or Sampit Office. Stakeholder can fill form Public Information request (1 / SOP / 47 / PR / 5/1115 if they visit directly to BSK office. Bina Mitra Officer will record all the information that comes into the log book.

It was observed from the log book starting since July 1, 2008 to April 2016 there are 20 incoming letters from many stakeholders to PT BSK e.g.:

- Letter of donation for Church construction dated July 1<sup>st</sup>. 2008.
- Request to support heavy equipment for road construction from Pantap village dated December 29, 2015,)

Request to support ceremony for SeBabi village head Inauguration head dated 11 February 2016.

It was observing from the log book loog that most of incomng letter were related to a request for donation or support not a request for information.

##### **CR.1.2.**

The SOP47/PR/6/0516 for providing adequate information to relevant stakeholders. In section 4.16 the company should disseminate all information and it's updated regularly to relevant stakeholder. However the company cannot provide evidence that the list and summary of document has been distributed to relevant stakeholders. This is raised as NCR as stated on NCR No. RSPO00573.

##### **CR.1.3.**

Company as part of WILMAR Corporation, has already documented a policy regarding Code of Ethical Conduct that published by Wilmar International as stated on document 044/Dir-KP/XII/2015. The policy was available in Bahasa and well understood by the workers. Communication and socialization was done to workers as observed on the records i.e.

- April 9, 2016 to maintenance section BSK 2, attended by 25 participants
- April 5, 2016 to harvesting section BSK 1, attended by 23 participants
- April 7, 2016 to maintenance section BSK 1 attended by 18 participants
- April 14, 2016 to Spraying and Mandor BSK 1 attended by 17 participants

The policy including information about 3 main principles i.e:

- To avoid conflict of interest
- To avoid misuses and/or abuse of position
- To ensure confidentiality of information and to prevent misuses of information gained through the company's operations, either for personal gain or for any purpose other than that intended by the Company.

In terms of company's commitment to all principles above, auditor team can find enough evidence during the 3<sup>rd</sup> surveillance audit, that company's staff level has been attend the socialization or other mechanism to ensure the implementation of policy, and sign the commitment on July 26, 2016 for BSK estate. However not yet for BSK mill, that is mean corrective action from previous audit findings did not effective, the company only communicated the policy to estate workers but there is no evidence that PT BSK code of ethical conduct policy has been communicated to all levels of the workforce and operation in the mill workers including suppliers and contractors. This is raised again as non-conformity as stated on NCR No. RSPO00574

**Compliance status: Non Compliance.**

NCR No. RSPO00573

NCR No. RSPO00574

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

**Criteria assessed: CR2.1, CR2.2, CR2.3**

**Criteria not assessed: -**

#### **CR.2.1**

PT BSK estates and mills have a list of applicable legal and other requirements documented under "Law & Regulation Register for OSH, Environmental, Plantation & Workforce Section" ("Daftar Peraturan & Perundangan Bidang Lingkungan Hidup, Keselamatan dan Kesehatan Kerja, Perkebunan dan Ketenagakerjaan") (Form No. 02/SOP 08/CKP/(2)/0111 rev.9 dated on 1 May 2015). The law & regulation for workforce aspect was prepared by Human Resources Region, was checked by legal officer, and was approved and signed by General Manager, the law & regulation for OSH & environment aspect was prepared by OSH & environment officer, was checked by legal officer and was approved and signed by General Manager, and the law & regulation for Plantation aspect was prepared Legal Officer, was checked by head of legal and was approved and signed by General Manager. It would be updated again in November, 2016.

The law & regulation register consist of Government Regulation, President Decree, Ministry Regulations, Ministry Decree, and Governor Decree. Furthermore, it was included are document change history (contains the latest regulatory updates), list any legislation, aspect to be done, article/paragraph of the laws as the reference, compliance status and person in charge.

Procedure no. SOP 08 / CKP / (2) / 0111 was include of evaluating law compliance or ensuring license requirements have been complied with laws and regulations too.

Monitoring and socializing legal compliance by company in two ways/mechanism :

1. Internal audit conduct in every six months, the last audit proved with Minutes of the Meeting on discussion and coordination of internal audit findings dated March 14, 2016.
2. Sections meeting to evaluate the company's compliance with all regulations in every six months.

The last meeting proved by Minutes of Meeting on 27-28 April 2016 to evaluate the regulation of Permentan No. 11 / Permentan / OT.140 / 3/2015 concerning ISPO, and Addition of Central Kalimantan Governor Regulation No. 41 year of 2014 on HCVA management on plantation business in the Province of Central Kalimantan.

Company has effort and showed the evidence of compliance with relevant legal requirement in all company's operation, however there are some activities that still not comply with the regulation and have been notes as non conformities during 3<sup>rd</sup> surveillance audit as stated on NCR No. **RSPO00575**, i.e.:

- Overtime records for some workers in PT BSK mill found more than 3 hours per day/ 14 hours per week, the condition were not consistent with Permenaker No. NOMOR KEP. 102/MEN/VI/2004.
- Medical Check for staff and employee lever as required by Permenakertrans Nomor 2 year 1980 article 3.
- First aid content in chemical store, hazardous waste storage, harvesting location etc.
- it was observed on fuel storage, chemical storage and waste storage, hazardous waste symbol and label were not consistent with PermenLH No 14 year 2013 and PermenLH No 3 year 2008 regarding hazardous label."

Company also has SOP for hazardous material and waste Nomor SOP 22/EHS/(2)/0311 however the SOP still using reference Government regulation Nomor 18 year 1999 regarding hazardous waste. This is noted raised as non conformities as stated on NCR No. **RSPO00576**.

#### **CR.2.2**

PT BSK has plantation business permit according to decree letter form Kotawaringin head of village no. 525.26/206/V/ELBANG/2004 for oil plantation development and processor with total area 11,050 ha dated May 18, 2004, the are stated on the license is not comply with the actual productive area i.e. 11,471 ha.

The company proposed to revise the license through letter no. 01/BSK/ADM/XI/2013 dated November 29, 2013, management PT BSK issued another letter to following up "proposed to revise the license" by letter no. PT BSK No.05/BM-BSK/IV/2015 dated April 02, 2015 and letter No. 02/BSK/ADM/BM/VI/2016. Until the 3<sup>rd</sup> surveillance audit the revised letter still not finished and still under progress revising.

PT BSK has two location permit to established oil palm plantation i.e.:

1. Location permit according to decree letter no. 179.460.42 from Kotawaringin Timur Head of District for oil palm plantation development on behalf PT Bumi Sawit Kencana located on Tangar village, Mentaya Hulu sub district, Kotawaringin Timur district, Central Kalimantan province with total area 8,550 ha, valid from March 8, 2004 for 3 years period.
2. Location permit according to decree letter no. 353.460.42 from Kotawaringin Timur Head of District for oil palm plantation development on behalf PT Bumi Sawit Kencana located on Sei Babi village, Mentaya Hulu sub district, Kotawaringin Timur district, Central Kalimantan province with total area 2700 ha, valid from March 8, 2004 for 3 years period.

After both locations permit expired, the land title for PT BSK has been received according to decree letter for national Land Agency decree letter no. 64/HGU/BPN/2005 regarding HGU for PT BSK located on Mentaya Hulu and Kota Hulu sub district, Kotawaringin Timur district, Central Kalimantan province dated June 5, 2005 valid for 35 years with total area 11,471.707 ha.

Even the company has valid HGU, there is still ongoing process to solve the land status problem for PT BSK area that still include in Productive Forest status area. There is letter from Forestry Department Kalimantan province No. 522.22/KD6/DK-II/2014 dated March 20 March 2014 to East Kalimantan Governor regarding technical consideration for replacement area proposal become Forest area on behalf PT BSK. There is 1,234.882 Ha area was recommended as replacement area. There is letter from head of district Kutai Barat no. 503/384/DK-TU/P/III/2013 dated March 27, 2013 regarding recommendation from proposed replacement area become forest area on behalf PT Bumi Sawit Kencana,

Company's legal boundary has clearly demarcated and visibly maintained both on the legal map and physical presence of boundary mark on the field. During field checking to some boundary marking, the legal boundary no. 34 was visible maintained. However the boundary location is inside community oil palm plantation. The company has not clear information about communities that managed the land and no ensuring whether the land belong to community or under company's land title. This is noted as non conformity as stated on. **NCR No. RSPO00577**.

#### **CR.2.3**

There are identified land disputes in PT BSK plantation's area, it was noted on "Status of Land Problem in PT Bumi Sawit Kencana" document issued on June 30, 2016. The document contain informations about some land dispute with several communities, company can not operate on that area because the land under controlling by the land claimer i.e:

1. Zainal Arifin (25.09 ha) in block I135 to I138 & J135 to J138 with total area 25.09 ha. The area has

- been planted and controlled by Zainal Arifin.
2. Yusuf with total area 2014.02 ha indicated overlap with land of Imuh CS, Anang, Sadikin Family, and Saidi family that has been compensated.
  3. Sapuan/Iwan with total area 5.69 ha, the area has been planted.
  4. Simamora according to land claimed letter issued on May 20, 2011.

During field verification there is another land dispute between Pantap village with PT BSK management regarding land conflict on Zona 200 area. However there is no enough records of land conflict resolution for land conflict with Pantap villages regarding” zona 200’ land claimed and others. This is raised as nonconformity as stated on **NCR No. RSPO00578.**

The company made land problem map that indicate any land claimed by community in PT BSK area, however not all land claimed including claim from Pantap village has been covered on the map, this is raised as non conformity as stated on **NCR No. RSPO00579.**

The conflict quit significant since he company can not conduct normal operation on those area, some conflict under resolutions and negotiations process.

PT BSK has SOP for land conflict resolution i.e. SOP 30/BM/(0)/0409, participatory mapping was done such as with Simamora cs including with Zainal Arifin. The dispute chronology and settlement documents for Simamora Cs are available such as:

- Minutes of field checking for land claim dated November 02, 2009 and evidence that checking was attended by Simamora
- Land dispute map ref. No. BSK-LP-Simamora-17122011) including Simamora signature.
- Letter from Mentaya Hulu Head of Sub District dated April 15, 2013.
- Invitation from local police inspector dated March 20, 2013.
- Letter for request of mediation process from Simamora to Mentaya Hulu Head of Sub District dated March 19, 2013

The company has a policy to circumvent instigated violence to maintain peace and order in current and planned operations. There is no evidence that the company use of confrontation and intimidation by the company to the communities that claim tPT BSK land. The company involve all relevant institutions such as local government, local BPN, local Agriculture office to communicate related to problem solving. No para militaries and mercenaries use in the plantation except security to protect the company’s asset from the thief activities.

It was verified by the auditor during visited to villages surrounding PT BSK area such as, all head of villages from Pantap village, Biru Maju village, and Tangar village confirmed that PT BSK management has good communication and cooperation with the villager and provide donation including technical assistant if any problem occur in the villages.

As explained above, PT BSK made land claimed map, according to the map, there are 4 claimed area in PT BSK. The map made internally by GIS department. There is some evidence that company conduct participatory mapping (survey location) or survey together for dispute area with the land claimer. Such as land case with Zainal and land case with Simamora all in BSK 2. But evidence for participatory mapping with land claimed by Basrun, Yusuf, Iwan Sapuan has not available.

There are complete land conflict resolutions including negotiation with FPIC method to Zainal Arifin and Simamora except land participatory mapping with community group in Pantap village.

All relevant information are available in Bahasa Indonesia and clearly understood by both parties including the local communities. There is also evidence that communities are represented through institutions or representatives of their own choosing, including reporting the case to dispute panel in RSPO as confirmed by Simamora family member during visited on Biru Maju village.

**Findings:**

**Compliance status : Non Compliance**

- NCR No. RSPO00575
- NCR No. RSPO00576
- NCR No. RSPO00577
- NCR No. RSPO00578
- NCR No. RSPO00579

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

**Criteria assessed: CR3.1**

**Criteria not assessed: -**

**Findings:**

**CR.3.1.**

PT BSK has long years term management plan which is established since year 2015, and update budget every year. PT BSK 5 years plan consist information about company activities such profit and loss information from Total Revenue and Total Operating Cost, including information about gross operating cost, profit/loss before tax and profit and loss after tax. The company has a financial schedule for yearly budget. Information on document consist of general routine operational activities such plantation maintenance, harvesting, fertilizer, investment plans such enrichment planting (planting of various plant species to enhance biodiversity), mill activities such FFB processed, projected oil extraction rate (OER) and kernel extraction rate (KER) for year 2016 i.e 24% & 4.5%, projected crude palm oil (CPO) and palm kernel (PK) production, CSR programmes and environmental monitoring, HCV management plan and other activities to fulfil RSPO requirements. While for company's 3 years budget plan only focus to company's expenditure for each activity (including activities for environmental management programmes and all CSR related expenses, legal compliance and RSPO P & C compliance) and revenue from company's production including all company's liabilities. The amount of profit estimated to be achieved each year was clearly calculated, and all information is clearly explained in PT BSK projection plan for a period of 5 years from 2015 to 2020. Documentation of cost projection for estates and mill are integrated, and the projected financial feasibility of the company for next 5 years based from the current FFB price can be seen from these documents.

In PT BSK POM have summary of budget or summary of expenditure for the year 2016 consist of FFB process, OER, KER, CPO production, PK production, number of shift, number of workers, working hours/day, mill throughput, mill running hours, number of working days, capital expenditure, total production cost (total fixed cost and total variable cost). For year 2016 the company's planning for production are: FFB process 169,290 Mt/year; OER 24%, KER 4.5%, CPO production is 40,630 Mt/year; PK production is 7.618 Mt/year number of workers is 120 persons, mill running hours is 13 hours/day with 45 Mt/hours and total working days is 295 days.

The company implements a replanting cycle every 25 years, and the company's plan for a replanting activities will begin in 2033, because the first plantings in PT BSK were in year 2009.

**Compliance status: Full Compliance**

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

**Criteria assessed : CR4.1, CR4.2, CR4.3, CR4.4, CR4.5, CR4.6, CR4.7, CR4.8**

**Criteria not assessed : -**

**Findings:**

**Cr.4.1.**

PT Bumi Sawit Kencana has had Integrated Management System Manual that covers the whole procedure of the company's activities, such as related procedures for Mill and Plantation. All procedures are maintained and well documented, such as:

- The Procedures related to all activities of Plantation, such as land preparation activities, Nursery, Planting, Integrated Pest Management (IPM), Manuring/Fertilization of Immature Oil Palm/Mature Oil Palm and harvesting activity, is compiled and maintained in The Agricultural Manual and Standard Operating Procedure for Oil Palm 2015
- To support some things that are not regulated in the Agricultural Manual and Standard Operating Procedure for Oil Palm 2015, there are also some procedures issued by the Environmental Management Unit (EMU), such as, procedures of handling seedling (001 / AGR-CKP / XII / 08 ), Pest & Disease (P & D) (SA 02 / EMU / (1) / 0710, Peat (SA 03 / EMU / (1) / 1215), until composting procedures (SA 13/EMU/(0)/1015
- The Procedures related to Safety Standard Operating Procedure is set starting from PSKK 01/CKP (2)/0815 up to PSKK 07/CKP (1)/1209. Activities are regulated such as Harvesting, Pruning, Chemical

Spraying and transportation of FFB, etc.

- The Procedures related to Emergency response is set from PTD-01/CKP(0)/0409 up to PTD 11/CKP(0)/0409. For Example Land and forest fire procedure, Spills Chemicals & Fertilizer, etc.
- The procedures related to mill activity, such as Recording and weighing FFBS, Loading Ramp, Water Treatment, the operational at each station (Strelizer, Press, etc.), workshop, and maintenance is complied and maintained in "Operating Procedure of Palm oil Mill (WIP/POM/SOP/01/02-14)". In addition, related to Supply Chain Requirements are also well-documented, such as SOP FFB Incoming (SOP / BSKPOM-LOG-003, SOP Traceability for CPO production (SOP-Mill-008) and SOP Mass Balance (SOP-Mill-10).

Some of the procedures were supported by working instructions and the monitoring of operational activities was recorded in operational forms.

Not only maintained and documented but also all procedure in an appropriate language and understood by the workers.

During the field visit for some activity in BSK 1 and BSK 2, for example in Block 005, Division 1 A, BSK 1, for circle spraying activity, that all of workers have understood the related procedures. However, it was found inconsistencies related to the implementation of the procedure at the station Pressan (Palm Oil Mill). According to SOP Pressing Station (WIP/POM/SOP/01/02-14, Rev 0, 1 Februari 2014) stated that digester temperature must be at  $95^{\circ}\text{C} \pm 5^{\circ}\text{C}$ , however it was found within June 2016 period, every digester temperature only in the range  $75^{\circ}\text{C} - 85^{\circ}\text{C}$

Master list of all documents can be found in "Record Retention Time Periode April – Juni 2016 (FRM: 04/SOP 36/CKP(01)/0310)" and from the document, it can be identified of historical revision of each procedures. The mechanism for controlling the document refer to the Procedure of Document Control (SOP 37/CKP(0)/0409)

In order to support the consistency of the implementation of the procedure, the competence of workers is an important and in this regard, the company routinely conducts training based on competency gap analysis of the job/ work requirements. The training has been done, such as Chemical Handling Training and Integrated Pests & Disease Management Training. All the evidence related to the implementation of training are well documented

Besides that to checking the consistency of procedures in all the Department, (both in Plantation and Mill), PT BSK establishes some control mechanisms, one of which is the Internal Audit. Internal Audit carried out once a year in accordance with the Internal Audit Procedures (SOP 65 / CKP / (0) / 0811 and the audit has covered all aspects of management / SOP that has been set. The last Internal Audit was conducted on 10-12 May 2016 and Internal auditors has verified and ensured had competent with attend training regarding the conduct of the audit. Auditors who conduct audits, such as Roni, Rezka and Sarimanah. In case, at the time of the internal audit found non-compliance, the follow-up of non-compliance is referring to the Procedure Correction and Corrective Action (SOP 63 / CKP / (2) / 0316). The company also consistent to record any action taken as evidence of compliance with standard operating procedures (SOP) that have been determined. This recording control refers to the SOP Control of record (SOP 36 / CKP / (1) 0310). Records related to Internal Audit/Control, can be seen in the document "Correction & Corrective Action (FM-03 / SOP 63 / CKP / (0) / 0811)

Related to the consistency of the implementation of the Harvesting, a mechanism that is done is a Quantitative Agro Management System (QAMS). This mechanism is carried out in the whole Mature Oil Palm area. QAMS conducted in accordance with a set schedule that 1-5 days after harvesting. Related to this harvesting activity, during field visit in Block 013, Division 1A, BSK 2, auditor verifying harvesting activity and also verify the the previous audit findings related loose fruit. In fact, it was still found inconsistencies with the SOP Harvesting Fresh Fruit Bunch (Chapter 7, in Agricultural Manual & Standard Operating Procedure for Oil Palm Tahun 2015), that harvesters and its supervisor still states that harvesting criteria is 10 (Ten) loose fruit on the ground, while the SOP states 2 (Two) loose fruit on the ground

All estates maintains monthly reports of harvesting statistics and other operational results as required in their SOPs, which includes data on the amount (tonnes) of FFB harvested from each estate block, no. of bunches harvested, average bunch weight and yield per ha. However corrective action from previous audit finding still not effective because the auditor still found inconsistency implementation for SOP FFB harvesting section 7 and SOP oil palm plantation 2015), it was observed on the field (Block 013, Division 1A, BSK 2) the harvester and its supervisor said that harvesting criteria is 10 loose fruit fall while the

SOP state 2(two) loose fruit fall. This is raised again as Non conformity NCR **No. RSPO00581**.

The estates also maintain records of amounts of chemicals used each month (recorded in 'Agrochemical Use Summary' for each year).

SOPs for PT BSK POM is available for all operations, including the weighbridge, operation of sterilizer, loading ramp, thresher, digester, press, vibrating screen, decanter, sludge separator, ripple mill, clay bath, depericarper, kernel, boiler, water treatment plant, and for taking water samples from POME, SOPs for the laboratory and logistics (from reception to despatch of CPO and PK). The person-in-charge for FFB sortation was interviewed on site and found to be following the documented SOP for FFB sortation (SOP/BSKPOM-STS-001). SOP for maintenance of machinery is also available and records of maintenance checks are conducted as required in the SOPs. From site visits to the mill, it was also observed SOPs are displayed at mill stations, e.g. vibrating screen station. The mill maintains records of operational results as required in their SOPs, examples as follows:

- Daily records of FFB received from all estates (BSK 1, BSK 2 and other sources)
- Monthly summary report including OER and KER data.
- Monthly FFB grading summary reports.
- Daily CPO and PK despatch records made to their purchaser, PT Sinar Alam Permai
- CPO quality reports (FFA, moisture and dirt content for CPO despatch).

Wilmar's Eco Management Unit (EMU) conducts regular audit and monitoring of estate operations and produces weekly field audit reports for the estate division and field checked. The weekly audit report includes the list of audit findings and recommendations for improvement for field activities such as FFB grading, manuring. For example for BSK estate 1 report of period January to December 2015, findings included high rat infestation of 25-32% (where rat baiting was recommended), and findings that manurers were not wearing suitable gloves during manuring at field 64. Monthly summary reports on manuring quality, FFB grading at mill ramp, and immature areas are also prepared and an annual agronomic report is also prepared, i.e. 4th Annual Agronomic Field Quality Audit Report for December 2015 –BSK 2 including leaf survey, palm status, crop production, 2010 fertilizer recommendations, and RSPO implementation progress. A similar report is available for BSK 1 and BSK mill. According to SOP Pressing Station (WIP/POM/SOP/01/02-14, Rev 0, 1 Februari 2014 stated that digester temperature must be at 95°C± 5°C. However it is found inconsistency such as. Within June 2016 period, every digester temperature only in the range 75°C - 85° C. This is raised as Non conformity NCR No. **RSPO00580**

Related third-party FFB sourcing, there is no FFB supplied by third party.

**Cr.4.2**

Oil Palm manuring (fertilization) in accordance with The Agricultural Manual and Standard Operating Procedure for Oil Palm 2015, Chapter 6 Section 3 and also SOP Agronomy (SA 05/EMU/ (1)/0811). The procedure regulated starting from when fertilizer should be applied, how to apply, fertilizer labor, including fertilizer recommendation. The consistency of implementation of fertilization always monitored periodically. One was by Field audit team in each Estate who checked periodically and also independent of EMU Team will also randomly checking that results of such monitoring by Field audit team. Before carrying out fertilization, each Estate do sampling of the quality of fertilizer, especially for fertilizer solids (Soild Fertilizer Sampling) so it can be ensured that the solids fertilizer which have acceptable content standards. Testing was conducted by the EMU Department, for example, testing for Urea, period from January to March 2016 with the No. Certificate (No. 31 / FERTILIZER / III / 2016 / CKP) and also for NPK 13.08.27 + 0.58, the period January to March 2016 with No. Certificate (No. 27 / FERTILIZER / III / 2016 / CKP). Realization of fertilization record, always consistently documented, as evidence of the conformance of the implementation of fertilization. Recordings include the type of fertilizer (both organic and inorganic organic), Labor and Total Fertilizer applied. Based on the verification result of the auditor, implementation of fertilization in accordance with the work program of fertilization and fertilizer dosage in accordance with Recommendation of Fertilization. For example, Realization of fertilization record for BSK 1 and BSK 2, period Januari – May 2016 are as follows:

Year Planting	Block SAP	Major Soil Type	Areal (Ha)	Number of trees	Realization Fertilization			
					Jan	Feb	Mar	May

Sub Division 1A (BSK1)									
April 06	003	Mineral	68.38	9,266	Fertilizer		NPK Super K	Kieserite	SOA
					Dose		2.50	0.75	2.00
					MT		23.17	6.95	18.53
April 06	005	Mineral	52.47	7,228	Fertilizer		NPK Super K	Kieserite	SOA
					Dose		2.75	1.00	2.00
					MT		19.88	7.23	14.46
Sub Division 1A (BSK 2)									
Jan 07	004	Mineral	50.16	6,618	Fertilizer		NPK 13	Dolomite	
					Dose		2.50	1.50	
					MT		16.55	9.93	
Jan 07	005	Mineral	51.89	6,939	Fertilizer		NPK 13	Dolomite	
					Dose		2.50	1.50	
					MT		17.35	10.41	

In order to monitor the changes from the nutrient status, PT BSK do leaf analysis and Soil Analysis a periodically. Information from both analyzes, into consideration to determined of Recommendation Fertilization. Leaf analysis conducted annually and refers to "Guidance for Leaf Sampling of Oil Palm for Recommendation of Fertilization year 2003". Leaf analysis conducted annually and refers to "Guidance for Leaf Sampling of Oil Palm for Recommendation of Fertilization year 2003". Leaf Sampling Analysis for BSK 1 and 2, for fertilization period year 2016 conducted in April 2015. The results of the analysis describes nutrient content, such as N, P, K, Ca, Mg (Major elemnt) and minor elements, such as the content of B. As an example can be seen in the table below:

Year Planting	Blok SAP	Major Soil Type	Frond	Major Element (% on DM)					Minor Element (% ppm o			
				N	P	K	Mg	Ca	B	Cu	Zn	
Sub Division 1A (BSK1)												
April 06	003	Mineral	17	2.62↓	0.194↑	0.73↓	0.28↓	0.73 ↔	17↓			
April 06	005	Mineral	17	2.48↓	0.178↔	0.81↓	0.29↓	0.70↓	16↓			
Sub Division 1A (BSK 2)												
Jan 07	004	Mineral	17	2.82↑	0.162↔	1.35↑	0.27↑	0.71↓	22↑			
Jan 07	005	Mineral	17	2.67↑	0.155↔	1.19↑	0.25↓	0.66↓	17↓			

Meanwhile, for the Soil Analysis is referring to SOP Soil Sampling Procedure for Soil Fertility (SA 12 / EMU / (1) / 0915). The last implementation conducted In 2007. In order to maintain soil fertility, the company also conducts other applications, such as: EFB Mulching and POME Application to the Land application.

EFB applications in the field (Mulching with EFB) conducted in accordance with the related procedures and the application doses according to the recommendations. Record of Applications of EFB has been well documented, for example, in the BSK 1, Division 2, Round 1, January - March 2016 has been applied EFB in block 059 (year planted 2006) as much as 1079.71 MT (Ha: 27) and block 063 (year planted in 2006) of 100.1 MT (Ha: 2.5). While, in BSK 2 in the same period, for example in Block 005 as much as 942.6 MT (Ha: 23.45) and also block 056, as much as 335.7 MT (Ha: 8.35).

Relating to Land application of POME, the company has a permit from The Regent of Kotawaringin Timur No. 660/3/3 / BLH-LA / IV / 2013, dated 30 April 2013 (Validity period of 5 years), Regarding Permit for using of Waste water/Palm Oil Mill Effluent (POME) to the land, PT Bumi Sawit Kencana. Some blocks have been applied (in accordance with a permit), namely 016, 017, 006 and 005. Records related to application of POME can be found in the Report of Land Application of POME (FRM-SD-19-02). For example Summary of the application of POME can be seen in the following table:

Periode	FFB Processed (Ton)	POME/Inlet (M3)	POME/Outlet; Debit (M3)
February 2016	13,555	12,719	12,016
March 2016	6,740	6,355	12,153
April 2016	9,986	11,572	11,821
June 2016	8,700	8,607	11,056

In order to ensure the accuracy of the amount of POME that to be applied, the company conduct flowmeter calibration periodically, either for Inlet and Outlet Flowmeter. Last calibration conducted in 2015, with a certificate No. 630 / UPTD-MET / VII / 2015 (For Flowmeter Inlet WWTP) and certificate No. 648 / UPTD-MET / VII / 2015 for Flowmeter in Outlet WWTP

Evidence that good agroculture practice as contained in SOPs are followed to manage soil fertility to ensure optimal and sustain yield the EMU department issue internal memao for soil leaf sampling analisis as ststed on SA12/EMU/1/0915 dated on September 1, 2015. Leaf Sampling analisis conducted one a year while soil sampling analisis was conducted every 15 years.

Annual reports are prepared by the Environmental Management Unit (EMU) of Wilmar and last report for BSK 1 & 2 was produced in December 2015. The annual report includes a summary of findings and recommendations. From the 2015 report for BSK 1, it was stated that 131 leaf samples were collected for 2003 to 2007 plantings covering a total of 6,011 ha from 16 to 21 February 2015, and it was noted that overall nutritional status in BSK 1 has improved in the past year, except for many suboptimal levels of nitrogen (N). The report also includes a visual analysis of palm status to check for nutrient deficiencies, and it was noted in 2015 that sporadic incidences of deficiencies of nitrogen, magnesium, potassium, boron and copper were noted in specific fields, but in general palm growth was healthier and vigorous. In the report for BSK 1 and BSK 2, it was stated that 172 leaf samples were collected from 2014 to 2015 plantings covering an area of 7,468.59 ha from 27 Feb to 4 March 2015.

A detailed soil analysis was conducted for all PT Bumi Sawit Kencana estates by Param Agricultural Soil Surveys Sdn. Bhd. in June 2007 with report entitled 'Soils of Bumi Sawit Kencana Indonesia Estate'. The report includes a soil survey, where 13 soil series were mapped, consisting of well-drained soils (Tebok, Rasau, Kechor, and Nangka series), imperfectly drained soils (Gong Chenak, Bukit Tuku, and Banar series), poorly drained soils (Kampong Pusu, Cherang Hagus, and Lunas series) and sandy soils (Buso, Miri and Serai series). The Bungor and Banar soil series were sampled for soil analyses. Parameters analysed included pH, organic C, Total N, Total P, Available P, Exchangeable K & Mg and Cation Exchange Capacity. The samples soils were found to generally be of low fertility. The company prepares reports on implementation of their environmental management and monitoring plan (RKL & RPL) to the government every 6 months as required by law.

EFB application with 40 mt/ha, records of EFB application available on program & realization EPB application For#FRM 02/CKP/(0)409. EFB application is priority for Sandy Soil.

**Cr.4.3**

The company has a detailed soil map showing gradients and all soil types within all 3 estates, done by Param Agricultural Soil Surveys (M) Sdn. Bhd., dated June 2007. Refer to Map of fragile soil with scale 1:50.000, there are Sandy Soil (fragile soil), i.e buso (podsolik humik), miri (pudsol humik), and serai (arenosol albik). Untuk BSK 1 dan BSK 2, A detail area Sandy Soil in accordance with the following table :

Estate	Area (Ha)	Sandy Soil				
		Bso	Mri	Sri	(Ha)	(%)
BSK 1	5,412.00	485.00	225.90	148.97	859.87	15.89
BSK 2	6,059.82	296.53	467.73	1,558.52	2,352.78	38.83
Total	11,471.82	781.53	693.63	1,737.49	3,212.65	28.00

Additionally, the company also has a peat soil and according to peat soil maps with a scale of 1: 115,000 obtained information that in BSK 1 has amounted to 89.72 hectares of peat land while in BSK 2 of 122.53 Ha. Meanwhile, Based on detailed soil Map, and also from the auditor visits to the field, information was obtained that for BSK 1 and BSK 2 has a flat (slope between 0 - 6°) and no a steep slope, so the land slope in Bumi Sawit Kencana is mostly flat. Because the land slope is mostly flat, so there were no plans for planting in locations that have a steep slope. Nevertheless, the company still monitor the erosion, in accordance with SOP Erosion (SA 08 / EMU / (0) / 0811) "Guidelines for Measurement of Soil Erosion Level. One of point to monitor erosion (PIN Erosion) are visited by the auditor, PIN Erosion in BSK 1, block 102

Regular Road maintenance are still consistent done according to program and budget that has been set for year 2016. Some of the maintenance for 2016 include Boundary Road, Bridges Maintenance, Collection Road, Main Road, Culvert Road Maintenance and Gravelling. Record of program and realization that can be seen in "Report Package" in each estate

The Company consistently to monitoring the peat soil in accordance with SOP "Management and Monitoring Peat has been planted oil palm" (SA 03 / EMU / (4) / 1215). In this procedure is set several things, such as:

- Procedure and important conditions to Peat Soil that has planted oil palm
- Recommendation Fertilization for oil palm planted on peat soil
- Monitoring of water table/level in the main drains and secondary drains
- Monitoring of subsidence of Peat

Related to Peat subsidence monitoring, the company has had six (6) point of subsidence monitoring, that monitored once a year, and auditors have visited to one of point subsidence that in BSK 2 Block 085.

Records of subsidence available on Subsidence Monitoring Annual report PT BSK i.e.:

- BSK 1, there are 5 point to monitored , the lates monitoring was conducted on May 2015, from the first monitoring on may 14, 2013 for point 4 there were peat subsidence for 6.6 cm, and point 3 there were peat subsidence for 3.1 cm.
- BSK 2. There are 6 points to monitored the lates monitoring was conducted on May 2015, from the first monitoring on November 20, 2013 for point 4 there were peat subsidence for 6.4 cm, and point 3 there were peat subsidence for 3.3 cm.

The result of Monitoring can be found in the Measurement Data of Annual Surface subsidence Peat. Meanwhile, related to monitoring water level in the primary and secondary drains, the company also consistently to manage Weirs and Water Level. The Company has seven (7) water level monitoring points and monitoring conducted every day. Water level should be maintained at an average between 50-70 cm below ground surface and in case is not appropriate, immediate action must be taken. Water level monitoring is well documented in the form of monitoring Water level in Peat Soil in each Estate PT Bumi Sawit Kencana conduct last replanting in the year 2011, and all replanting that carried out on mineral soil

Phizometer has been installed on July 23, 2015 in BSK 1 estate at block 098 and 103, based on SOP the monitoring once a year following the guidance on document #SA03/EMU/(3)/0811 on August 2011 (Peat soil management and monitoring plan for oil palm plantation,).

Water level are monitor, records of water level monitoring ca be seen on " Water Level monitoring report", e.g.

- BSK 1, there are 4 point to monitored based on the records the water level are maintained between

10 (February 2015) to 70 (July 2016) cm for year 2016.

- BSK 2; there are 4 point to monitored, however only 1 point was monitored due to land conflict, based on the records the water level area maintained the water level are maintained between 45 to 60 cm for yare 2016.

PT BSK management has strategy for other fragile and problem soils, there is updating SOP for sandy following inter office memo from Lee Kang Yee on July 11, 2009 Ref# 072/EMU/VII/2009 according to update SOP planting for sandy area in Central Kalimantan project. Updateting in peat soil management available on Soil Management and Monitoring for oil palm plantation ref#SA 03/EMU/(3)/081 on August 2011,i.e.

- Recomeded Palm density is 148 trees/ha
- water level maintained in range 50 cm-75 cm
- water gate are established to maintained water level.
- Fertilizer on immature refers to Agriculture Manual & Standard Operation Procedure for Oil Palm
- Fertilizer for mature based on recommendation from agronomist based on leaves and soil sampling analisys.

#### **Cr. 4.4**

Water Management Plan has been provided and implemented. Water Management in PT Bumi Sawit Kencana consists of several parts, such as office, warehouse, housing, and field activity (Estate/Plantation) and Palm Oil Mill (POM). The water source of Warehouse and housing are taken from wells (Ground water) and a water pond. Water treated first by giving alum, soda ash and chlorine which function as purification, raising the pH and killing germs. Dosage recommendations and checking the water quality is done by Laboratirium EMU. Based on data of water cunsumption in 2015, per day in BSK 1 was 229.21 m<sup>3</sup> and BSK 2 was 217.44 m<sup>3</sup>. Water efficiency efforts one of them with socialization to employees to efficient use of water and for prevention of pollution and the availability of water, do several things, such as a fencing around the the water pond and also planting trees.

Meanwhile for the needs of Mill, sourced from water ponds or reservoirs in Block 013 BSK 2. Consumption of water needed for POM is very much, so it needs water reserves prepared in large quantities. Therefore, to accomplish that, the company build water treatment system (Water Treatment Plant) and the implementation in accordance with SOP Water Treatment Plant (WIP / POM / SOP / 01 / 02-14). Water consumption for POM in 2015 was 1259.73 m<sup>3</sup>.

PT Bumi Sawit Kencana has not the wetland areas, as explained previously, only Peat and Sandy. For protection and maintained of Riparian and buffer zones areas, it has done in accordance with relevant regulations. Additionally in this regard, the company has several procedures, such as SOP Management of DAS (SOP 21 / EHS / (0) / 0409) and SOP Management of Riparian Area/ Riparian Belt (SOP 20 / HCV / (1) / 0115). For Up Keep Activity, such as fertilization and others, conducted in accordance with the above procedure. For example, for the effectiveness of fertilization, especially in the Riparian, BSK 1 and BSK 2 has done a detailed census of the trees that are in the Riparian, in an effort to customize of material request, such as for fertilizer and herbicide. From verification results by auditor to record of realization and also visit to the field, in Block 13 Division 1 B, BSK 1, PT Bumi Sawit Kencana consistent to implement appropriate related procedures

The company has the Wastewater Treatment Plant (WWTP) to treat all wastewater produced by POM. The implementation of Waste Management refers to related regulations and SOP Waste water, Land Application and solid waste (WIP / POM / SOP / 01 / 02-12), and also SOP POME Pond (SOP 15 / EHS / (0) / 0409). WWTP consisting of several pond, such as Raw pond, Cooling pond, Asdfikasi pond, Anaerobic pond, Anaerobic Sedimentation and facultative pond. As already previously described (in the criterion 4.2.4), after carried out Wastewater Treatment, the company utilizes the waste water in the field (Land Application). To ensure that the waste discharged are in accordance with the quality standards as required in the related Regulation and also such license, the company regularly monitors the quality of wastewater each month. Results of waste water quality monitoring from March to May, 2016 is as follows:

- Certificate of testing No. 02 521 / LHP / III / 2016 dated March 10, 2016, which is based on the Minister of Environmental Decree No. 28 and 29/2003, waste analyzed parameters (pH, BOD, COD, Oils and Fats, Pb, Cu, Cd, Zn), refer to test results, no parameters that exceed of quality standards required. The testing was conducted by PT Unilab Prime, Environmental Laboratory, Jakarta.
- Certificate of testing No. 003347/LHP/IV/2016 dated 7 April 2016, which is based on the Minister of

Environmental Decree No. 28 and 29/2003, waste analyzed parameters (pH, BOD, COD, Oils and Fats, Pb, Cu, Cd, Zn), refer to test results, no parameters that exceed of quality standards required. The testing was conducted by PT Unilab Prime, Environmental Laboratory, Jakarta.

- Certificate of testing No. 04234/LHP/V/2016 dated 12 May 2016, which is based on the Minister of Environmental Decree No. 28 and 29/2003, waste analyzed parameters (pH, BOD, COD, Oils and Fats, Pb, Cu, Cd, Zn), refer to test results, no parameters that exceed of quality standards required. The testing was conducted by PT Unilab Prime, Environmental Laboratory, Jakarta.

Related to the discharged of waste water application and also the accuracy of the flowmeter, it has been previously described in the criteria 4.2.4

Mill has recapitulation recording water use per tonne of FFB per year, as a sample, for the period from January to June 2016, according to table below :

Month	FFB Pro- cessed (Mt)	Water Use (m3)	Water Use /tonne FFB
Januari	13,877,810	21,876	1.58
Februari	13,731,810	20,670	1.51
Maret	14,600,080	16,526	1.13
April	14,603.840	15,649	1.07
Mei	15,820,720	14,839	0.94
Juni	16,498,660	13,076	0.79

**Cr.4.5**

The company has an SOP for Detection and Census of Oil Palm Pests and Diseases document. The SOP is in Indonesian language and includes a detailed flow chart on the Procedure for Census and Management of Rat Pests. The SOP refers to Wilmar's Agriculture Manual and SOP Procedures for Oil Palm (2007), Chapter 8 - Plant Protection - Pest & Disease Management, and #SA2/EMU/(01)0710

All estates also have a documented IPM programme which includes a schedule for planting of the beneficial plants, vertiver grass (to reduce erosion) and turnera subulata (a plant which attracts natural predators of leaf pests), at each estate division and the area to be planted. All estate maintain monthly records for Progress of Planting of Beneficial Plants as part of their IPM program, where records of areas where plantings are recorded, i.e., for August 2011 in BSK 1, *Turnera subulata* was planted at fields 012,014,010, 009, 003,and 022 of Division A covering an area of between 59 to 64 ha at each field. From site visits, it was observed that *Turnera subulata* have indeed been planted along most areas of the estates.

Regarding Pest and Disease, the Company conducted with the technique of Integrated Pest Management (IPM). Procedures have been established in the Agricultural Manual and Standard Operating Procedure for Oil Palm 2015, Chapter 8, "The Plant Protection - Pest and Disease Management", and also SOP Detection and Census Pests and Diseases Palm Oil (SA / 03 / EMU / (1) / 0710). In both procedures are regulated how an integrated plant protection mechanisms in the field conducted by pests / diseases that attacked, such as:

- mechanism to control of leaf- eating pest i.e.
  - a. Demarcate the oil palm estate into three zones with respect to pest outbreak
  - b. Census System / Monitoring (Detection and Enumeration System, and System Census Grid Point)
  - c. Economic thresholds and Affected Level
- Chemical control selection with recognizing the different life stages (larvae) of different leaf eating pest
  - a. Chemical Control
  - b. Biological Control
  - c. Physical Control
  - d. Cultural Control
- Management of *Oryctes Rhinoceros* ( Rhinoceros Beetle)
- Management of *Coptotermes cuvignathus*
- Ganoderma
- Etc.

Implementation of IPM has been well documented. For Example, related to IPM Program can be found in the "Detection Program P & D Reports ", and for the implementation of detection can be seen in the "De-

tection Pest & Disease Report ". Both of these have been verified by auditor, for example, refer to Detection Pest & Disease Report for BSK 2, Division 1 A, Period June 2016, there was no visual damage symptoms, Rat Attack is only detected (at Block 001, 007, 008, 009), However, the attack level was still below the economic threshold, an average of 2-3%. Furthermore, Oryctes attacks were also detected, in block 008, but the attack level is still below the economic threshold.

There is no Prophylactic Use of Pesticide in BSK, for example, there are chemical control for rat attacks on May 20, 2016 in the Division 1 B, BSK 2, however, it was appropriate, because, based on detection reports, dated 14 April 2016, the infestation exceeding the economic threshold of 7%, and so chemical control should be done.

All estates maintains records of IPM implementation with records of census activities conducted to determine attacks of pests such as bagworms, nettle caterpillars, rats, termites, ganoderma, rhinoceros beetles and wild boars. Census records for each month of 2014 and 2015 show no attacks of termites, ganoderma, rhinoceros beetles and wild boars, and low infestations of bagworms and nettle caterpillars each month (less than 5 per frond, if any), so no chemical application for these pests have been used for more than 2 years (it was verified through checks of chemical issuance records that no chemicals for treatment of nettle caterpillars/ bagworms was issued). However, rat attacks are more common, so the rat bait Petrokum is applied to reduce rat infestations but applications are carried out only based on census results showing high levels of rat attacks, and not as prophylactic applications. Sample census records for BSK 1 shows that rat attacks in August 2014 was over 20% per frond (considered high) for which total 117kg of rat bait was applied, and in April 2015, rat attacks was over 20% for 12 blocks in BSK1. The company has a plan to reduce usage of Petrokum as it contains the active ingredient brodifacoum (a WHO Type 1A chemical) through the use of barn owls, and the plan shall be implemented in 2016. Evidence of planning for barn owls i.e. Offer Letter 001/TT/AH/IX.2010 from Lab. Agen Hayati on offer price for barn owls and records of minutes meeting dated August 16, 2015 regarding approval of plans to established a barn owl population in BSK 1 estate.

Training for those involved in the implementation of IPM consistently done, such as the training of Pests and Diseases Management on 13 April 2016 in BSK 1, and the training conducted by Staff EMU. The training agenda includes methods of conducting census for rats, bagworms & nettle caterpillars and termites, program for planting of beneficial plants. The training records include attendance lists, some records includes photos of the trainings and training materials used

All estates conducts monitoring of pesticide toxicity units (a.i. per tonne of FFB as well as a.i. per hectare) for all chemicals used in the document Agrochemical Usage Analysis. Analysis data is available for year 2014 and 2015..

#### **Cr.4.6**

The company uses only agrochemicals which are registered under the Department of Agriculture Indonesia (Indonesia Commission of Pesticides). The company has the following list of all agrochemical used and their active ingredients:

##### **A. Herbicides:**

1. Ally 20 WDG, Methyl metsulfuron 20%
2. Trap 20 WP, Methyl metsulfuron 20%
3. Trendy 20 WP, Methyl metsulfuron 20%,
4. Antarlang 480 SL, Isopropylamine glyphosate 480 g/l
5. Glisat 480 SL, Isopropylamine glyphosate 480 g/l

##### **B. Fungicides**

1. Antracol 70 WP, Propineb 70%
2. Dithane M-45 80 WP, Mancozeb 80%
3. Score 250 EC, Difenconazole 250 g/l
4. Benlox 50 WP, Benomil 50%

##### **C. Insecticides**

1. Agrimec 70 WP, Abamectin 18.4 g/l
2. Decis 25EC, Deltametrin 25 g/l
3. Matador 25EC, Lambda cyhalothrin 25 g/l
4. Regent 50SC, Fipronil 50 g/l

5. Cynoff, Cypermethrin

D. Rodenticides

1. Petrokum 0.0005 RB, Brodifacoum 0.005%

E. SURFACTAN

1. Agristick 400L, Alkyl Aryl polyglycol ether 400 g/l,

2. Cotowett 105 AS, Alkyl Aryl polyglycol ether 104.7 g/l

This list of agrochemicals used is in accordance to the list of approved agrochemicals issued by the Seruyan Government Office of Manpower and Transmigration, as per letter No. 566/913/NAKTRAN/VI/2010 dated 18 June 2015. However the letter does not include Benlox 50 WP and Agrimec 18 EC, which is listed above. As explained by PT BSK staff, Benlox 50 WP has the same active ingredients as Benlate SP and Agrimec 18EC is no longer used in 2016. The minister of manpower requires companies to register all chemicals used. The company has submitted their application letter no. 13/KSI/Adm/BM/IV/2014 for registration of their chemicals to the Seruyan Government Office of Manpower and Transmigration, and an approval letter was received from the Office of Manpower on 24 May 2015, for chemicals Ally 20 WDG, Agristick, Antracol, Amiphosate, Agrimec, Cynoff, Matador Zeon, Petrokum, Score, Regent, and Basta.

Data and analysis on usage of all agrochemicals is available for each estates and the company has documented justification for agrochemicals used. The analyses include data on active ingredients used, area treated, amount applied per ha and number of applications. For example in BSK1, the following is sample data on some agrochemicals used from January to November 2015, for total FFB production of 91,996.11 tonnes and planted area of 5,761.59 Ha:

1. Trap 20 WG, Metil metsulfuron, a.i. 20%, total amount applied is 739.63 g, a.i. applied is 147.93 g, which is equivalent to 0.002 gr per ton FFB and 0.03 gr per Ha

2. Regent 50 SC, Fipronil 50 g/l, a.i. 50 g/l, total amount applied is 16 litres, a.i. applied is 800 g, which is equivalent to 0.01 gr per ton FFB, or 0.14 gr per Ha

3. Cynoff, Cypermethrin, a.i. 25 g/l, total amount applied is 5 litres, a.i. applied is 125 g, which is equivalent to 0.001 gr per ton FFB, or 0.02 gr per Ha

The recommended chemical dosage is described on the label of packaging chemicals, such as Basta, and Glisat. Chemical applications are carried out according to recommended applications as per the label, as well as in line with company guidance on Wilmar International Ltd. Agriculture Manual & Standard for immature and Mature Plant. For example, for recommended dosage for Glisat as per the product label is 1.5 to 6 l/ha depending on the type of weeds, while the company's manual states a mixing dosage of 100-120 ml/15 liters of water for plants 4-5 years. Glisat has LD -50 oral >5g/kg, LD 50 Dermal is >5/kg and LD 50 inhalation is > 2.9mg/l.

Training regarding pesticide are conducted as recorded on:

- Training best practice conducted on August 27, 2015 with 15 participant
- Best practice nad K3 conducted on August 27, 2015 with 11 participant
- Training Best practice spraying waste management was conducted on September 17, 2015.
- Spillage simulation training, and emergency preparedness training was conducted on September 22, 2015 with 5 participant.

All pesticides are stored according to recognised best practices, during filed visit was showed that pesticides kept in permanent storage that equipped with emergency responds procedure.

All pesticide containers shall be properly disposed off and not used for other purposes

Base on interview result and document observed PT BSK does not implement pesticide application aerially.

According to the SOP, empty chemical containers are washed as much as 3 times before being stored in temporary store for hazardous wastes before being collected by a licensed contractor for hazardous waste collection. Some empty containers are triple rinsed and reused to store water used for chemical mixing while in the field while some are used as waste rubbish bins in the housing area. PPE and recycled chemical containers are stored in PPE warehouse. Waste water generated from PPE washing are collected, and reused for agrochemical mixing in the filed. The company provides a shower room for all workers, especially for sprayers. For example there are three female shower rooms, 2 shower rooms for men and 1 toilet in BSK 1. Information on the amount of agrochemical containers collected by contractors or reused in the field is described in the monthly report of hazardous waste production for PT. BSK Annual medical surveillance are conducted and records are available, e.g. latest specific annual medical checkup conducted on 2015 with participant. Medical surveillance for sprayer was conducted for 16 (3

groups) female sprayers in PT BSK 1 on period 11, year 2015, all result categorized on normal conditions

The company does not employ pregnant and breastfeeding women to conduct agrochemicals application work such as spraying. Female workers involved in chemical application who are pregnant and breastfeeding are transferred to other types of work. According to medical surveillance result there is one female sprayer in pregnant, the worker has been transferred to child care section, as interviewed during field checking to BSK 1 housing area.

**Cr.4.7**

Occupational Safety and Health (OSH) policy as mentioned on the previous audit report signed by Mr. Goh Ing Sing (Group Plantation head) on September 2010 still used, the policy available in Bahasa Indonesia and easy to be understood by all workers in PT BSK. The policy has been communicated to all employees and interested parties. The policy was documented and displayed in all workers meeting area, such as meeting room, guest room, plenary hall, information center in housing area, estate offices, etc. To monitor implementation of the policy, company conduct regular OSH meeting and training regarding safety, health, and security. As observed on the records such as: OSH meeting on February, March, May and June 2016. The meeting focus on implementation on safety and health at work place, wearing of PPE and emergency facilities, records of accident.

The risk assessment was conducted and has been documented on (FRM 01/SOP 11/EHS (1)/0909 "Dokumen Aspek Dampak Lingkungan & K3", last updated in April 2016. Risk assessment was conducted for company's operational activities both estates and mills such as harvesting activities, transportation activities, workshop, housing area, processing area, plantation maintenance etc. The result of risk assessment only some area in the mill has high risk categorized and the rest are low risk.

Procedures to address the results of risk assessment has documented example safe SOP (WIP/POM/SOP/01/02-14 Vol.1 & 2), PROS-SD-03-01 Rev.01 (identification of aspect and EHS impact), PROS-SD-05-01 Rev.01 (safety committee), PROS-SD-04-01 Rev.01 (arranging improvement EHS program), PROS-SD-24-01 Rev.01 (management review), etc. Action to address the results of risk assessment has implemented in BSK 1 & BSK 2 and the POM for example socialization of procedures, provide of fire extinguisher, safety patrol, checking hydrant box and pump and PPE. Preventive action for minimize of risk has provided by company and implemented by workers example oil palm chisel (dodos), oil palm sickle (egrek), oil palm litter (tonjok), knapsack, nozzle, agrochemical, welding tools), etc.

Records of OHS training conducted and available such as:

- Training best practice spraying dated August 24, 2015 attended by 15 participants
- Training best practice harvester dated July 2015 attended by 79 participant.
- Training best practice manuring dated July 02, 2015 attended by 22 participants.
- Training agrochemical handling dated July 2015, attended by 4 participants.
- Mandatory training for heavy equipment operators. 27-29 March 2015.
- First aid training dated April 30 and May 06, 2015 attended by 58 participant.

The latest PT BSK' OSH committee has been approved by Man power, social and transmigration Kotawaringin Timur District as stated on decree letter no. Kep.560.566/258/WAS-KK.P2K3/VII/2016 dated July 18, 2016 valid for two years. Mr. Susanti Tambun has been appointed as person incharge for health and safety programmes at the estate and mill. PT BSK conduct regular meeting at monthly based to discuss health, safety and welfare issue, minutes meeting are recorded on document "Rapat P2K3". Safety program that include meeting and training related safety and health are available and documented under "Program pelatihan OSH and program PT Bumi Sawit Kencana, as seen on training records dated July 08, Augusts 29, and September 17, 2015. Agenda of regular meeting of health at the estate has been conducted covering issues related medical surveillance, working accident, housing healthy, PPE, Working condition, waste disposal etc.

PT BSK has established the procedure entitled " Procedure Tanggap Darurat:

- Tim penanggulangan Keadaan Darurat – Estate (SOP 02/EHS/(0)/0409.
- Fire fighting (PTD 05/CKP/(0)/0409)
- Chemical spillage (PTD 04/CKP/(0)/0409
- Poisoning (PTD 08/CKP/(0)/0409
- Boiler emergency stop (PTD 10/CKP/(0)/0409
- Fire and explosion CPO pipe (handling) (PTD 11/CKP/(0)/0409
- Emergency condition handling –Mill (PROS-SD-17-01)

All fire extinguishers at estates and mill have been monitored (last monitored in July 2016).

PT BSK has periodically report accidents to government ( 3 monthly based). During 2015, total working accident at estate are...(no fatality). For example accident on...accident has been investigated by OSH

committee according to Incident notification form (FRM-EHS-051-01) and reportable incident investigation form (FRM-EHS-034A-02). This report explained about chronology and action plan to prevent reoccurrence the accident.

Regular medical surveillance are available on the central PT BSK clinic, the medical surveillance for period 2016 were conducted for all workers with high risk job e.g.

- Spirometry test was conducted for 27 mill staff the result is 4 workers identified with possible moderate restriction.

- Audiometry test was conducted for 18 workers; the result is two workers categorized abnormal condition.

- Medical check up for 3 sprayers group in PT BSK 1 and 2, all result categorized on normal conditions.

Management PT BSK took action for all workers that has problem with their health, some workers has been mutation to other section after recovery process.

Medical record every year shall be creating of continuous information so that it can preview of condition workers during working.

Estates and mill workers (contract and permanent) have been with health insurance call BPJS (Badan Penyelenggara Jaminan Sosial) as required by government. Records of payment for all estate and mill employees for June and July year 2016 are available.

Mill and estate has carried out accident investigation and workers has covered by worker health insurance and there is evident of insurance payment (April 2015). Accident report in BSK estate has included their LTA information. During 2015 total accident were 91, LTA has been recorded total LTA : 282 days, while for year 2016 total accidents until June 2016 is 21 with LTA is 66 most accident occurred on harvester, transportation and maintenance.

#### **Cr.4.8**

The company has some training programs designed for staff, workers and plasma farmers as well. There are training has programmed for staff, workers and smallholder farmers (plasma) and also for the contractor, e.g. best practice management on spraying, fertilizing, harvesting, fruit grading; first aid and safety, waste management, plant pest detection, fire-fighting simulation, work risk analysis, and HCV.

The company has conducted first aid training dated on 25 – 26 July 2016, and training field officer dated on 14 February 2016. Recording on staff training provided with evidence of minutes and certificate on implemented training.

The company generally uses contractors to transport FFB and CPO, and socialization regarding OHS has been conducted to them, and the contractors should pay attention and implement the OHS policy in the worksite. There is no procedure which set mandatory for contractors who will work in the company's worksite should have demonstrable expertise. the Company needs to improve the selection method in contractor tender process through revise procedure SOP No. 53/CKP/(0)/0909 to include consideration of the contractor ability / expertise in the field which it is responsible as the qualification criteria of selection.

#### **Compliance status: Non Compliance**

NCR No. RSPO00580

NCR No. RSPO00581

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

**Criteria assessed : CR5.1, CR5.2, CR5.3, CR5.4; CR5.5; CR5.6**

**Criteria not assessed : -**

#### **Findings:**

##### **CR5.1,**

PT Bumi Sawit Kencana has obtained approval of Environmental Impact Assessment (Analisa Mengenai Dmpak Lingkungan Hidup/AMDAL) in the form of Environmental Management and Monitoring Plan or Rencana Pengelolaan Lingkungan – Rencana Pemantauan Lingkungan (RKL-RPL) based on "Permit Environmental Feasibility", Decree of the Regent of East Kotawaringin No. 660/02/BLH/IV/2009 Environmental Feasibility Development Activity for Plantation and Palm Oil Mill in East Kotawaringin, Central Kalimantan province by PT Bumi Sawit Kencana 2009 . The document containing the activities planting

and/or replanting, production process, management of mill effluents, etc. There is discrepancy between the total estate area of EIA document (11,050 ha) and the actual estate area (11,471.71 ha). This is because the EIA was made referring to PT BSK location permit while the current area statement is based on HGU document. The discrepancy in on boundary area where the current calculation is based on a more accurate delineation of the oil palm estates. The audit team observed that the additional 420 ha does not influence the EIA results of monitoring process and the EIS is still considerable valid. The EIA document also assumed the production capacity is only 45 mt/hour. This is also fine as as the EIA assumes higher productions capacity than the actual capacity.

The AMDAL/EIA includes the mitigation of negative impacts and improves the positive impact. The negative impacts for the environment such as water pollution caused by waste water discharged to river/drainage; air pollution caused by emission from boiler and generator set. This water pollution impact was managed by regular monitoring of the quality of waste water to make sure the waste water discharged to river/ drainage was below permitted maximum limit. The air pollution was managed by maintaining boiler and generator set and regular monitoring and measurement of emission generated by them to make sure their emission were below permitted maximum limit. Negative social impact as identified during monitoring SIA. These impacts were specifically mentioned in the EIA report as well as in the activity of Aspect and Impact Assessment. To control both negative and positive impacts the company has provided a comprehensive management plan and written in the other document namely Rencana Kelola dan Pemantauan Lingkungan / RKL-RPL (Monitoring Report of Environmental Management Plan). This document was available at mill and estates

The monitoring report of RKL-RPL was performed twice a year as "Laporan Pelaksanaan Izin Lingkungan Atau Pelaksanaan RKL dan RPL PT Bumi Sawit Kencana Monitoring serta Program Community Development" (Monitoring Report of Environmental Management and Monitoring Program). The Report (Regular monitoring) shall be submitted to Government institutions and/or local Government. The RKL-RPL for first and second semester 2015 was available and has been submitted to the Local Environmental Agency of East Kotawaringin District (acceptance dated 24 March 2016) and Local Environmental Agency of Central Kalimantan Province (acceptance dated 24 March 2016). The Report includes monitoring and analysis result, for example : The last Monitoring of waste water quality, No. 04234/LHP/V/2016 dated 12 Mei 2016, The Last Monitoring of Ambient air, certificate No. 02818/LHP/IV/2016, dated 5 April 2016 and The Last monitoring of emission air, certificate No. 02818/LHP/IV/2016.

#### **CR5.2,**

HCV assessment report is available which is made by Malaysian Environmental Consultants Sdn. Bhd (MEC) on February 2009. HCV document covered the whole concession and around with landscape analysis overview including orangutan distribution and the existence of Tanjung Puting National Park. According to HCV document, there are several identified HCV in PT BSK i.e.

HCV 1.1. about 102 ha has been set aside by BSK 1 for conservation area.

HCV 2.2. Riverine gallery forest. Habitat for threatened wet land species and refuge for birds.

HCV 2.2. Wetland ecosystem. Fresh swamp forest and river buffer at BSK 2

HCV 4.2. Riverine buffer for water quality & soil erosion at BSK 1 & 2

HCV 4.3. Riverine buffer critical barrier to control destructive fires at BSK 1.

Potential HCV 4.2. Where remnant patches of "kerangas" forest scrubs are undergoing succession and should be able to self regenerate vegetation cover at BSK 2

PT BSK conducted reidentification of HCV document. Based on result of HCV re-identification and re-assessment, PT BSK made HCV management and monitoring program and reviewed annually i.e document No. HCV1/CKP BSK(1)/0115 for BSK 1 estate and BSK 2. There area managed HCV area both in BSK 1 estate and BSK 2 estate i.e.

- BKS1D1A005 HCV 6 located on Sei Babi village with total area 90m3 namely Balai Keramat, and BSK1D2B107 HCV for Sumber Makmur community with total area 0.22 ha in BSK 1 namely Gorung Balairuah.
- BSK1D2B076 is location for HCV 1.3 & HCV 4.2, with total 28.37 Ha, sandy soil and mining activities. Riparian river with area 122.27 ha is category as HCV 4.2 in BSK 1 from block 045 to 051 & river in block 077, the river is used for company's activities.
- BSK2D2A063 with total area 40.90 ha categorized as HCV 3, There are HCV 3 is open area since year 2005 to 2007 current conditions has been covered by pioneer vegetation. The area is not suitable due to sandy soil and recommended as conservation area.
- BSK2D2A050-061 with total area 22.86 ha as HCV according to MEC Where remnant patches of "kerangas" and treathened from community disturbance such as sand mining.

- BSK2D2B071 with areal 127.90 ha is categorized as HCV 4.2; HCV 3 and HCV 4.3 are sandy soil and mining a part of block 070 area (sub block E149) is categorized as HCV 4.3.
- BSK2D2B099 with area 14.63 ha still has good vegetation coverage
- BSK2D2A060 with total area 25.38 Ha is categorized as HCV 3 according to MEC study is part of remnant patches of kerangas forest and threatened from community disturbance such as sand mining..
- BSK2D2098 with area 19.96 Ha is HCV 4 has good vegetation coverage and has river inside.
- BKS1D1A005 is HCV 4.2. Riparian river with 101.07 ha area is all river bank that should have riparian belt.

The location for HCV 6 according to information from local community has traditional value and sacred for Sei Babi community namely bagai Balai Keramat. The area has been enclave and provide with sign board by PT BSK. Monitoring and maintenance of HCV record can be seen on summary of HCV monitoring report.

PT BSK conducted Flora & Fauna rapid survey on October 27 to 29 to identify availability RTE species in entire PT BSK area. There are species list status such as :

1. Endemic aves species i.e macronous bornensis/ciungair coreng kalimantan; Inchura fuscans/Bondol Kalimantan;
2. Endemic mamalia species, i.e. Prebystis rubicunda/Kelasi; Hylobates albibarbis/Owa unko; Pongo pigmeus/orang utan Kalimantan .
3. 24 protected aves, 14 protected mamalia

All identified HCV were managed according to the typical of treat especially by external parties, such as Providing socialization about HCV to all staff, workers, and communities surrounding PT BSK area. Posters and signboard replacement inform about existency of identified HCV, protected fauna. All HCV management plan were recorded on document realisasi magement plan tahun 2015

PT BSK made SOP for wild life protection i.e. (SOP 18)/HCV/(1) 0615 and SOP for Orang Utan and its habitat protection, to ensure no illegal hunting. The SOP has communicated to the workers and community surrounding company's area to protect Orang Utan inside HGU area.

There is document of socialization HCV area in PT BSK, i.e. September 19, 2015; September 21, 2015. Report of socialization activities is available, i.e. June 22, 2015 in Biru Maju village

December 31, 2015 in Sumber makmur village and in Sebabi. During sosialisasi company inform restriction for hunting, trapping, and selling and maintain wild life according to Indonesia law UU No. 5 tayer 1990 and regulation No. 7 year 1999. The training objective to increase people awareness about wild life protection and life balance between human and its environment.

PT BSK has HCV monitoring plan and records all relevant information, as stated on Laporan Rapid Survey kelola Flora dan Fauna. The monitoring was conducted every year. PT BSK made review document of HCV management and monitoring plan as stated on HCV1/CKP BSK/(1)0115. The document explain about mechanism for HCV management and monitoring plan and recommendation for further action.

There is minutes meeting and MoU for management and monitoring identified traditional right and HCV between Sumber Makmur village and PT BSK regarding HCV management and monitoring including maintenance of cultural sites inside and or surrounding company's HGU area, e.g, grave, "Sapundu, "Tiang Pantar and Balai Keramat, the Mou was sigend on December 9, 2011 signed by management PT BSK, head of Sumber Makmur village, head of BPD Sumber Makmur and other 12 witness from PT BSK management and representative from Sumber Makmur village.

The MoU including agreed HCV location map, signed by Group Estate Manager and head of Sumber Makmur village, the map has been made with participatory method and agreed by head of Sumber Makmur village , secretary, head of village legislation and representative form PT BSK , i.e. map no HD1307 dated December 7, 2011.

### **CR5.3,**

PT Bumi Sawit Kencana (Mill and Estate) has identified and documented all waste products and sources of pollution. Mechanism of identification and control of all wastes are documented. The company has waste management and disposal as determined on SOP waste management SOP 22/EHS/(2)/0711 and Environmental aspect and impact on identification and handling; waste water and emission measurement and monitoring, POME (palm oil mill effluent) treatment and monitoring, hazardous and medical waste handling and storage. All waste streams have been identified in the list of waste and have been followed up with the necessary waste management plan. Domestic wastes from housing and offices are separated into recyclables wastes and non-recyclable/organic materials. Non-recyclables and organic waste are sent to landfills which are available in each estate, while recyclables and hazardous wastes

are collected by contractor and the company maintains records of amounts collected. Hazardous waste such as used diesel oil, contaminated rags and mops, used paint can, used agrochemical container etc will be disposed to license waste collector. Human waste was discharged into septic tanks. Fibre and shell are used as fuel for boiler. Palm oil mill effluent (POME) will be used for land application as fertilizer supplement. POME from the mill was ponded in several ponds series. The treated effluent with reduced BOD was applied to the land in flat beds. The BOD levels from ponds are monitored monthly and reported

Air pollution (from the boiler/generator) was controlled by routine maintenance and the air quality from the emission stack was monitored every six months. According to "Laporan Pelaksanaan Izin Lingkungan Atau Pelaksanaan RKL dan RPL PT Bumi Sawit Kencana Monitoring serta Program Community Development" (Monitoring Report of Environmental Management and Monitoring Program), which is reported to Local Environmental Agency of East Kotawaringin District and Local Environmental Agency of Central Kalimantan Province, the air parameters such as particulates, SO<sub>x</sub>, opacity, NO<sub>x</sub>, CO<sub>x</sub> are still below the standard level

Related B3 (as described earlier), the company complied with the regulation, and the company also consistently manage waste in accordance with SOP "Management B3" (Hazardous and Toxic) and Hazardous waste (SOP 22 / EHS / (3) / 0711) , Permit of Hazardous waste temporary storage owned by the company based on Decree of Regent of East Kotawaringin Permit No. 660 / 09.1 / BLH / IX / 2011 dated 28 September 2011. Permit is valid for 5 years. One of the obligation, the company must be reported of Realization of hazardous waste storage each quarter to the Local Environment Agency of Esat Kotawaringin and to Head of the Environment Agency of Central Kalimantan Province, and also the company has fulfilled this obligation in accordance Receipt to related parties as of July 20, 2016, for the second quarter report of 2016.

Regarding hazardous waste utilization, in addition to reuse, reduce and recycle, the company in collaboration with the Third namely PT Maju Asri Jaya Utama, which has a Collector license based on the Decree letter of Ministry of Environment of the Republic of Indonesia No. 144 Taun 2012 About Licenses Collector of Hazardous and Toxic Asri PT Maju Jaya Utama, dated June 25, 2012 with a validity period of five (5) years, and also permit the transportation accordance with the type of waste being transported. Furthermore, PT Maju Utama Jaya Asri also cooperates with other parties, one of which is a Memorandum of Understanding (MoU / MoU) between PT Maju Utama Jaya Asri and PT ALP Petro Industry as processor/exploiter for used oil.

Each delivery of Hazardous waste to PT Maju Utama Jaya Asri, always accompanied with a document Hazardous waste manifest as required in the KEP-02 / KA BAPEDAL / 1995 regarding Hazardous Waste Manifest. One example of Hazardous waste manifest for the period June 10, 2016, Hazardous waste which is transported used pesticide container as many as 28 Container. Trucks transporting was No. 9628 DA TN. The License of transport vehicle has been verified and valid until March 30, 2017 based on "Kartu pengawasan Izin Penyelenggaraan Angkutan Barang khusus untuk mengangkut Barang Berbahaya dengan No. SK.1693/A.J.309.DJPD/2016/64071025388-0007"

However, in this regard, the auditor was recommended that the company should review and always ensure that the filling of Hazardous waste Manifest accordance with KEP-02 / KA BAPEDAL / 1995 , due to there was several things :

- Related to the identity of truck transporters in Hazardous waste manifest (based on the last 3 documents), filled in Sections B and C, while supposed to be filled in Sec A
- And also, it's recommended to ensure that Return of Hazardous waste manifest ( Manifest seventh) at least 120 days after transported and also refer to Memorandum of Understanding (MoU) between BSK and PT Maju Utama Jaya Asri that stated Return of Hazardous waste manifest at least 1 month after transported

**CR5.4;**

The Company has increased the efficiency of the use of fossil fuels and renewable energy optimization. In 2016 (January-June 2016), total fresh fruit bunches processed in 2016 (January-June) of 62.940,05 tons, total fuel use of diesel + gasoline as much as 406.545 liters, so that the total consumption of diesel / fresh fruit bunches processed was 6.46 liters / tonne of fresh fruit bunches.

**CR5.5;**

The company has zero burning policy title” Environmental policy” signed by Group Plantation Head of Wilmar, where it stated that all activities among PT Wilmar Plantation since land clearing both for new plantation and replanting activities not using fire. The company uses manual or mechanical method for land preparation.

It was observed during field verification there is no evidence company using fire for land preparation. Interview with familis living in etstae housing area, there were aware that domestic waste is prohobitted to burn. All should be collected and disposed folling company’s regulation. The estate workers collect domestic waste every two days and the waste is buried in the designed waste landfilled area for far from the emplament.

**CR5.6**

BSK estate 1 & 2 has identified the activities that produce greenhouse gas emissions, among others:

- a. Production of fresh fruit bunches
- b. application of fertilizer
- c. Application of pesticides and herbicides
- d. The use of fuel oil
- e. etc

The mill has identified the activities that produce greenhouse gas emissions, among others:

- a. The use of fuel
- b. Transportation CPO
- c. Liquid waste
- d. Use of chemicals
- e. etc

There was sighted evidence of proper implementation of waste management, as all waste and pollutions sources both from the mill and estate are identified and documented as recorded on waste management document including such as contaminated fiber, used rough mops, oil spillage in kernel station, calcium carbonate (CaCO3) spillage, boiler emissions, etc. Waste management activities are done through separation between hazardous waste and non-hazardous waste. Hazardous waste collected in the workshop warehouse include used oil, used batteries,used rough mops, used filter oil, copy toner etc. The company assigned a licensed waste collector.

The company (estates & mills) has identified significant pollutants and greenhouse gas (GHG) emissions such as CO2, CH4, HCFC, and N2O and plans to reduce or minimise them (include objective, targets and timelines) example using renewable energy in mills, apply of fertilizer appropriate with procedures, maintenance of truck, exam of vehicle emission, etc.

PalmGHG summary report mill was available where using appropriate tools i.e RSPO Palm GHG calculator version 2.1.1. The Result of monitoring regarding final emissions at POM is 0,75 tCO2e/t CPO or PK.

**Compliance status : Compliance with observation**

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

**Criteria assessed : CR6.1, CR6.2, CR6.3, CR6.4, CR6.5, CR6.6, CR6.7, CR6.8, CR6.9, CR6.10, CR6.11**

**Criteria not assessed : -**

**Findings:**

**CR.6.1**

PT BSK conduct social impact assessment on year 2011 by external consultant,from the assessment result there are 15 social impacts from company operations including positive and negative impacts,i.e. Job opportunities, occupational, safety and health, workers right and facilities, consultation and communications, workers stability, business opportunity,incoming local contribution, family revenue, community institution public communication company’s perception, social changesm traditional right & other usage, land tenurial and community health. Including the impacts of smallholder schemes.

The assessment has been done with the participation of affected parties as evidence showed from records of focus group discussion in several villages and workers from photographs such as FGD with:

- Company's workers dated May 12, 2011
- Harvester dated May 12, 2011
- Mill maintenance dated May 13, 2011
- Sprayer dated May 14, 2011
- Sumber Makmur village dated May 15, 2011
- Sebabi village dated May 16, 2011
- Tangar village dated May 18, 2011

The company conducts regular management and monitoring for social impacts, as reported by community development report semester 1 (January to July) year 2016, such as activities related to community development, religious, education, health, social & culture. The company also submitted regular reports for environmental management and monitoring plans per semester to environmental officers for semester 1 January to June, 2016.

PT BSK has reviewed social impact management and monitoring programs for the period 2016 to 2018. The review has been documented on social impact management and monitoring plans revised for the year 2016 to 2018. The review involves stakeholders from Biru Maju, Sumber Maju and Sebabi villages. However, in the reviewed impact management and monitoring plan documents for the years 2016 to 2018, communities from Pangkat village, those categories as affected parties were not involved. Furthermore, the village has a direct impact from the company's activities.

Land tenure problems are identified as social impacts as determined in the social impact assessment for PT BSK year 2011. This is raised as non-conformity as stated on **RSPO00583**.

#### **Cr.6.2.**

There are some procedures that have been developed and held by the company regarding stakeholder consultation and communication. All procedures have been documented as SOPs such as:

- a. SOP44/PR/3/0213, issued in May 5th 2015, regarding "Dedicated officer responsible for consultation and communication with stakeholder".
- b. SOP 47/PR/3/0414, issued in May 5th 2015, regarding "Transparency".
- c. SOP 35/PR/1/0614 rev. 02, issued in May 5th 2015, regarding "Mechanism of Stakeholder communication and Consultation".

All of the documents completed with detailed information regarding procedures, flowcharts and officers who are responsible in the communication process have been communicated to stakeholders.

The company also has a schedule for planned meetings with surrounding communities in Biru Maju, Sebabi village, Tangar village, Pantap village. There is evidence that the meetings were conducted every once a year with the main agenda being the introduction of new officers to stakeholders. All of the communication processes have been recorded and maintained by the company. Local community leaders from 2 villages (Pantap and Biru Maju village) have been interviewed during the surveillance audit. They confirmed that PT BSK management always sends their staff for routine meetings with them to discuss any kind of social issues.

The company has maintained their procedures regarding openness to all affected parties for grievances, complaints and dispute resolution processes. The procedure is documented as SOP 34/PR/1/0614 rev. 02, issued in May 5th 2015, regarding "Mechanism of Complaints and Grievance Acceptance, and Conflict/Dispute Resolutions". This document has also been communicated to stakeholders at the same time with other procedure socializations.

The company has appointed a team who will be responsible for communication with local communities as evidenced in "Penunjukan petugas konsultasi dan komunikasi dengan masyarakat, SOP 44/PR/4/0614, Bina Mitra Department (Divisi pembebasan lahan, kehumasan, Comdev and security).

Stakeholder lists are available for the period July to December 2016 (file No. 02/BM/BSK/VII/2016) that consist of:

Stakeholders from Central Kalimantan province; East Kotawaringin, local governments surrounding the company's area such as heads of sub-districts and heads of villages, community leaders, police officers, local universities, NGOs, contractors, suppliers, hospitals, banks, and health insurance companies. The company shall revise the stakeholder list so that it can be used to create stakeholder engagement by developing profiling, analysis and mapping. It can get a profile of power for each stakeholder which can affect company activities.

#### **Cr.6.3**

There are a system, open to all affected parties, to resolve disputes in an effective, timely and appropriate

ate manner in PT BSK, the system established to ensuring anonymity of complainants and whistle-blowers, i.e. SOP "Tatacara Penerimaan Keluhan dan Penyelesaian Perselisihan Khususnya Sengketa di luar Pengadilan" (SOP 34/PR/(1)/061 rev.02) and SOP "Keluh Kesah & Pengaduan Karyawan (SOP 42/HRD/(0)06.09). All complaint received from workers should be recorded in Berita Acara Keluh Kesah/Pengaduan Karyawan".

Until the audit, the company has not received and any complaints from external stakeholders or other interested parties. Workers grievance regarding accommodation and facilities that was found during previous audit has been solved. Document regarding grievance completion were available on the estate office, i.e. minutes repair housing facility.

**Cr.6.4**

Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation has been established, i.e.

- Panduan Teknis Perolehan Tanah/Pembebasan Lahan (SOP 30/BM/(0)/0409. Technical Guide for Land Excisions/Acquisition (panduan teknis pembebasan tanah/perolehan lahan)
- Penyelesaian sengketa pertanahan (SOP 30/BM/(0)/0409.

As explain on the Cr.2.2 & 2.3 there are several land dispute in PT BSK under completion process. PT BSK involve local government to solve land problem following information stated on document calculation & distributin fair compenisation i.e. Governement circular dated April 5, 2007 (ref: No. 316 year 2007) regarding Keputusan Bupati Kotawaringin: Harga dasar tanah dan Tanam Tumbuh di Kabupaten Kotawaringin decision; Basic Land, Plant Growing proce, Growing for East Kotawaringin) that shows the basis of the land (ha) in Kabupaten Kotawaringin) that showed ladrate basis per ha in KotawarinTimur gin district. Random checkc conducted by the audit team confirmed that the land price paid by PT BSK to traditional owners after Aril 5, 2007 to this government circular.

Potential land dispute was identified during 3<sup>rd</sup> audit, from village visit to Biru Maju village; there is information from head of village that PT BSK land area overlay with 317 ha transmigration area according to decree letter for 'back up land ("areal pencadangan") for Biru Maju villager year 1995. The problem was discussed among villager representative and legislation that attended by PT BSK representative, but yet to solve calculation mechanism for total compensation, minutes meeting was available both in head of Biru Maju village and PT BSK. Some evidence for land compensation payment available on records of identification of people entitled to received compensation are available and updated regularly in" Daftar Rekapitulasi ganti Rugi Lahan (land Compensation Summary List). The auditor notice all land under compensation process and should be verified during next surveillance audit.

**Cr.6.5.**

There some payment and conditions scheme for workers in PT Bumi Sawit Kencana. Based on Company Regulations year 2016 to 2017, article 5, company :

- a. Permanent Worker (PKWTT – Working Contract Agreement with undefined Duration)
  - Staff
  - Payroll or monthly rate worker
  - Daily rate Worker
- b. In-Permanent Worker (PKWT – Working Contract Agreement with specific duration).
  - Contract worker
  - Migrant worker (Expatriate)

Company has developed payment structures and scales for every kind of worker and always responds to local governance regulation regarding minimum wage payment. There were evidences showed during audit such as:

- a. Governor of Central Kalimantan Official Letter regarding minimum wage payment no. 39 year 2015 dated August 14, 2015, state that the minimum wage for plantation 2016 is IDR 2.160,435,-
- b. Head of Kotawaringin Timur district stated that minimum wage for plantation sectoral in year 206 is Rp. 2,168,914,-
- c. Inter company memo no. 008/GM-CKP/XI/2015 for plantation sectoral Kotawaringin Timur District is Rp. 2,277,634 permonth or Rp 91,105.36, and for Seruyan District Rp. 2.310,998/month or Rp 92,432.92/day.
- d. Pay slips for PKWTT and PKWT workers of Mill and Estates, e.g. For Asnawi (By/BKS2/1109/1327; Cucu cahyati, Dwi Astuti

Cross check to these documents and records found that company still comply with regulations (for monthly rate and daily rate worker), regarding minimum wage payment sectoral for district (UMSK).

Every "PKWTT" and "PKWT" worker has hold contract agreement with company and part of scope of company regulations. The company regulations that has been registered to Local Office of Social and Manpower in April 2016 valid for year 2016 to 2017 period, determined all workers obligations and rights that has refer to local and national labor regulations, such as :

- a. Working relations
- b. Paid and un-paid Day off and Leave permit
- c. Payment
- d. Worker facilities
- e. Layoffs termination
- f. Complaints and Grievance mechanism

Document check for overtime forms and payment calculations for daily rate worker found that company shows has not compliance to regulations. During document check regarding overtime issues, there were some overtime payment has been fulfilled piece rate workers norms (Mature Field Operation, Contract and labor Rate 2016). However overtime records for some workers in PT BSK mill found more than 3 hours per day/ 14 hours per week, the condition were not consistent with Permenaker No. NOMOR KEP. 102/MEN/VI/2004, this is raised as non conformity regarding company's compliance to lalgal regulation stated on Cr.2.1 above.

Company Regulations 2016 article 21 mentions about company's facilities for worker. The points regarding facilities as mentioned are:

- a. Company provides housing, electricity and water for workers and family members (nuclear family) that live in the plantations area
- b. Company provides worker public facilities such as clinic, worshipping houses, sport areas etc.

Check into documents and records found that PT BSK provide adequate housing facilities for worker, and provide adequate electricity and water. Field check and interview with worker's spouse found that company routinely maintain the facilities keep in order. Every complaint from housing residents regarding worker facilities is responded properly. Every local housing has an officer who responsible for maintenance management. There are

PT BSK estate location is close to local economic center (market etc.) Sei Babi market, and Bengkal market. Small grocery available in each housing complex, supplying workers daily need such as rice, herbs, side dished material, fuel, etc. Some pitcman for vegetable come everyday to husing complex. Food is adequately, sufficiently and affordably supplied by these local shops, there is no restriction from the company for worker to build a shop in housing facilities areas. To improve worker access to adequate food supplier, company has built Workers Cooperation that could accessed by all workers, member or non-member. The shop owned by the Cooperation is available in every Estate office.

#### **CR.6.6.**

The company still maintain the policy for worker's freedom association as stated on Internal Memo No. #026/WIP-HRD/INT-VIII/2009 dated August 12, 2009 i.e. " Ketentuan Ketenagakerjaan from HRD head".

The memo has been established policy such as:

- Freedom of association
- Prohibitionon employing children
- Equal opportunity
- Prevention of sexual harassment, violence and oppression to woman.

Policy regarding freedom association also explained in the company regulation ediciton year 2016 to 2017 period paragraph 2, article 7.

During this surveillance audit evidences collected regarding policy's socializations. Printed document policy of worker's Freedom of Associations, the hardcopies has attached to every board in Estate and Mill Offices. This is one of effective way to socialize the policy to staffs and workers. There is no official labor union in the mill and estates, however PT BSK established Workers use Bipartite Cooperation Institutions (LKS Bipartite) for direct communication, the member of Bipartiet consist of company's management representative and worker representative. T The organization has been approved by Manpower and Transmigration Kotawaringing Timur district, i.e.

- LKS Bipartite for mill approved by Dinsosnakertrans #560.565/900/Kep/Hi-Kesja/V/2015 dated June 24, 2015 valid for 3 years;
- LKS Bipartite for estate approved by Dinsosnakertrans #560.565/618/Kep/Hi-Kesja/V/2015 dated June 29, 2015 valid for 3 years;

Bipartiet meeting is conducted quarterly, las meeting dated on May 2016 at the mill with agenda; the company regulation implementation, workers insurance, security accomodation and worker grievance.

The meeting attended by workers representative and PT BSK management. Minute of Bipartite Organization is made available to the auditor team during 3<sup>rd</sup> surveillance audit.

**Cr.6.7.**

Document check on list of employee and workers and field check found that there is no presence of child workers found in this company. Child worker restrictions has documented in Company's Policy. It Also has strictly mentioned in Company Regulations 2016, article 3, point 2, that state "Company has commitment will not recruit workers under 18 years old". This regulations also documented in recruitment procedures.

**Cr 6.8**

PT BSK adopt policy regarding equal opportunity from Wilmar International Limited policy i.e. "Kebijakan tentang Kesempatan yang sama for all plantations to meet the requirements of equal opportunities to avoid any form of discrimination. The policy signed by Mr. Goh Ing Sing; group Plantation head dated September 2010.

There is no evidence of discrimination in this company. Workers come from various ethnic groups in Indonesia such as Java, Dayak, Malay, Batak, and others. The workers also come from various religions. Interview with maintenance worker and harvester worker confirmed that there is no indication found in working areas and emplacement areas showing discrimination issues among worker and staffs.

This policy has also clearly stated at Company Regulation 2016, article 3, point 7, "Company open equal opportunity to each individual person with respects, dignity, free from discriminations based on gender, race, ethnic, religion and believe backgrounds". Audit evidences regarding recruitment procedure and process shows that company still keeps their commitment.

SOP for recruitment was established i.e. No SOP-OD-01 rev02. Clinic will check the candidate for medical fitness, when recruitment is conducted on site. Evidence of workers recruitment were sight during surveillance audit i.e. logistic clerk (004 BSK 16038606) and processing process (003 BSK 16029402), recruit on July 06, 2016. The company always conducts employee performance evaluation regularly as consideration for employee promotion, mutation, and increase salary and performance bonus calculation.

**Cr.6.9.**

Company maintains policy against sexual harassment and violence, the printed documents attached at boards in every office, estates and Mill. This policy has also clearly stated at Company Regulation 2016, article 3, point 3, "Company support (encourage) efforts to prevents, reports and actions over sexual harassment and violence". As implementations of the policy, company showed documents and records of Gender Committee Structure and activities (meeting and socializations). Special procedure has developed to accommodate complaints and grievances regarding these issues.

There is evidence of information provided to workers during morning row call regarding the company's policy against sexual harassment and violence. Interview result with maintenance workers (women) found that they already know the policy, and where to reports if there's any case happens in fields. Interview result with office workers found that they know person incharge regarding gender committee and they know and utilize their reproductive rights. Evidences such as filled H1 form (Leave for period) and H2 form (maternity leave) has showed during audit.

**CR 6.10.**

PT BSK purchased FFB from outsider, in year 2015 incoming from outsider around 46.40% from total FFB processed. FFB Prices determines by marketing section in Head Office based on CPO and FFB market prices and local prices issued by FFB Prices Board in Kotawaringin District officer. The valid FFB price will be communicated to BSK mills (by email) and suppliers (by SMS). The current and past informed on sign board at Mills gate.

Every FFB supplier holds contractual agreement with company. There is evidences shown during audit regarding administrative requirement for FFB Supplier, such as: a. FFB Supplies Contractual Agreement; b. List of grower detailed with areas and production forecast; c. Supplier Invoice to company; d. Payment slip. Interview result with the supplier found that company always distributes the FFB prices information routinely. During the surveillance audit, there is no objection from BSK supplier regarding payment process and other relevant contracting agreement.

**Cr.6.11**

As stated at Company Regulations 2016, article 3, point 5, company has commitment to contribute to lo-

cal development by developing Community Development Program. Audit evidences such as Document of CD/CSR Program 2016, records of implementations, meeting records and payments slips. The CD/CSR program has considered SIA Documents, company's operation areas as group and stakeholder consultation result. CD/CSR program activities that has implemented in 2015 are donation for:

- a. Infrastructure
- b. Education (Incentives for In-permanent Teachers)
- c. Socials community
- d. Religious (Rehabilitation of Local Public Facilities)
- e. Economic
- f. Culture, local ceremony and sport
- g. Emergency response.

For all those 4 kind of activities, company has contributed around Rp 259,655,824 to local community development in 2014, and 129 million in 2015. Random records regarding event and project has been asked as verification by the auditor, and has been showed. The contribution to local development program has conducted as the reports.

**Cr.6.12**

The company has established regulation regarding working hours is 40 hours/week. Overtime has been paid according to government regulation. There is no evidence of forced or traffict labour used within the company. PT BSK (CKP) only recruit migrant worker for managerial positions (staff up – expatriate), there's no migrant worker for casual workers. All harvester and maintenance worker (permanent and non permanent) are Indonesian. From interview result, there is no no trafficked labor are use. There's also no substitute contract occurred.

**Cr.6.13**

The company established a policy to respect human right as signed by Goh Ing Sing dated June 2014. Human Rights policy also include in Company Regulation 2016 article 3. Human Right policy as state by UN guiding principle on Business and Human Rights has detailed into 7 points. This statement has cover issues such as :

- a. Commitment to provide comfortable working environment
- b. Commitment to employ worker over 18 years old
- c. Prevent, report, and handling sexual harassment and violence cases (if any).
- d. Commitment to transparency
- e. Commitment to contribute to local development
- f. Commitment to environment sustainability
- g. Commitment to equal opportunity

Freedom for associations has state as special documented policies. All of this commitment regarding human rights has been communicated to all level of workers.

**Compliance status : Non Compliance**  
**NCR No. RSPO00583**

***Principle 7: Responsible development of new plantings***

**Criteria assessed : CR7.1, CR7.2, CR7.3, CR7.4, CR7.5, CR7.6, CR7.7, 7.8**

**Criteria not assessed : -**

**Findings:**

Since year 2011 there is no new development area in PT BSK, howthe compliance of principle 7 applied for plantation between years 2005 to 2011. The company sent the land use changed analysis to RSPO and now under review by compensation panel to decide compensation mechanism applied for PT BSK as confirmed by RSPO Cempensation Panel through email dated September 6, 2016. Referring to the previous audit report regarding PT BSK compliance to principle 7 as explained on the findings below:

**CR7.1,**

PT BSK conduct social impact assessment on year 2011 by external consultant,from the assessment re-

sult there are 15 social impacts from company operations including positive and negative impacts, i.e. Job opportunities, occupational, safety and health, workers right and facilities, consultation and communications, workers stability, business opportunity, incoming local contribution, family revenue, community institution public communication company's perception, social changes, traditional right & other usage, land tenurial and community health. Including the impacts of smallholder schemes.

The environmental impact assessment was done in year 2009, i.e. AMDAL (Analisis Dampak Lingkungan Hidup). There is discrepancy between the total estate area of EIA document (11,050 ha) and the actual estate area (11,471.71 ha). This is because the EIA was made referring to PT BSK location permit while the current area statement is based on HGU document. The discrepancy in on boundary area where the current calculation is based on a more accurate delineation of the oil palm estates. The audit team observed that the additional 420 ha does not influence the EIA results of monitoring process and the EIS is still considerable valid. The EIA document also assumed the production capacity is only 45 mt/hour. This is also fine as as the EIA assumes higher productions capacity than the actual capacity.

The SIA and AMDAL document has been include activities for smallholder scheme (plasma) which is now still under development, waiting for availability of the land.

**CR7.2,**

Soil suitability analysis was done incorporated with soil survey done by PARAM. The company has a detailed soil map showing gradients and all soil types within all 3 estates, done by Param Agricultural Soil Surveys (M) Sdn. Bhd., dated June 2007. Marginal soils identified include sandy soils., as described below:

- BSK 1: Sandy class Buso : 485.03 ha ; Sandy class Miri: 225.89 ha; sandy class Serai: 148.98 ha;
- BSK 2: Sandy class Buso 296.52 ha; Sandy class Miri; 467.70 ha; sandy class serai : 1588.44 ha

According to peat soil map with scale 1: 50,000 there are peat soil both in PT BSK 1 and BSK 2 estate, i.e.:

BSK 1; Peat soil EMU; 8980 ha and peat soil Param : 65.61 ha

BSK 2 : Peat soil Emu: 122.55 ha; and peat soil param 287.78 ha.

Base on visual observation and also determine on the slope map with scale 1: 175,000, the topography in PT BSK relative flat with slope range between 0-6%. PT BSK has strategy for planting on the slope as determined on SOP 31/SUS(3)/0616 rev 3 dated June 01, 2016 and Wilmar Agriculture Manual 2011 amended on December 5th, 2013.

See explanation on CR.4.3.

**CR7.3,**

The company hired a consultant in year 2008 to conduct HCV assessment for all company's area. The result showed about 170.4 ha of HCV areas within BSK 1 and BSK 2 estate has been cleared prior to year 2008 planted area and is not recoverable. This indicates that HCV compensation plans need to be delivered to RSPO and approved for the area. This is confirmed by RSPO through email communication with PT TÜV Rheinland Indonesia on September 06, 2016 that PT BSK is in active compensation process.

Nevertheless the company argues that field inspection by the company internal team observed how the area is actually not cleared and is still considered as HCV.

Field inspection by the audit team revealed how it seems the area in questions is actually previously planted by the company, and then, probably due to their information that the area was HCV, the company cut down all their oil palm tree and let the area grow by itself. At the present, the area is covered by *Mucuna* sp, a type of shrubs that covers the land and soil. The sandy area was considered as HCV area by consultant, especially since it is located adjacent with the river. Thus, *Mucuna* species covering the land would act as cover that is beneficial instead of bare land. Furthermore, the area is not used by the company as plantation area and is now protected as HCV.

**CR7.4,**

As explained on the Cr.4.3 above there are soil types considered as fragile in PT BSK, i.e. sandy soil and peat soil, the soil map has been established and indicated the location of sandy soil and peat soil. PT BSK management has strategy for other fragile and problem soils, there is updating SOP for sandy following inter office memo from Lee Kang Yee on July 11, 2009 Ref# 072/EMU/VII/2009 according to update SOP planting for sandy area in Central Kalimantan project. Updating in peat soil management available on Soil Management and Monitoring for oil palm plantation ref#SA 03/EMU/(3)/081 on August 2011, i.e.

- Recommended Palm density is 148 trees/ha
- Water level maintained in range 50 cm-75 cm
- Water gate are established to maintained water level.
- Fertilizer on immature refers to Agriculture Manual & Standard Operation Procedure for Oil Palm
- Fertilizer for mature based on recommendation from agronomist based on leaves and soil sam-pling analysis.

**CR7.5,**

As explain on the Cr.2.3, PT BSK has a policy to circumvent instigated violence to maintain peace and order in current and planned operations. There is no evidence that the company use of confrontation and intimidation by the company to the communities that claim tPT BSK land. The company involve all relevant institutions such as local governeemnt, local BPN, local Agriculture office to communicate related to problem solving. No para militaries and mercenaries use in the plantation except security to protect the company's aset from the thief activities.

It was verified by the auditor during visited to villages surrounding PT BSK area such as, all head of vil-lages from Pantap village, Biru Maju village, and Tangar village confirmed that PT BSK management has good communication and cooperation with the villager and provide donation including technical asistant if any problem occure in the villages.

There are complete land conflict resolutions including negotiation with FPIC method to Zainal Arifin and Simamora except land participatory mapping with community group in Pantapt village. All relevant information are available in Bahasa Indonesia and cleraly understood by both parties includ-ing the local communities. There is also evidence that communities are represented through institutions or representatives of their own choosing, including reporting the case to dispute panel in RSPO as con-firm by Simamora family member during visited on Biru Maju village.

**CR7.6,**

Procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation has been established, i.e.

- Panduan Teknis Perolehan Tanah/Pembebasan Lahan (SOP 30/BM/(0)/0409. Technical Guide for Land Excisions/Acquisition (panduan teknis pembebasan tanah/perolehan lahan)
- Penyelesaian sengketa pertanahan (SOP 30/BM/(0)/0409.

As explain on the Cr.2.2 & 2.3 there are several land dispute in PT BSK under completion process. PT BSK involve local government to solve land problem following information stated on document calcula-tion & distributin fair compenisation i.e. Governement circular dated April 5, 2007 (ref: No. 316 year 2007) regarding Keputusan Bupati Kotawaringin: Harga dasar tanah dan Tanam Tumbuh di Kabupaten Kotawaringin decision; Basic Land, Plant Growing proce, Growing for East Kotawaringin) that shows the basis of the land (ha) in Kabupaten Kotawaringin) that showed ladrate basis per ha in KotawarinTimur gin district. Random checkc conducted by the audit team confirmed that the land price paid by PT BSK to traditional owners after Aril 5, 2007 to this government circular

**CR7.7,**

The company has zero burning policy title" Environmental policy" signed by Group Plantation Head of Wilmar, where it stated that all activities amoung PT Wilmar Plantation since land clearing both for new plantation and replanting activities not using fire. The company uses manual or mechanical method for land preparation.

**CR7.8**

No applicable since the requirement 7.8 applied from year 2015 and the latest oil palm planted in PT BSK is in year 2011.

**Compliance status: Non Compliance**  
**Related to NCR No. RSPO00577 and NCR No. RSPO00579**

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

**Criteria assessed: CR8.1**

**Criteria not assessed: -**

**Findings:**

The company (estate and POM) has a continuous improvement action plan. The continuous improvement action plan for estate is to the reduction of herbicide, LB3 reduction, reduction in fuel consumption, reforestation, reduction in the use of fertilizers containing N, P<sub>2</sub>O<sub>5</sub>, K<sub>2</sub>O, CaO, MgO, Na and prevention and control of fires.

BSK mill has a management and monitoring plan for 2016 contained in the RKL / RPL .

The company reported RKL-RPL and UKL / UPL regularly every 6 months. RKL-RPL and UKL / UPL last reported is the second semester of 2016 (January to June 2016). BSK mill conducted analysis and testing of environmental effects include ambient air testing, boiler emissions, emission generators, odor testing, testing of vehicle emissions, noise testing, illumination testing work environment, vibration testing, testing soil, surface water testing, testing waste water quality, water quality testing soil, erosion, fire potential, natural vegetation, wildlife reported in RKL-RPL.

The company has developed questionnaire and conducted surveys (every year) for collecting data from local communities. The questionnaire contained questions regarding social issues impacted by Company such as working opportunity, income, perceptions, grievances, local norm and values, social process and community health status. Data collected has been analyzed as inputs for the formulation process of Social Impact Monitoring and Evaluation Report.

The company could show evidences that they have routine meeting with stakeholders (Pantap Village, Biru Maju village, Tangar village etc.). As mentioned in meeting records, the agenda was introducing new procedure, new officer and socialization regarding environmental and social impacts monitoring activities. By this meeting, stakeholders could continuously update information according to the dynamic of company's activities and its impacts.

Social impact management not yet mentions about local workforce market (as observation). An analysis of supply and demand that calculated related variable (competitor, wage rate etc.) could be opportunity to improve worker sustainability. If local workforce supply is proven low, company could consider a workforce supply for Other area of Indonesia.

In a report of RKL-RPL and UKL / UPL also reported about the social impact about work opportunities and the implementation of CSR programs to the local community (community empowerment in the fishery and handicraft)

**Compliance status: Compliance**

**3.1.2 Compliance to RSPO SCCS Module E**

PT Bmi Sawit Kencana is located in Central Kalimantan – Indonesia has production capacity of 45 tonnes/hours or 250,000 tonnes per year.

. Results of audit/assessment as describe on the explanation below :

**Module E – CPO Mills: Mass Balance**

**E.1. Definitor**

**Findings:**

Based on table 3 above that in year 2015 processes Fresh Fruit Bunches (FFB) from company owned estates, and other Wilmar estate..

The company implements SCC-RSPO with “Mass Balance (MB)” model 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 (it was assessed/audited against Module E), including status of compliance

of the company and their outsourced third parties to RSPO SCCS requirements

In year 2015 certified FFB enter BSK POM from company's supply based were 102,097.31 tonnes (53.60%), certified FFB from other Wilmar's estates were 160.05 tonnes. While non certified FFB enter BSK POM come from other Wilmar's non certified estate were 88,215.43 tonnes (46.40%).

Mass balance record in both mills also showed the certified product. In year 2015 total actual RSPO certified production was 22,465.94 Mt (53.68%) and non certified CPO was 19380.93 Mt (46.32 %). Whereas, certified PK was 4,632.26 tones (53.71 %) and non certified PK was 3,992.157 tones (4.53%).

**Compliance status : Full Compliance**

### **E.2. Explanation**

#### **Findings:**

The projections of certified CPO and PK that could potentially produce in year 2016 base on potential incoming FFB processed are CPO projection for year 2016 is 40,629.60 Mt and PK is 7,618.05 the projection are base on planning of FFB processed in year 2016 from certified estate 169,290.00 and projection for total production including non certified FFB is 179,900.00 Mt. The OER projection for year 2016 is 24% while the KER prpjection is 4.5%. The company records all material accounting process in Mass Balance report. The actual FFB processed until 3<sup>rd</sup> surveillance audit are 65,619.76 tonnes FFB consist of 38273.04 and non certified FFB is 27,346.72 tonnes.

For certified product transaction process, PT BSK register in eTrace with registration no. RSPO\_PO1000001043

**Compliance status : Full Compliance**

### **E.3. Documented procedures**

#### **Findings:**

The company (POM 1) has a procedure for implementation of SCCS requirements. There are a set of existing procedure consisting of :

1. Standard operation procedure Supply chain-Mass Balance Model (doc. Number :SOP Mill-10, latest update July 2014.
2. Procedures for weighbridge Operation, doc WIP/POM/SOP/01/02 lates updated February 2014;
3. Procedure for sales of Palm kernel (penjualan PK) (doc: SOP/BSKPOM-LOG-006 rev. 03. 1/10/15) indicate the procedure for sales process of Palm Kernel.
4. Procedure for sales of Palm Oil/CPO doc : SOP/BSKPOM-LOG/005,rev02,1/9/15) indicate theprocedures for CPO sales processing.
5. Porcedure for FFB reciving doc.SOP/BSKPOM-LOG-003;rev.00, 1/9/15;
6. Records control procedure doc. SOPMILL-015,11/10/15 determine mechanism for storage and retention of documents.
7. Procedure for overproduction, doc No. SOP/BSKPOM-MR-002, rev.00,2/2/15) stated the mill head will in-form CB through written email or mail when there is a projected overproduction.
8. Etc. Following Wilmar Manual for Goods Manufacturing Process.

The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements has been assigned at the audit time. According to document titled Management representative (JD/BSKPOM-MR-001) which refer to the appointment of the management representative (Penetapan Management Representative) SK No.02/BSK-Mill.V.2015 that assign the role of the management representative and its responsibility with respect to the implementation of the supply chain system to the current mill manager since April 2015.

**Compliance status: Full Compliance**

#### **E.4. Purchasing and goods in**

##### **Findings:**

PT Bumi Sawit Kencana Palm Oil Mill has a mechanism to receive FFB both from certified sources and non-certified sources. The document to be verified from certified sources are : material delivery letter (Surat Pengantar Buah) including name of estate origin and barcode code for material delivered letter. Based on name of estate origin then weighbridge operator ensure that name of estate origin include in the list certified suppliers. If include in the list certified suppliers then it is status is FFB certified. Certification status will be stated on 'Incoming Certified FFB Received' report (daily, monthly and three monthly report) in weighbridge location. Non Certified status will be stated on "Incoming Non Certified FFB Received" report (daily, monthly and three monthly report) in weighbridge location as seen from sample documents e.g. delivery note (Surat Jalan), Weighbridge Slip and FFB Grading Report.

In year 2015 PT BSK received FFB from certified estates i.e. BSK 1 estate (37,561 tonnes) and BSK 2 estate(64,536 tonnes); other Wilmar certified estates i.e. PT MSM estate 1 (4.7 tonnes) and estate 2 (155.35 tonnes). While non certified estate come from other Wilmar's non certified estates i.e.: PT KKP estate 1 (87,644.73 tonnes), estate 2 (462.17 tonnes) and estate 3 (108.53tonnes).

For year 2016, until June 2016 was noted FFB received from BSK 1 estate 17,374.50 tonnes; BSK 2 estate 19,761.17 tonnes; PT MSM 2 estate 1,137.37 tonnes and other non certified FFB from PT KKP 1 estate is 27,346.72 tonnes.

A person has been appointed to be responsible to check and ensure the FFB quality and quantity as per purchase documents.

According to FFB reception procedure (5. Procedure for FFB receiving doc.SOP/BSKPOM-LOG-003;rev.00, 1/9/15;) the mechanism of receive FFB in mill is :

- 1) Security guard will check the FFB delivery note or delivery note from the truck driver;
- 2) The truck driver shall doing weighing at weighbridge. Once done, the gross weight of the truck is taken;
- 3) At the time of doing weighing at weighbridge, the truck driver shall submit the FFB delivery note or delivery note to weighbridge operator. The weighbridge operator shall check whether the name of estate origin is including in the list certified suppliers or not. If included in the list certified suppliers, and then is the status is FFB certified.
- 4) Upon completion of weighing of FFB load, the FFB shall be sent to loading ramp. The truck's driver will unload the FFB and will return to the weighbridge to be weighed again;
- 5) The weighbridge operator will then generate the Weighbridge Slip and this will be kept together with the FFB delivery note or delivery note;
- 6) A copy of the Weighbridge Slip will then be given to the driver and attached with the FFB delivery note or delivery note. Both documents need to be sent back to the estate office or seller office by the truck driver;
- 7) At the grading platform, the quality of FFB (e.g. fresh, unripe, under ripe, rotten bunch & etc) shall be graded & recorded on the FFB Grading report.

PT BSK POM has recapitulation of production report for year 2015 & 2016, including volumes of FFBs received which is separated into certified and non-certified FFB volumes. Total FFB received include of FFB certified and FFB non-certified in year 2015 and year 2016.

**Compliance status: Full compliance**

#### **E.5. Record keeping**

##### **Findings:**

The company has established a mechanism to control and maintenance of the document and data control i.e.

doc. SOPMILL-015,11/10/15 determine mechanism for storage and retention of documents and the retention time for all records and reports have defined for at least for five (5) years. The company's procedure for records keeping is applied, as the following evidences: the company maintains records of weightbridge slips, FFB delivery notes and FFB grading reports. All records (weightbridge slips, FFB delivery notes and FFB grading reports) are collected or compiled per month. Records on the quantity of FFB received and CPO/PK dispatched daily is maintained in the weightbridge software. The mechanism to update information about production (production CPO/PK, dispatch CPO/PK, stock CPO/PK, OER and KER) to related section is by email notification every morning by the logistic division.

The mill has records and balances of all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on daily, monthly and three monthly basis. The material balance includes information about incoming FFB (certified sources and non-certified sources), incoming FFB of processed, CPO production result, OER, delivered CPO, and balance stock. All volumes of palm oil that are delivered are deducted from the material accounting system according to actual daily conversion ratios and only deliver mass balance sales from a positive stock. Summary material balance for Palm Kernel product year 2015 :

Opening stock certified product: certified PK 94,804 tonnes and non certified is 33,530 tonnes.

**Incoming FFB :**

January to March 2015 certified FFB received is 21,373.710 tonnes; non certified FFB is 21,067,340 tonnes

April to June 2015 certified FFB received 28,563,840 tonnes ; non certified FFB is 18,429.430 tonnes

July to September 2015 certified FFB received 25,795.080 tonnes ; non certified is 24,333.800 tonnes

October to December 2015 certified FFB received 26,364.840 tonnes ; non certified is 24,404.680 tonnes.

**PK Processed :**

January to March 2015 certified PK 890.579 tonnes; non certified PK is 890.528 tonnes

April to June 2015 certified PK 1,330.404 tonnes; non certified PK is 846.178 tonnes

July to September 2015 certified PK 1,180.572 tonnes; non certified PK is 1,082.611 tonnes

October to December 2015 certified PK 1,266.876 tonnes; non certified PK is 1,136.714 tonnes

**Outgoing PK**

January to March 2015 certified PK 957.232 tonnes; non certified PK is 892.658 tonnes

April to June 2015 certified PK 1,290.000 tonnes; non certified PK is 866.520 tonnes

July to September 2015 certified PK 1,220.000 tonnes; non certified PK is 982.360 tonnes

October to December 2015 certified PK 1,216.666 tonnes; non certified PK is 1,201.224 tonnes

All records of ETrace transaction were maintained by Wilmar head office.

No sales of RSPO CPO during year 2015 in PT BSK., CPO sold as ISCC. For year 2016 company certified CPO. There are two E trace transaction for shipping certified CPO i.e. February 2016 with total 1,099.04 Mt. and March 2016 with total 106.19 Mt. The total certified CPO sold will be verified during next surveillance audit.

From the record it shows that sales have been delivered during positive stock.

No outsourcing activities employed for palm kernel crushing facility in PT BSK, all processed by company's facility.

**Compliance status : Full Compliance**

### 3.2. Status of Previously Identified Non-conformities for RSPO P&C

A total of 4 nonconformances were identified during the previous assessment all categorized as major and minor non-conformities. During this surveillance assessment, it was found that there was sufficient evidence for closure of all non-conformities, and these have been raised to Major Non-conformities under Section 3.3.

The following is a description of the evidence of action taken to close the non-conformities raised during the previous assessment, as well as auditor's conclusions on the status of the non-conformities.

**Criterion 1.3. (Minor indicator 1) .Growers and millers commit to ethical conduct in all business operations and transactions**

**NCR No. 9 (SGS finding).**

PT BSK has not established a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operators.

**Evidence of Correction:**

Company as part of WILMAR Corporation, has already documented a policy regarding Code of Ethical Conduct that published by Wilmar International as stated on document 044/Dir-KP/XII/2015. The policy available in English and Bahasa Indonesia, not yet translated to Bahasa. Communication and socialization was done to workers as observed on the records i.e.

- April 9, 2016 to maintenance section BSK 2, attended by 25 participants
- April 5, 2016 to harvesting section BSK 1, attended by 23 participants
- April 7, 2016 to maintenance section BSK 1 attended by 18 participants
- April 14, 2016 to Spraying and Mandor BSK 1 attended by 17 participants

The policy including information about 3 main principles i.e:

- To avoid conflict of interest
- To avoid misuses and/or abuse of position
- To ensure confidentiality of information and to prevent misuses of information gained through the company's operations, either for personal gain or for any purpose other than that intended by the Company.

However in term of company's commitment to all principle above, auditor team can not find enough evidence during the 3<sup>rd</sup> surveillance audit, that company's staff level and contractor has been attend the socialization or other mechanism to ensure the implementation of policy. This is raised again as non conformity.

**Compliance status: Open (Escalated as Major Non conformity)**

**Criterion 2.1. (Minor indicator 3). A mechanism for ensuring compliance shall be implemented.**

**NCR No. 10 (SGS finding).**

The mechanism for ensuring compliance with legal requirement is not fully implemented. During the audit showed that about 15 vehicle (out of 24 vehicle) have their validity expired with most of them still used in the filed. Furthermore, about 16 heavy machineris operator and truck drivers (out of 49 personnel) have not yet obtained license to drive their respective vehicle and 1 person license has expired.

**Evidence of Correction:**

During 3<sup>rd</sup> surveillance audit was observed the respective all vehicle has valid licensed and heavy machineris operator and truck driver has bring their license, all license still valid and some just renewal license.

**Compliance status: Closed.**

**Criteria 4.1. (Minor indicator 2.) A mechanism to check consistent implementation of procedure shall be in place.**

**NCR No. 11 (SGS finding).**

There is inconsistent implementation of harvesting procedure. Based on interview with harvester, there was a different understanding about minimum ripeness standard by harvester's against SOP. According to SOP minimum ripeness standard stated that 2 loose fruits at a ground (circle) however the harvester said that 10 loose fruits at a ground (circle).

**Evidence of Correction:**

Corrective action still not effective, due to, When auditor during field visit in Block 013, Division 1A, BSK 2, auditor verifying harvesting activity and also verify this findings, In fact, it was still found inconsistencies with the SOP Harvesting Fresh Fruit Bunch (Chapter 7, in Agricultural Manual & Standard Operating Procedure for Oil Palm Tahun 2015), that harvesters and its supervisor still states that harvesting criteria is 10 (Ten) loose fruit on the ground, while the SOP states 2 (Two) loose fruit on the ground

**Compliance status: Open, escalated into NCR RSPO00581**

**Criteria 4.6. (Major indicator 3). Any use pesticides shall be minimized as part of a plan, and in accordance with integrated pest management (IPM) plans. There shall be no prophylactic use of pesticide, except in specific situations identified in national Best Practice guidelines.**

**NCR No. 12 (SGS finding).**

There was not found a plan to minimize the use of pesticide in accordance with integrated Pest Management (IPM) plans. No evidence of plan for minimizing the pesticides used in accordance with integrated Pest management (IPM) plans.

**Evidence of Correction:**

According to objective evidence and during field visit, PT Bumi Sawit Kencana consistent that minimizing the pesticide used with installation Gupon (Tyto Alba) in accordance with SA 11 / EMU / (0) / 1014. There is no Prophylactic Use of Pesticide, and actually PT Bumi Sawit for Chemical control selection recognizing the Economic thresholds and Affected Level

**Compliance status: closed**

**Criteria 4.7.3. (Major indicator). All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations and land preparation and, if used, burning.**

**NCR No. 13 (SGS finding).**

PPE is not always used by the workers at BSK POM. It was observed at kernel stations, an operator was not using appropriate hearing protection.

**Evidence of Correction:**

The company has communicated and reminded again to all workers at the mill regarding PPEs used dated on 05 October 2015. The company raised a warning letter (001 and 002/BSK-Mill/X/2015 dated 3 October 2015) to operator who are not using PPPE provided by the mill according to the company regulation. EHS team still routinely performs EHS inspections to monitor PPE used.

**Compliance status: Closed.**

**Criteria 5.2.4 (Minor indicator)**

**NCR No. 14 (SGS finding).**

The status of HCV and RTE species that affected by plantation or mill operations has not been accurately documented and reported. From review the report of flora & fauna survey revealed that the status of the species is inaccurate e.g. King Cobra was categorized as Least concerned while it should be Vulnerable. The same for varanus larvator (Water Monitor/Biawak) and other species,

**Evidence of Correction:**

During the 3<sup>rd</sup> surveillance audit, the company has been revised their list of flora and fauna survey result and update the status of species. King cobra has been listed with vulnerable status; Varanus salvator

has been listed as least concern(LC) etc.

**Compliance status: Closed.**

**Criterion 6.5. (Minor Indicator 3).** Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible

**NCR No. 15 (SGS finding):**

During field visit at BSK 2 estate, security post # was not provided toilet. The security post activity is 24 hours ( 2 shift).

**Evidence of correction:**

The company built toilet in BSK 1 and BSL 2 security offices, it was observed by the auditor team during the audit,new toilet behind BSK 1 security office. Another evidence were sight such as:

1. Material requisition form No. 119477 dated April 18, 2014.
2. List of daily workers for toilet constructions and type of jobs are toilet constructions.

Compliance status: **Closed.**

### **3.3 Identified Non-conformances against RSPO P&C Requirements, Corrective Actions Taken and Auditors Conclusions**

During this surveillance assessment, a total of 10 (ten) non-conformances were identified for RSPO P&C. These consisted of 6(six) major non-conformities and 4 (four) minor non-conformities. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through checks of documents submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as follows :

**Criteria 1.2.(Indicator Major 1) Publicly available documents shall include, but are not necessarily limited to:**

- **Land titles/user rights (Criterion 2.2);**
- **Occupational health and safety plans (Criterion 4.7);**
- **Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);**
- **HCV documentation (Criteria 5.2 and 7.3);**
- **Pollution prevention and reduction plans (Criterion 5.6);**
- **Details of complaints and grievances (Criterion 6.3);**
- **Negotiation procedures (Criterion 6.4);**
- **Continual improvement plans (Criterion 8.1);**
- **Public summary of certification assessment report;**
- **Human Rights Policy (Criterion 6.13).**

**NCR No.RSPO00573.(Major)**

**Finding:**

There is SOP47/PR/6/0516 for providing adequate information to relevant stakeholders. In section 4.16 the company should disseminate all information and it's updated regularly to relevant stakeholder. However the company cannot provide evidence that the list and summary of document has been distributed to relevant stakeholders.

**Correction:**

1. To make list of publicly information and make summary about publicly information.
2. To disseminate the list and summary to relevant stakeholders.

**Corrective action.**

Ensuring list of information that is accessible to the public and summary of company's information received by the stakeholders on a regular basis every year once.

**Date of Closure: August 23, 2016.**

**Auditor Conclusion: Closed**

**Verification result:**

Company provide evidence such as:

1. Announcement letter to company's stakeholders i.e. letter No. 19/BM-BSK/VI/2016 dated July 29, 2016.
2. Summary company's information document, the summary consist of company information about HGU certificate; occupational and Safety planning; social impact management and monitoring plan; HCV management and monitoring plan; Company's negotiation process procedure; Continual improvement plan; general summary regarding company's certification process and performance, human right policy, complaint and claim handling.
3. Evidence of receipt notes from stakeholders, there are 29 stakeholders have been signed receipt notes consist of local government, local institution, university and NGO.

**Criteria 1.3 (indicator 1 Minor). There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.**

**NCR No. RSPO00574 (Major finding escalation from NCR No. 2015-09(SGS))**

**Finding:**

Corrective action from previous audit findings is not effective, the company only communicated the policy to estate workers but there is no evidence that PT BSK code of ethical conduct policy has been communicated to all levels of the workforce and operation in the mill workers including suppliers and contractors. This is raised again as non-conformity.

**Correction:**

1. Delivering code of conduct and ethical behavior policy to all contractors and suppliers that still / currently collaborating with the company (sending policy and keep the receipt notes).
2. Make commitment to implementing code ethics policy for related staff: the entire estate and mill manager, legal & contract staff, Purchasing Staff.
3. Define mutual agreement between company and stakeholders (suppliers and contractors) in the new working agreement, which is understood and committed by both parties to implement code of conduct and ethical behavior.

**Corrective action:**

To ensure that companies staffs , workers and stakeholders understand and are committed to the implementation of the policy. By: All Manager, Staff Legal contracts, purchasing staff

**Date of Closure: August 23, 2016.**

**Auditor Conclusion: Closed**

**Verification result:**

**The company provide evidence i.e.:**

- Minutes communication about etical conduct to all workers in BSK mill , dated May 23, 2016 and July 11, 2016.
- Handover evidence Etical conduct policy to contrators/suppliers, PT sabindo; CV Berakota Daya Sakti; CV Buana Sorusindo Makmur; CV Aulia Desi; CV Norhjahdun Saputra; CV Sinar Barokah and CV

karunia Illahi dated August 05 & 06, 2016.

- Revised new contract for contractor stated on clausul 1 article 1.3. regarding commitment to implement etical conduct as stated on Wilmar policy.
- Documents of Employees statement about Wilmar code of conduct for new employee ID. 070KKP09037103 dated August 11, 2016; employee number. 154BSK14077207 dated August 2016.
- Documents of Employees statement about Wilmar code of conduct for management staff i.e. GEM PT BSK ID 383KSY14037002; Mill manager dated August 2016; all purchasind department staff and Legal department staff.

**Criteria 2.1.(Indicator 1,Major)Evidence of compliance with relevant legal requirements shall be available.**

**Finding: RSPO00575; Major.**

There are some inconsistency with legal compliance:

1. Overtime records for some workers in PT BSK mill found more than 3 hours per day/ 14 hours per week, the condition were not consistent with Permenaker No. NOMOR KEP. 102/MEN/VI/2004.
2. Medical Check for staff and employee lever as required by Permenakertrans Nomor 2 year 1980 article 3.
3. First aid content in chemical store, hazardous waste storage, harvesting location etc.
4. it was observed on fuel storage, chemical storage and waste storage, hazardous waste symbol and label were not consistent with PermenLH No 14 year 2013 and PermenLH No 3 year 2008 regarding hazardous label."

**Correction:**

1. To establish policy overtime arrangement in the mill, and communicate the policy to all mill workers.
2. To make medical check plan for staff and permanent workers. Send the medical check result according to the plan.
3. To make monthly monitoring for first aid kit content and make checklist first aid kit content according to relevant regulation, completing the first aid content as required.
4. To identify and evaluate hazardouse and hazardouse waste symbol and labell according to its MSDS and relevant regulation. To replace and put symbol and labell according to identification result.

**Corrective action.**

1. Ensuring that overtime duration for the workers comply with the regulation.
2. Ensuring that medical check have been provided to all staff and permanent workers.
3. Completele first aid kit content are monitored in all place as required by the regulation.
4. To ensure that all Symbol and labell for hazardouse material and its waste comply with the regulation.

**Date of Closure: 22-09-2016**

**Auditor Conclusion: Closed.**

**Verification result:**

**Company provide evidence such as:**

- List of participant and photograprs regarding communication and socialization of overtime policy that was conduced on August 16, 2016. Head of Personel and General Affair becomethe speake. There is new overtime policy in PT BSK signed by production controller on August 10, 2016, it is stated that maximum overtime 3 hours/day and 14 hours/week. Overtime should be acknowledged by the supervisor and only from supervisor direction. The middleman and supervisor will control the overtime and make overtime direction letter to be approved by mill manager.
- Evidence of staff anf permanent worker medical check up, 110 staff for BSK 2 estate and 36 staff for BSK 1, the result for all staff and permanent in BSK 1 estate in good condition while for BSK 2 estate only 29 in well condition the rest is normal and can be work with good nutrient input. This is notes from management BSK 2 estate to improve the health condition of the workers which has problem with their health.
- There as cheklicst of first aid kit monitoring for BSK estate year 2016 for 13 location in each estate as mentioned on the checklist, monitoring will be conducted by EHS staff assisted by document controller, such as in office area, warehouse, genset etc.

- Revised SOP for hazardous material and waste management (SOP 22/EHS/(4)/0816) to include requirement of symbol and label usage according to information stated on the MSDS and regulation No. 3 year 2008. Photograph regarding the use of symbols in the warehouse has been shown.

**Criteria 2.1.(Indicator 4, Minor). A system for tracking any changes in the law shall be implemented.**

**Finding: RSPO00576; Minor**

SOP for hazardous material and waste Nomor SOP 22/EHS/(2)/0311 still using reference Government regulation Nomor 18 year 1999 regarding hazardous waste.

**Correction:**

Revised the SOP of hazardous material and waste SOP 22/EHS/(2)/0311 rev.04 dated August 15, 2016 to use relevant and update regulation such as Indonesia government regulation No. 101 year 2014 regarding hazardous waste management.

To evaluate that all SOP has been referring to the latest version regulation.

**Corrective action.**

To identify all SOP has been refer to the latest version of relevant regulation through regular checking every 6 month in conjunction with updating legal and other regulation program.

**Date of Closure: 22-07-2017**

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

**Criteria 2.2.(indicator 2. Minor). Legal boundaries shall be clearly demarcated and visibly maintained.**

**Finding: RSPO00577 (Minor)**

The legal boundary no. 34 was visible maintained. However the boundary location is inside community oil palm plantation. The company has not clear information about community that managed the land.

**Correction:**

To identify all land claimers inside PT BSK HGU area especially nearby boundary stone No. 34.

**Corrective action.**

Document of memorandum of understanding consist of agreement between company and community who claim the land in PT BSK area (especially nearby boundary no 34) and confirmation about the status of land and its boundaries.

**Date of Closure: 22-07-2017**

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

**Criteria 2.2.(Indicator 4. Major)There shall be an absence of significant land conflict, unless requirements of acceptable conflict resolution processes (see criteria 6.3 and 6.4) are implemented and accepted by the parties involved.**

**Finding: RSPO00578 (Major)**

There are not enough records of land conflict resolution for land conflict with Pantap villages regarding "zona 200' land claimed"

**Correction:**

Company identify land conflict related zona 200 and Pantap village with participatory method. And keep maintain all related records completely.

**Corrective action.**

To complete all conflict resolution records especially for zone 200 and Pantap village.

**Date of Closure: 20-09-2016**

**Auditor Conclusion: Closed with observation.**

**Verification result:**

**Company provide evidence:**

1. History of land conflict in Zona 200 and Pantap Village, regarding border road along logging road belong to PT Sarpatim. According to SK BPN No. 769.540.42.2004 dated March 31, 2005 the land included on proposed HGU PT Mentaya Sawit Mas (another subsidiaries belong to Wilmar Plantation, however community in Tangar village asking for 200 m left and right side of the road become community's land and to be enclaved from company's proposed HGU. There is report of villagers survey team in behalf of representative tangar village i.e. document no. 590/KPTS/53/III/PEMDES dated March 25, 2006, explained that they never approve land right release for mentioned area above in the region of Tangar village legally except by personal villager but not on behalf all community tangar village.
2. There are some incoming letters regarding land claim such as letter no. 12/KRP/II/2010 dated February 2010.
3. In February 19, 2010 PT BSK bring the problem to the council for village (MUSPIDA red) to solve the problem, but no data regarding the land claimed.
4. Company's response to all land claimer No. 003/BM.BSK/II/20 dated February 2010 asking for all land claimer to be patient and waiting until company find data and document regarding the land.
5. Company conduct consultation with National Land Agency (BPN) on February 23, 2011. Some recommendation from BPN regarding the land status such as, BPN recommend community Tangar and Pantap village to consult to Kotawaringin government directly about the land status as basic consideration get delegation for remeasure and resurvey the land.
6. Company make road map for land conflict resolution on August 06, 2016 some recommendation for conflict resolution including recommendation for villager to send land compensation letter to PT BSK management.
7. In September 09, 2016 meeting between PT BSK Bina Mitra with Pantap village to discuss about planning to identification land conflict in Zona 200 again. Head of Pantap village will collect all land title inside Zona 200 and asking for next meeting on September 19, 2016.
8. In September 19, 2016, Bina Mitra section received information from Pantap village that the meeting postponed until September 21, 2016. The next meeting will discuss about indetified land inside Zona 200 according to identified land title send to the company.

From the information explained above it is looks that PT BSK has effort to solve the problem and have trying to involve community including relevant institution to participate on conflict resolution. The auditor relaize that the conflict can not solved immediately, that need certain time and process to find the final solution that accepted by both parties. Those auditor decide to observe this case in the next surveillance audit, the company's effort to follow up this finding can be considered to close the finding regarding maintain records of land conflict resolution.

**Criteria 2.2. (Indicator 5, Minor. For any conflict or dispute over land, the extent of the dispute area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring) communities where applicable.**

**Finding: RSPO00579, Minor**

PT BSK has "land claimed map" there are 4 identified land claimed by communities including land calimed by Zainal and Simamora, however there are no information about others land claimed such land claimed by communities from Pantap village, and potential land overlaid with transmigration area from Biru Maju village and land claimed in boundary land no. 34, etc.

**Correction:**

To make program for land conflict identification and mapped with participatory method include make the MoU (agreement) with the land claimer in the respective land.

To make road map and program for conflict resolution and some meetings to negotiate and discussion for problem solving.

**Corrective action:**

All land problem inside PT BSK area will be identified and make the solution for each identified problem.

All records will keep maintained.

**Date of Closure: 22-07-2017**

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

**Criteria 4.1.(Indicator Major 1) Standard operations procedure for estate and mills shall be documented.**

**Finding: RSPO00580, Major**

According to SOP Pressing Station (WIP/POM/SOP/01/02-14, Rev 0, 1 Februari 2014 stated that digester temperature must be at  $95^{\circ}\text{C} \pm 5^{\circ}\text{C}$ . However it is found inconsistency such as. Within June 2016 period, every digester temperature only in the range  $75^{\circ}\text{C} - 85^{\circ}\text{C}$ .

**Correction:**

To evaluate and make digester repair program to find the root cause of temperature problem. Socialization and communication regarding repair program to all digester operator and revise the existing standard operation procedure for digester operational. To send the evidence of repaired equipment including repaired temperature.

**Corrective action:**

Supervisor monitors that digester temperature in the required range i.e.  $95^{\circ}\text{C} \pm 5^{\circ}\text{C}$  records the temperature on the Digester temperature log sheet, and take the further action if there found inconsistency.

**Date of Closure: 20-09-2016**

**Auditor Conclusion: Closed**

**Verification result:**

Company provide evidence, photographs repaired digester before and after repaired. Minutes meeting to communicate the revised SOP for digester operation and monitoring. List of meeting participants attended by 7 participants from press section. Meeting was done on August 10, 2016.

**Criteria 4.1.(Indicator 2, Minor) A mechanism to check consistent implementation of procedures shall be in place.**

**Finding: RSPO00581; Major (escalated from NCR No. 2015-11)**

Corrective action from previous audit finding still not effective because the auditor still found inconsistency implementation for SOP FFB harvesting section 7 and SOP oil palm plantation 2015), it was observed on the field (Block 013, Divisi 1A, BSK 2) the harvester and its supervisor said that harvesting criteria is 10 loose fruit fall while the SOP state 2(two) loose fruit fall. This is raised again as Non conformity.

**Correction:**

To defined ripeness standard for FFB and retrained the harvester and field conductor regarding FFB ripe criteria for harvesting.

**Corrective action:**

To monitor grading result in the mill especially for unripe fruit and will take action further action such as retrained and socialization to the harvester if there is still found unripe fruit.

**Date of Closure: 22-07-2017**

**Auditor Conclusion: Closed**

**Verification result:**

Company provide documents:

1. Inter office memo no. 066/EMU/VII/2015 dated July 30, 2015 regarding Standard for Pruning and FFB Ripeness criteria for Central Kalimantan Project region, issued by EMU section.
2. Minutes training for ripeness criteria conducted on August 09 & 10 for all harvester and field conductor in BSK 1 and BSK 2 estate.

3. List for participant and absent the participant from BSK 1 estate and BSK 2 estate.

**Criteria 6.1. (Indicator 4, Minor). The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be paid to the impacts of smallholders schemes (where the plantation includes such a scheme).**

**Finding: RSPO00583; Minor**

Land tenurial problem is identified social impact as determined on document social impact PT BSK year 2011. However in the reviewed impact management and monitoring plan document edition year 2016 to 2018, communities from Pangkat village those categories as affected parties were not involved, furthermore the village has direct impact from company's activities.

**Correction:**

To identify affected villages surrounding PT BSK area. To be include Pantap village into social Impact management and monitoring program, especially for land tenurial involving community participation.

**Corrective action.**

All affected villages from company's operational will be included on social impact management and monitoring plan and updated te information as actual contion.

**Date of Closure: 22-07-2017**

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

### 3.4 Noteworthy Positive Component

1. Housekeeping in PT BSK still maintained
2. High commitment for RSPO requirement

### 3.5 Conclusion and Recommendation for RSPO P & C and Supply Chain Certification

The audit team has confirmed through the audit process that PT Bumi Sawit Kencana has established and maintains an effective system to ensure compliance with the RSPO P & C year 2013 and Supply Chain Certification System requirements (dated November 2011). It is also confirmed that the company's annual volume of CPO and PK sold for the period of 2015 has not exceeded the certified annual tonnages as claimed in the organization's RSPO certificate no. 824 502 16030.

TUV Rheinland recommends that PT Bumi Sawit Kencana Palm Oil Mill and estate be continuing approved for certification of compliance to the RSPO P & C and Supply Chain Certification System requirements.

### 3.6 Issues Raised by Stakeholders and Findings Pertaining to Issues to be following up during next surveillance audit.

1. Most of community land overlap with company's area according to information form head of Pantap village.
2. Land was opened before communicated with local community.
3. Company provide donation regularly and help to maintain road invillage surrounding company's area such as Pantap village, Biru Maju village.
4. Auditee preparing allocation of smallholder areas

#### **4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

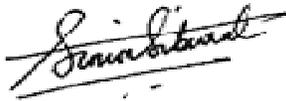
##### **4.1 Date of Next Surveillance Visit**

The next surveillance visit is planned for June 2017.

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

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

Signed on behalf of PT Bumi Sawit Kencana



.....

Simon Siburat  
Group Sustainability Controller  
October 02, 2016

Signed on behalf of TUV Rheinland Indonesia



.....

Dian Susanty Soeminta  
Lead Auditor  
October 02, 2016

## APPENDICES

### Appendix 1 : Revision of certificate

**Certificate**

Standard : **RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 and RSPO Supply Chain Certification Systems: 2014**

Certificate Registr. No. : 824 502 16030

Certificate Holder : PT TUV Rheinland Indonesia certifies :  
**PT Bumi Sawit Kencana**  
Tangar Village, Telawang Sub District,  
Kotawaringin Timur District,  
Central Kalimantan Province, Indonesia  
and its company owned estates according to the annex

RSPO number : -  
Scope : **Palm Oil Production and Plantation Management System**  
An audit was performed, Report No. ASA3\_16030. Proof has been furnished that the requirements according to RSPO Principles & Criteria for Sustainable Palm Oil Production; Generic Standard year 2013 are fulfilled.

Validity: The due date for all future surveillance audits is 23.08 (dd.mm).  
The certificate is valid from 23-10-2013 until 22-10-2018.  
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 parents Wilmar International Limited  
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 : October 23, 2013 was issued by SGS (Malaysia) Sdn. Bhd.

Indonesia, 05-10-2016

  
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 deviations 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.

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www.tuv.com





**Appendix 2 : List of Abbreviations**

AMDAL	Analisis Dampak Lingkungan & Sosial (Social & Environmental Impacts Assessment)
CPO	Crude Palm Oil
EIA	Environmental Impact Assessment
ERTs	Endangered, Rare & Threatened species
ESH	Environmental Safety & Health
FIFO	First in First Out
FFB	Fresh Fruit Bunches
EFB	Empty Fruit Bunches
HCV	High Conservation Value
IPM	Integrated Pest Management
LTA	Lost Time Accident
MR	Management Representative
MSDS	Material Safety Data Sheets
NGO	Non-Government Organization
OSH	Occupational Safety & Health
PERDA	Peraturan Daerah (Local Regulation)
PiC	Personal in Charge
PKO	Palm Kernel Oil
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
P2K3L	Panitia Pembina Kesehatan dan Keselamatan Kerja dan Lingkungan (OHS and Environmental Committee)
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
UKL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
UPL	Upaya Pengelolaan Lingkungan (Environmental Management Efforts)
VOPS	Volunteer Oil Palm Seedling (anak sawit liar)

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**Appendix 3 : List of Stakeholders Interviewed and Contacted**

**DAFTAR HADIR**  
**PT. BUMI SAWIT KENCANA**

Hari, Tanggal : Senin, 25 Juli 2016  
 Tempat : PT. BSK 1  
 Agenda : Opening Meeting Audit RSPO

No	Nama	Instansi	Jabatan	Tanda Tangan
1	Mariano Saramenta	TUV Rheinland	Lead Auditor	
2	Bach Schwaner	TUV Rheinland	Auditor	
3	Andi Lubi	PT BSK	Auditor	
4	Andi Ayula	PT BSK	ROM	
5	Muswahidic	BSK-1	EM	
6	Moh. Ajip Budiman	BSK-2	EM	
7	Wawan A. Purnomo	BKSK	KTU	
8	Andi M. P.	BSK ROM	DC	
9	Edy Ramanda	SK	Sustainability	
10	Frennawati	PT. BSK 2	DC	
11	Sarinnah	Sustainability	Staff	
12	Amriat	HCV	Ad. HCV/air	
13	Yudha An. P.	HCV	Admin HCV	
14	ISKANDAR - Z	QAD	CD	
15	KUSUM BA	BKSK	FO	
16	Rahmadi	FO	Legal	
17	Ignentis	BSK2	DM	
18	Esawan Gultom	ESTU	FO	
19	Wibisono Ramono	HR	DM	
20	Arifiansyah	---	CD	
21	Roy Andia Rahli	BKSK 1	FO	
22	Sigit Prasetya	BSK 2	FO	
23				

**DAFTAR HADIR**  
**PT. BUMI SAWIT KENCANA**

Hari, Tanggal : Senin, 25 Juli 2016  
 Tempat : PT. BSK 1  
 Agenda : Opening Meeting Audit RSPO

No	Nama	Instansi	Jabatan	Tanda Tangan
1	Feni Susanto	Sustainability	Internal Auditor	
2	Dian Poesono	EHS BSK	EHS	
3	Hairul Fatah	HCU BSK	HCU	
4	Folendadi	HCU	HCU	
5	Wahid D	FO BSK	FO BSK	
6	Syahrul	FO BSK 2	FO BSK 2	
7	Nousie Ponaldy	Sustainability	EHS Spv	
8	SELAMET HARIANO	BK FOM	EHS	
9	GONARSO	GIS FO	Surveyor	
10	Hery Susanto	HRO-BK	HRO SPV	
11	Zulkifli	BK-GIS	Surveyor	
12	Muhammad Ridwan	EMR	EMR	
13	Mas Kurnobet	EMR	EMR	
14	Joko Adic	Land	Staff	
15	Andi Wisnu	EM. PR	Staff	
16	Maula Rafiq	Land	Staff	
17	Sugandi	Land	Staff	
18	Sahri Mulya	BK 1	SHS	
19				
20				
21				

**Appendix 4: Observations and Opportunities for Improvement**

No.	Observations / Opportunities for Improvement	Criteria
1.	The company shall consistent with fertilizer time applied which has stated on recommendation of fertilizer	4.2.2
2.	The company can develop of law register for social aspect	2.1.2
3.	Maintain od record for riparian rehabilitation activity	5.2.2
4.	The company can carry out effort to maintain stabilization of man power such as analyst of supply and demand local worker, calculate of competitor and analyst of impact if recruit of worker from outside district	6.1 & 8.1
5.	The company shall revision of stakeholder list so that it can be used to create	6.2 & 8.1

No.	Observations / Opportunities for Improvement	Criteria
	stakeholder engagement by develop of profiling, analysis and mapping. It can get profile of power each stakeholder which can affect company activities	
6.	Medical record every year shall be creating of continuos information so that it can preview of condition workers during working.	4.7
7.	to observe land dispute case in all PT BSK area in the next surveillance audit, the company's effort to follow up this finding can be considered to close the finding regarding maintain records of land conflict resolution.	2.2.3