

**Roundtable on Sustainable Palm Oil Certification  
R S P O**

Stage-1  Stage-2  Surveillance  Re-Certification

Name of Management Organisation : Teluk Bakau Palm Oil Mill – PT Bhumireksa Nusasejati, Sime Darby Plantation Sdn Bhd  
 Plantation Name : Teluk Bakau Estate, Nusa Lestari Estate and Nusa Perkasa Estate Estate  
 Location : Village of Rotan Semelur Sub District of Kateman, District of Indragiri Hilir, Province of Riau, Indonesia  
 Certificate Code : **MUTU-RSPO/008**  
 Date of Certificate Issue : 11 October 2011      Date of License Issue : 30 November 2015  
 Date of Certificate Expiry : 10 October 2016      Date of License Expiry : 10 October 2016

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-4	14 – 18 September 2015	Oktovianus Rusmin, Naila Karima, Andi Pratama Pasaribu, Steve Mualim.	Octo HPN Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-4	30 November 2015

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### FIGURE

Figure 1. Location Map of PT Bhumireksa Nusasejati

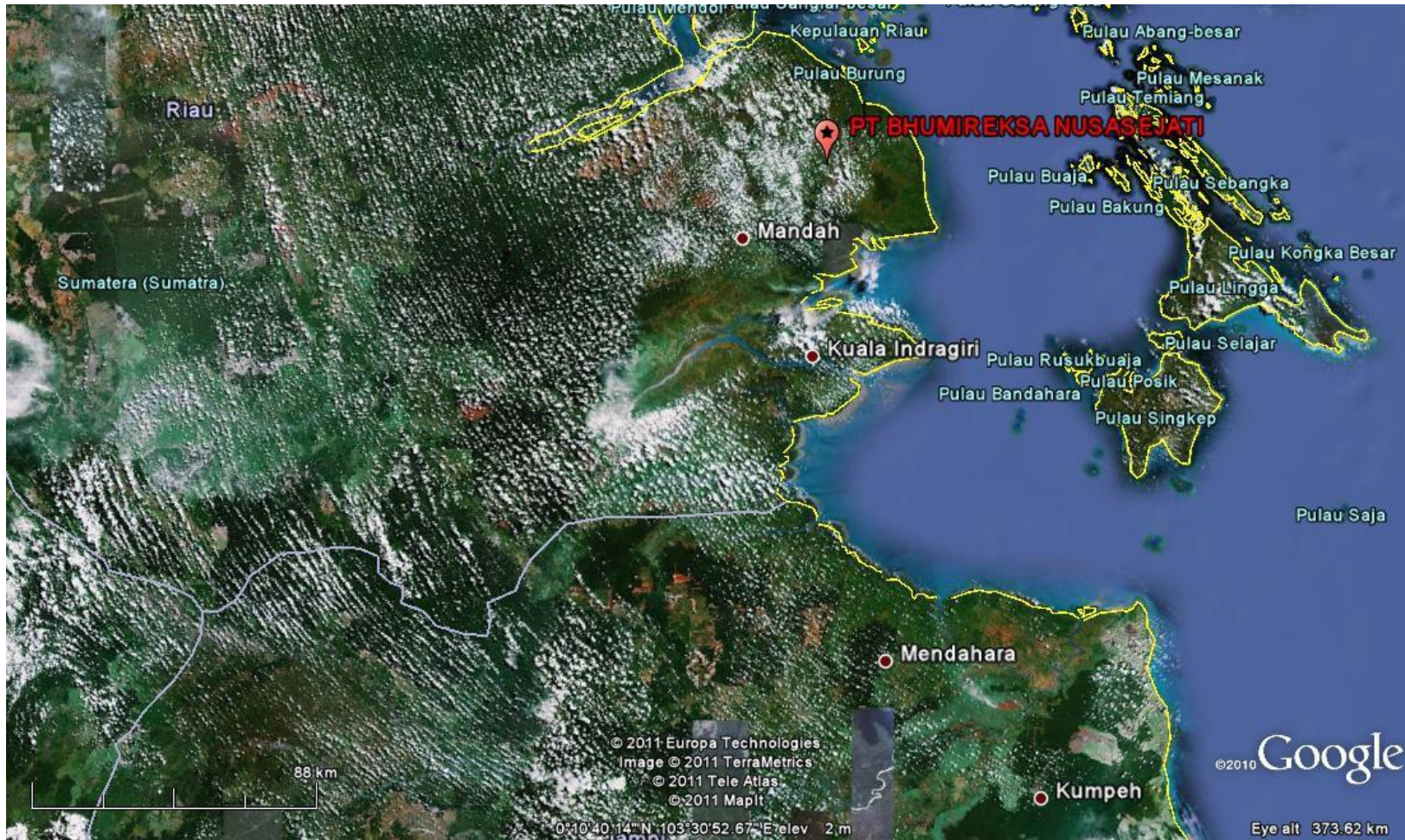
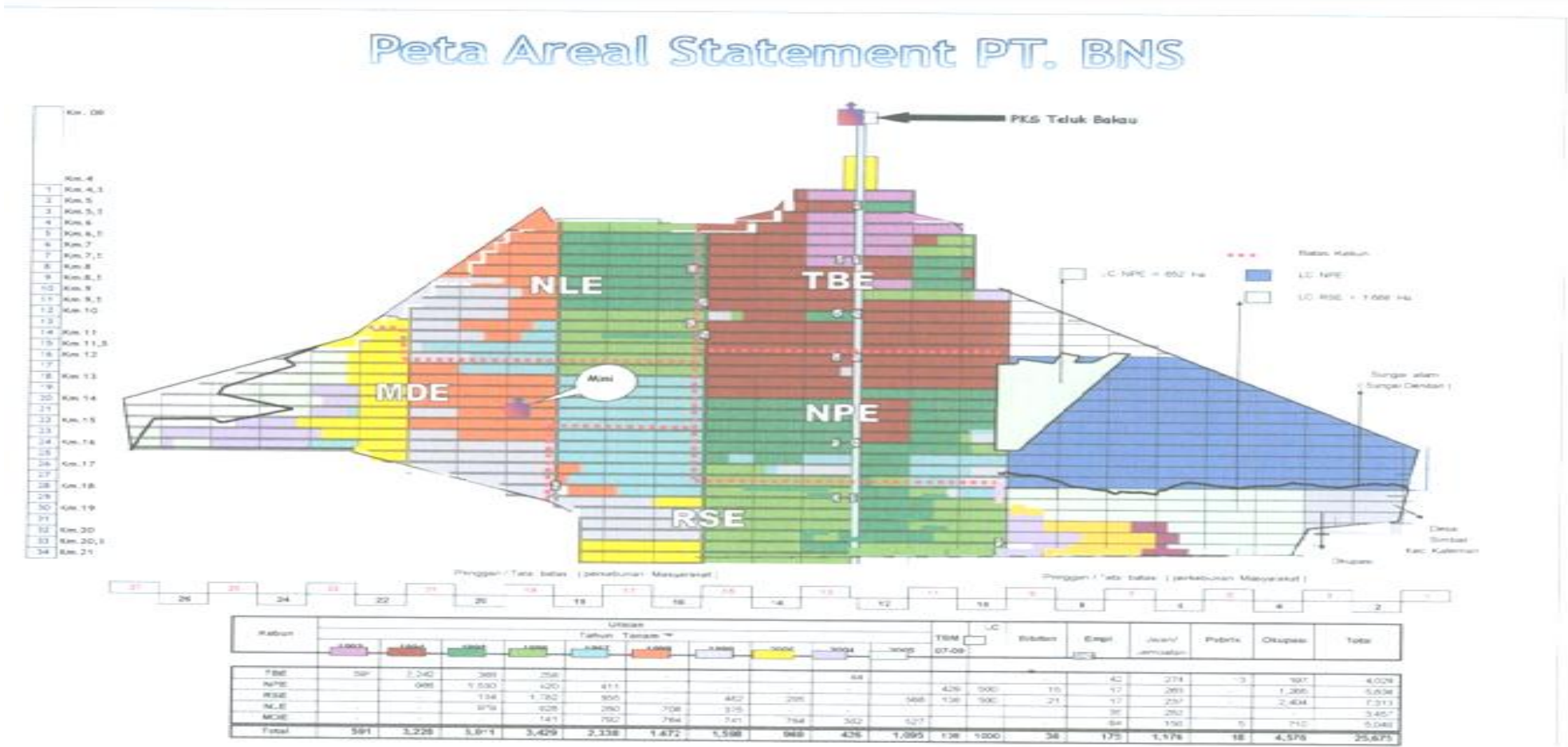


Figure 2. Operational Map of PT Bhumireksa Nusasejati



**Glossary**

AMDAL (SEIA)	:	Analisis Mengenai Dampak Lingkungan ( <i>Social and Environmental Impact Assessment</i> )
ASA-4	:	Annual Surveillance Assessment 4 <sup>th</sup>
BKPM	:	Badan Koordinasi Penanaman Modal ( <i>Head of Capital Investment Coordination Bureau</i> )
BKS-PPS	:	Badan Kerja Sama Perusahaan Perkebunan Sumatera ( <i>Sumatera Plantations Company Cooperation Agency</i> )
BHS	:	Block Harvesting System
BMS	:	Block Manuring System
BSS	:	Block Spraying System
BOB	:	Barn Owl Box
BOD	:	Biological Oxygen Demand
CECT	:	Closed End Conservation Trenches
CLA	:	Collective Labour Agreement
CPO	:	Crude Palm Oil
CSR	:	Corporate Social Responsibility
FFB	:	Fresh Fruit Bunch
FSP,PP-SPSI	:	Federation of Unions of Agricultural and Plantation Workers Union Indonesia
HCV	:	High Conservation Value
HGB	:	Hak Guna Bangunan ( <i>Building Use Title</i> )
HGU (LUP)	:	Hak Guna Usaha( <i>Land Use Permit</i> )
HIPERKES	:	Higene Perusahaan dan Kesehatan Kerja ( <i>Occupational Health and Hygiene Company</i> )
IUP	:	Izin Usaha Perkebunan. ( <i>Plantation Operation License</i> )
IPM	:	<i>Integrated Pest Management</i>
EFB	:	Empty Fruit Bunch
ESH	:	Environment Safety and Health
FFBGS	:	Fresh Fruit Bunch Grading System
GAPKI	:	Gabungan Pengusaha Kelapa Sawit Indonesia ( <i>Indonesian Palm Oil Association</i> )
GCSH	:	Guiding Committee of Occupational Safety &Health
GCC	:	Good Corporate Community
GCG	:	Good Corporate Governance
GGC	:	Good Governance Commitment
GHG	:	Green House Gasses
GM	:	General Manager
H1	:	Menstrual leave
H2	:	Maternity leave
KER	:	Kernel Extraction Rate
LC	:	Land Clearing
MDE	:	Mandah Estate
MPA	:	Masyarakat Peduli Api ( <i>Concerned Citizens Fire</i> )
MRC	:	Minamas Research Center
NLA	:	National Land Agency
NLE	:	Nusa Lestari Estate
NPE	:	Nusa Perkasa Estate
OER	:	Oil Extraction Rate
OHS	:	Occupational Health and Safety
PK	:	Palm Kernel
POM	:	Palm Oil Mill
POME	:	Palm Oil Mill Effluent
PIC	:	Person in Charge
PPE	:	Personal Protective Equipment

PSD	:	The Plantation Services Department
PT BNS	:	PT Bhumireksa Nusasejati
RC	:	Re-Certification
RSE	:	Rotan Semelur Estate
RSPO	:	Roundtable on Sustainable Palm Oil
RKL/RPL (EMP)	:	Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan. ( <i>Environmental Management Plan/ Environmental Monitoring Plan</i> )
SCCS	:	Supply Chain Certification System
SIA	:	Social Impact Assessment
SOP	:	Standard Operating Procedure
SOU	:	Strategic Operation Unit
SPSI	:	Serikat Pekerja Seluruh Indonesia (Worker Union)
TBE	:	Teluk Bakau Estate
TBF	:	Teluk Bakau Factory
TLV	:	Threshold Limit Values
WTP	:	Water Treatment Plant
WWTP	:	Waste Water Treatment Plant

<b>1.0 SCOPE OF THE CERTIFICATION ASSESSMENT</b>			
<b>1.1</b>	<b>Assessment Standard Used</b>		<ul style="list-style-type: none"> <li>• <i>RSPO Principles and Criteria (P&amp;C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</i></li> </ul>
<b>1.2 Organisation Information</b>			
1.2.1	Organisation name listed in the certificate	PT Bhumireksa Nusasejati – Sime Darby Plantation Sdn. Bhd.	
1.2.2	Contact person	MohamadPirabaharan	
1.2.3	Organisation address and site address	<ul style="list-style-type: none"> <li>• Head Office: SIME DARBY Plantation Sdn Bhd No 2, Plantation Tower Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301</li> <li>• Representative offices submission of applications: The Plaza Office Tower, 36<sup>th</sup> Floor. Jl. MH Thamrin Kav. 28-30, Jakarta – 10350</li> </ul>	
1.2.4	Telephone	+62-21-29926000	
1.2.5	Fax	+62-21-29922686	
1.2.6	E-mail	<a href="mailto:mohamad.pirabaharan@simedarby.com">mohamad.pirabaharan@simedarby.com</a>	
1.2.7	Web page address	<a href="http://www.simedarby.com">www.simedarby.com</a>	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM Plantation Minamas Indonesia)	
1.2.9	Registered as RSPO member	1-0008-04-000-00– 7 September 2004	
<b>1.3 Type of Assessment</b>			
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base <ul style="list-style-type: none"> <li>• Teluk Bakau POM, Teluk Bakau Estate, Nusa Lestari Estate, Nusa Perkasa Estate</li> </ul>	
1.3.2	Type of certificate	Single	
<b>1.4 Locations of Mill and Plantation</b>			
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b>
	Teluk Bakau POM	Village Rotan Semelur, Sub District Kateman, District Indragiri Hilir, Province Riau	N 0° 15' 23.4"
			E 103° 35' 19.8"
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b>
			<b>Longitude</b>

Teluk Bakau Estate	Sub District Kateman, District Indragiri Hilir, Province Riau	N 0° 03' 50" – 0° 15' 36"	E 103° 28' 28" – 103° 40' 56"
Nusa Lestari Estate	Sub District Kateman, District Indragiri Hilir, Province Riau	N 0° 03' 50" – 0° 15' 36"	E 103° 28' 28" – 103° 40' 56"
Nusa Perkasa Estate	Sub District Kateman, District Indragiri Hilir, Province Riau	N 0° 03' 50" – 0° 15' 36"	E 103° 28' 28" – 103° 40' 56"

**1.5 Description of Area Statement**

1.5.1	Tenure	
	<ul style="list-style-type: none"> <li>State</li> </ul>	<b>1. Land Use Title for 25,662 Ha</b> a. Land Use Title No. 01 year1996 for 13,900 Ha. b. Land Use Title No. 02 year1996for 11,762 Ha. <b>2. Building Use Title for 21.99 Ha</b> a. Building Use Title No. 1 year 2000 for 88,125 m <sup>2</sup> (8.81 Ha) b. Building Use Title No.2 year2001 for 131,790 m <sup>2</sup> (13.18 Ha)
	<ul style="list-style-type: none"> <li>Community</li> </ul>	Ha

**1.5.2 Area Statement**

	Total (Ha)
• Total area	13.317.81
• Mature area	6,697.86
• Immature area	2,650.59
• Area Replanting	1,112.92
• Mill	8.81
• Emplishment / Workers Quarter	111.97
• Nursery	40.00
• Occupation	1,889.23
• HCV	9.43
• Kanal	797.00

**1.6 Planting Year and Cycles**

1.6.1	Age profile of planting year				
	Planting Year	Hectarage (Ha)			
		Teluk Bakau Estate	Nusa Perkasa Estate	Nusa Lestari Estate	Total
	1994	1,500.04	303.00		1,803.04
	1995	325.89	962.01	284.83	1,572.73
	1996	241.71	420.00	404.39	1,066.10
	1997	-	411.00	279.79	690.79
	1998	-	-	707.95	707.95
	1999	-	-	374.67	374.67
	2009	-	429.00	-	429.00



	<b>2011</b>	-	53.58	-	53.58		
	<b>2013</b>	400.01	-	-	400.01		
	<b>2014</b>	467.11	419.00	423.65	1,309.76		
	<b>2015</b>	234.18	431.85	274.79	940.82		
	<b>TOTAL</b>	3,168.94	3,429.44	2,750.07	9,348.45		
1.6.2	New Planting area after January 2010		53.58		Ha		
1.6.3	Planting Cycle		1 <sup>st</sup> Cycle and 2 <sup>nd</sup> Cycle				
<b>1.7</b>	<b>Description of Mill and Supply Base</b>						
1.7.1	Description of Mill						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFBProcessed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (ton)</b>	<b>Extraction (%)</b>	<b>Out put (ton)</b>	<b>Extraction (%)</b>
	Teluk Siak POM	60	125,698.48	29,310.99	23.34	4,970.76	3.96
	<i>*Production data source from 12 months before assessment (September 2014 to August 2015)</i>						
1.7.2	Description of Certification Scope of Supply Base						
	<b>Name of Estate</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>	<b>Supplied to Mill</b>	
						<b>FFB (tonnes/year)</b>	<b>%</b>
	Teluk Bakau Estate	4,025.07	3,168.94	36,915.78	14.96	36,915.78	100
	Nusa Perkasa Estate	5,836.00	3,429.44	53,141.94	20.61	53,141.94	100
	Nusa Lestari Estate	3,456.74	2,750.07	31,944.55	15.57	31,944.55	100
	<b>TOTAL</b>	<b>13,317.81</b>	<b>9,348.45</b>	<b>122,002.26</b>	<b>17.19</b>	<b>122,002.26</b>	<b>100</b>
	<i>*Production data source from 12 months before assessment (September 2014 to August 2015)</i>						
1.7.3	FFB description from other source						
	<b>Name of sources</b>	<b>Organisation</b>	<b>Location</b>	<b>Supplied to Mill</b>			
				<b>FFB (tonnes/year)</b>			
	Mandah Estate (RSPO Certified)	PT Bhumireksa Nusasejati	Kecamatan Kateman; Kabupaten Indragiri Hilir; Provinsi Riau	1,729.46			
	Rotan Semelur Estate (RSPO Certified)	PT Bhumireksa Nusasejati	Kecamatan Kateman; Kabupaten Indragiri Hilir; Provinsi Riau	1,966.76			
	<b>TOTAL</b>			<b>3,696.22</b>			
	<i>*Data TBS Receive on 12 months before assessment (September 2014 to August 2015)</i>						
1.7.4	Jenis Produk		<b>FFB, CPO, PK</b>				
<b>1.8</b>	<b>Estimate Tonnage of Certified Product</b>						
1.8.1	Past Annual Claim Certified Product		Previous Certificate Claim 11 October 2014 to 10 October 2015 (tonnes/year)		Actual certified product 11 October 2014 to 14 September 2015 (tonnes/year)		
	• FFB Production		145,706.44		<b>119,887.26</b>		
	• CPO Production		34,415.86		<b>27,866.63</b>		
	• Palm Kernel (PK) Production		6,020.34		<b>4,783.44</b>		

1.8.2	Estimate of Certified FFB Claim						
	<b>Name of Estate(s)</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>		
	Teluk Bakau Estate	4,025.07	3,168.94	38,500	12,10		
	Nusa Perkasa Estate	5,836.00	3,429.44	43,840	12,80		
	Nusa Lestari Estate	3,456.74	2,750.07	32,407	12,30		
	<b>TOTAL</b>	<b>13,317.81</b>	<b>9,348.45</b>	<b>114,747</b>	<b>12.30</b>		
	<i>*Projected FFB production for July 2015 to June 2016</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (ton)</b>	<b>Extraction (%)</b>	<b>Out put (ton)</b>	<b>Extraction (%)</b>
	Teluk Bakau POM	60	114,747	27,252	23.75	5,737	5.00
	<i>*Projected CSPO and CSPK production for July 2015 to June 2016</i>						
<b>1.9</b>	<b>Other Certifications</b>						
	ISO 9001:2008			-			
	ISO 14001: 2004			-			
	OHSAS 18001:2007			-			
	ISCC			-			
	Others			-			
<b>1.10</b>	<b>Time Bound Plan</b>						
1.10.1	<b>Time Bound Plan for Other Management Units</b>						
<b>MANAGEMENT UNIT</b>		<b>Estate (Supply Base)</b>	<b>Time Bound</b>	<b>LOCATION</b>			
<b>P O M</b>	<b>Time Bound</b>						
Sekunyir. PT. Indotruba Tengah	Certified 2010	Sekunyir	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan			
		Seruyan	Certified 2010				
Manggala. PT. Tunggal Mitra Plantations	Certified 2010	Manggala 1	Certified 2010	Rokan Hilir District – Riau			
		Manggala 2	Certified 2010				
		Manggala 3	Certified 2010				
PT. Sime Indo Agro	Certified 2010	PT. Sime Indo Agro	Certified 2010	Sanggau District –West Kalimantan			
Teluk Siak. PT Aneka Inti Persada	Certified 2011	Teluk Siak	Certified 2011	Pekanbaru, Siak District – Riau			
		Pinang Sebatang	Certified 2011				
		Aneka Persada	Certified 2011				
Sungai Pinang. PT. Bina Sains Cemerlang	Certified 2012	Sungai Pinang	Certified 2012	Musi Rawas District – South Sumatera			
		Bukit Pinang	Certified 2012				
Sukamandang. PT. Kridatama Lancar	Certified 2011	Sukamandang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan			
		Sapiri	Certified 2011				
		Baras Danum	Certified 2011				
		Kuala Kuayan	Certified 2011				

Pematang. PT. Teguh Sempurna	Certified 2011	Pematang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
		Kawan Batu	Certified 2011	
		Hatan Tiring	Certified 2011	
		Batang Garing	Certified 2011	
Alur Dumai. PT Lahan Tani Sakti	Certified 2011	Alur Dumai	Certified 2011	Rokan Hilir District – Riau
Teluk Bakau. PT. Bhumireksa Nusa Sejati	Certified 2011	Teluk Bakau	Certified 2011	Indra Giri Hilir District – Riau
		Nusa Perkasa	Certified 2011	
		Nusa Lestari	Certified 2011	
Mandah. PT. Bhumireksa Nusa Sejati	Certified 2014	Mandah	Certified 2011	Indra Giri Hilir District – Riau
		Rotan Semelur	Certified 2011	
Angsana Mini. PT Sajang Heulang	Certified 2011	KKPA-1 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		Pantai Bonati	Certified 2011	
Angsana. PT Ladangrumpun Suburabadi	Certified 2011	Angsana	Certified 2011	Tanah Bumbu District – South Kalimantan
		Gunung Sari	Certified 2011	
		KKPA-4 PT.SHE	Certified 2013	
Mustika. PT Sajang Heulang	Certified 2013	KKPA-2 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan
		KKPA-3 PT.SHE	Certified 2013	
		KKPA-5 PT.SHE	Certified 2013	
Gunung Aru. PT Bersama Sejahtera Sakti	Certified 2011	Gunung Aru	Certified 2011	Kotabaru District – South Kalimantan
		Gunung Kemasari	Certified 2011	
		Laut Timur	Certified 2011	
		Pantai Timur	Certified 2011	
Bebunga. PT. Langgeng Muaramakmur	Certified 2011	Sungai Cengal	Certified 2011	Kotabaru District – South Kalimantan
		Bebunga	Certified 2011	
		KKPA Sungai Cengal	Certified 2015	
Pondok Labu. PT Paripurna Swakarsa	Certified 2012	Binturung	Certified 2012	Kotabaru District – South Kalimantan
		Pondok Labu	Certified 2012	
		Rampa	Certified 2012	
		Sesulung	Certified 2012	
Selabak. PT Swadaya Andhika	Certified 2012	Selabak	Certified 2012	Kotabaru District – South Kalimantan
		Randi	Certified 2012	
		Sangkoh	Certified 2012	
		Lanting	Certified 2012	
Rantau. PT Laguna Mandiri	Certified 2012	Rantau	Certified 2012	Kotabaru District – South Kalimantan
		Matalok	Certified 2012	
Betung. PT Laguna Mandiri	Certified 2014	Betung	Certified 2012	Kotabaru District – South Kalimantan
		Sekayu	Certified 2012	
Ungkaya. PT Tamaco Graha Krida	Certified 2012	Ungkaya	Certified 2012	Morowali District – Sulawesi Tengah
		Plasma TGK	Audited 2015	
Ladang Panjang. PT Bahari Gembira Ria	Certified 2012	Ladang Panjang	Certified 2012	Muaro Jambi District - Jambi
		Plasma BGR	2015	
Rantau Panjang. PT Guthrie Pecconina Indonesia	Certified 2012	Rantau Panjang	Certified 2012	Musi Banyuasin District – South Sumatera
		Bumi Ayu	Certified 2012	
		Karang Ringin	Certified 2012	

		Napal	Certified 2012	
		Mangun Jaya	Certified 2012	
		KKPA Sungai Jernih	2015	
Blang Simpo. PT Perkasa Subur Sakti	Certified 2013	Tamiang (PT PPP)	Certified 2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam
		Batang Ara (PT PSK)	Certified 2013	
		Blang Simpo-01 (PT PPP)	Certified 2013	
		Blang Simpo-02 (PT PPP)	Certified 2013	
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan
		MAS 1	2020	
		MAS 1	2020	
Lembiru. PT Sandika Nata Palma	Certified 2014	Lembiru	Certified 2014	Ketapang District – West Kalimantan
		Awatan	Certified 2014	
	<b>New Develop ment</b>	Karya Palma	2016	
PT Budidaya Agro Lestari	<b>2018</b>	Pelanjau	2018	
		Sungai Putih	2018	
		Baturus	2018	
<p>Sime Darby has been certified on all 39 units Palm Oil Mill in Malaysia and 21 units Palm Oil Mill in Indonesia. The Time Bound Plan was revised, cause the company to delay certification process with the following explanation:</p> <ul style="list-style-type: none"> <li>- PT. Mitra Austral Sejahtera, there is still a problem issue that remain unresolved social i.e. from Serikat Petani Kelapa Sawit (SPKS), but improvements are ongoing.</li> <li>- PT. Budidaya Agro Lestari waiting Decree of RTRWP (Decree of Spatial Planning and Territory of West Kalimantan)</li> </ul>				
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>			
	PT Bhumireksa Nusasejati does not receive FFB from smallholders or outgrowers.			

<b>2.0 ASSESSMENT PROCESS</b>	
<b>2.1 Assessment Team</b>	
<b>ASA-4</b>	<p><b>1. Oktovianus Rusmin (Lead Auditor).</b> Bachelor's Degree in Social&amp;Political Sciences Department of Anthropology. Specialists in the field of Social and Cultural (Social Impact &amp; Conflict Resolution) and HCV. Already participated in Forest Management Auditor Training (FSC Standard), ISO 14001 Environmental Management System Training, SVLK (wood legality) Auditor, Indonesian Sustainable Palm Oil (ISPO) and RSPO Lead Auditor Training. He was several times involved in the assessment of Sustainable Forest Management Certification (Standard LEI) and Gap Analysis Audit (FSC Standard). Had worked at the Center for study of Anthropology University of Indonesia and Social Advisor at Tropical Forest Trust (TFT) Indonesia. He was numerously involved in Social Impact Assessment and HCV Identification in Palm Oil Plantations and Natural Forest concessions and was approved as HCV assessor by RSPO for Social Discipline Specialist. Have been involved in several palm oil certifications as Auditor and Lead Auditor. In this assessment he conducted an assessment on Legality, Social and Supply Chain Aspect.</p> <p><b>2. Naila Karima (Auditor).</b> Bachelor of Public Health, Department of Occupational Health and Safety. Faculty of Public Health, University of Indonesia. She has experience working in private oil palm plantation companies in Indonesia. Who had attended the training including training understanding the RSPO certification system, ISPO Lead Auditor, and certified Integrated Management System (Occupational Health and Safety Management System OHSAS 18001:2007, Environmental ISO 14001:2004, Quality ISO 9001:2008). In this assessment, she conducted an assessment social welfare workers and Occupational Health and Safety aspect.</p> <p><b>3. Andi Pratama Pasaribu (Auditor).</b> Bachelor of Agriculture from the Department of Agribusiness, Faculty of Agriculture, Jember University. Has attended several training such as: Auditor for Indonesian Sustainable Palm Oil (ISPO) training, Awareness RSPO, Awareness ISO 22000, Lead Auditor ISO 9001:2008 and High Conservation Value. Previously worked as an operational staff in private oil palm plantations. Currently worked as an auditor at Certification Body. He assigned to verify of Best Management Agriculture Practices aspect.</p> <p><b>4. Steve Mualim (Auditor).</b> Master in Environmental and Natural Resources Management, Bogor Agricultural University. He has worked as a freelance in several consultants in the Environmental Impact Assessment. He has followed training of Lead Auditor training of ISPO, RSPO Awareness, Ecological Risk Assessment, Asian Network Update and Carbon, and Climate Change Mitigation and Adaptation for Agricultural Productivity. In this assessment, he conducted an assessment environment aspect and GHG.</p>
<b>2.2 Assessment Methodology, Assessment Process and Locations of Assessment</b>	
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-4</b>	<p>Number of auditors : 4 auditors + 1 observer          Number of days for ASA-4 at site : 4 days          Number of working days for ASA-4 at site : 16 working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>ASA-4</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Bhumireksa Nusasejati to the requirements of <b>RSPO Principles and Criteria (P&amp;C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013, and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)</b></p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site. Some opportunities for improvement of the results <b>ASA-4</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>RC</b>).</p> <p>Improvement of findings from main assessment findings were observed by auditors at this <b>ASA-4</b> assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of <b>RC</b>.</p>

The assessment program please find Appendix 2

2.2.3	<b>Location of Assessment</b>
ASA-4	<p><b><u>Teluk Bakau Factory(TBF)</u></b></p> <ol style="list-style-type: none"> <li>1. <b>Loading ramp and processing station.</b> During the surveillance, there was no processing activity due to damage in loading ramp crane system. Processing activity has been completed with sampling point to measure the quality of process and losses.</li> <li>2. <b>TBF Office.</b> SCCS verification.</li> <li>3. <b>Temporary Hazardous Waste Storage.</b> Observation on hazardous materials storing activity has been granted a permission.</li> <li>4. <b>WWTP.</b> Effluent management observation activities.</li> </ol> <p><b><u>Nusa Perkasa Estate (NPE)</u></b></p> <ol style="list-style-type: none"> <li>5. <b>HGU boundary stake.</b> Examination over boundary stakes (BPN stake 01 Block D01, BPN 02 Block C01, BPN 03 Block C04 and some additional stake (small). All stakes were well installed and in a good condition.</li> <li>6. <b>Fertilization by using NPK with a dose of 2 kg/tree (Block E02 Division I).</b> Observations on fertilization implementation based on the applicable fertilization SOP. Fertilization personnel could demonstrate the appropriate application of fertilizers based on dose, target and utilization. Fertilization personnel could explain fertilization regulation, particularly related to the applicable regulation, the utilization of PPE and payment.</li> <li>7. <b>Application/spraying herbicide (Block E03 Division I).</b> Observation and interview with supervisor and spraying personnel. Based on interview result, supervisor and personnel understood the work instruction related to appropriate herbicide application process, understood the prohibition to apply herbicide in riparian canal or conservation area and could present the effective and efficient work activities based on the applicable regulations.</li> <li>8. <b>Maintenance over main plantation (Block E03 Division I).</b> Observation related to regular maintenance over main plantation, which is the natural predator for leaf eater caterpillar. Interview with operational staff and personnel related to maintenance of main plantation.</li> <li>9. <b>Harvesting activities (Block E07 Division IV).</b> Observation and interview with supervisor and harvesting personnel related to work procedure for harvesting, occupational health and safety aspect, wage system and harvesting allowance. The interview revealed that harvesting personnel understood, could demonstrate the harvesting work instruction based on procedure, the utilization of PPE and understood salary calculation and harvesting allowance.</li> <li>10. <b>Barn owl box No. 4 (Block E10 Division IV).</b> Observation on the utilization of natural predator to control rat. Barn owl box was in an active condition and occupied by a couple of owls.</li> <li>11. <b>Areal replanting (Block D01 Division II).</b> Observation over replanting activities by using mechanical method such as chipping and excavator. There was no sign of fire utilization on land preparation and replanting activities.</li> <li>12. <b>Fire Brigade Post.</b> Observation over the availability of fire facility and infrastructure in NPE unit, monitoring over tool's preparedness in a monthly basis and fire team, which consists of security that performs the installation of hose, pump machine and spraying based on work procedure in fire condition.</li> <li>13. <b>Area HCV 4 (Block E 11 Division 4).</b> Observation over the condition of natural vegetation, which has been marked with <i>sign boards</i> and some of information boards.</li> <li>14. <b>Housing in Division 3 and 4.</b> Observation over the proficiency of facilities and infrastructure for personnel, such as permanent and non-permanent housings type G2 (2 doors), clean water facilities such as water well and the collection of rain water, electricity that comes from generator with a capacity of 200 KVA, worship venues such as mosque, child care center, education center such as kindergarten and elementary school, health care such</li> </ol>

as first aid post, nurse and midwives.

#### **Nusa Lestari Estate (NLE)**

15. **HGU Boundary stake:** Observation on stake maintenance for BPN stake number 111 - 114 & some stake condition that installed properly and in good condition.
16. **Water Management.** Location of water management facility location in Teluk Bakau Estate consists of water gate, water level measurer, and pole subsidiency. Field investigation showed that water management facility is in good condition.
17. **Application/spraying of horn beetles (Block F10 Division II).** Observation and interview with supervisor and spraying personnel. Based on interview result, supervisor and personnel have understand the work instruction related to the proper application of herbicide, they have understand the symbol of hazardous chemical materials, have understand the prohibition of herbicide in riparian area and conservation area and they could demonstrate the proper work procedure based on company's regulation.
18. **Areal Replanting (Block F11 Division II).** Observation over replanting activities by using mechanical method such as chipping and excavator. There was no sign of fire utilization on land preparation and replanting activities.
19. **Fertilization with Borate with a dose of 100 gram/tree (Block F05 Division I).** Observation on the implementation of fertilization activities, which based on SOP fertilization's. Fertilization personnel could demonstrate the proper fertilization dose, its target and utilization. Moreover, personnel could explain related-fertilization's regulation, the utilization of PPE and wage system.
20. **Harvesting's implementation (Block F06 Division I).** Observation and interview with supervisor and harvesting personnel related to harvesting procedure, the occupational health and safety aspects, wage system and harvesting allowance. The interview revealed that the harvesting personnel have understand, could demonstrate and implement the work procedure for harvesting, the utilization of PPE and have understand the calculation of salary and harvesting allowance.
21. **Agrochemical warehouse.** Field observation related to agrochemical management, the installation of chemical symbols and the completeness of fire extinguishers as well as the facilities for washing and drains.
22. **Fire simulation (Sport field in Nusa Lestari Estate).** Observation on preparedness and emergency response. Based on observation, the emergency response team could demonstrate the fire extinguisher technique by using systematic and well-coordinated approaches, including the utilization of fire extinguishers and PPE.
23. **Housing in Division 1 and 2.** Observation on facilities and infrastructures for personnel, such as the proficiency of permanent and non-permanent housing facilities with type G2 (2 doors), clean water facilities such as water well and the collection of rain water, electricity that comes from generator with a capacity of 200 KVA, worship venues such as mosque, child care center, education center such as kindergarten and elementary school, health care such as first aid post, nurse and midwives.
24. **Area HCV 4 (Block E 11 Division 4).** Observation over the condition of natural vegetation, which has been marked with *sign boards* and some of information boards.

#### **Public consultation**

1. Surrounding villages (Rotan Semelur and Hidayah Village) have confirmed the impact of company's operation as well as the implementation of company's CSR activities.
2. PT Mitra Karya Jaya Perdana (the replanting contractor). Interview related to work agreement, payment mechanism as well as rights and obligations of each party (company and contractor).
3. Agriculture and Plantation's Worker Union in Nusa Lestari Estate unit confirmed company's policy related to the implementation of minimum wage and industrial relations.
4. Gender committee. Interview related to company's policy over gender issue.

### **2.3 Stakeholder Consultation and Stakeholders Contacted**

<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-4</b>	<p>Summary of stakeholder consultation process            Consultation of stakeholders for PT Bhumireksa Nusasejati was held by:</p> <ol style="list-style-type: none"> <li>1. Public announcement on website MUTU (<a href="http://www.mutucertification.com">www.mutucertification.com</a>) at September 10<sup>th</sup>2015.</li> <li>2. Stakeholder consultations with NGOs have been conducted by sending questionnaires via email to several NGOs (Non Government Organization) on September 8<sup>th</sup> 2015</li> <li>3. Public consultation meeting with internal stakeholders (worker union, committee gender, and local communities) by interviews at 13 to 14September 2015.</li> </ol> <p>Numbers of input from stakeholders were clarified by PT Bhumireksa Nusasejati</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<b><i>Please find appendix 1</i></b>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit ( <b>RC</b> ) will be determined one year after this <b>ASA-4</b> (August 2016).



**3.0 ASSESSMENT FINDINGS**

**3.1 Summary of Assessment Report of the RSPO Certification**

MUTUAGUNG LESTARI has conducted an assessment of Teluk Siak POM - PT Bhumireksa Nusasejati, Sime Darby Plantation Sdn, Bhdoperation consisting of one (1) mill and 3 (three) oil palm estates.

During the assessment, there were two (2) Nonconformities were assigned against Major Compliance Indicators, three (3) nonconformities were assigned against Minor Compliance Indicators and three (3) opportunities for improvement were identified.

Further explanation of the nonconformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective actions that had been reviewed and accepted by Auditors in form of documentation evidences e.g. document record and photographic. Those corrective action(s) taken that consist of two (2) Major nonconformities and one (1) Minor nonconformity has been closed out. Furthermore two (2) Minor non-conformities still open and shall be verified during next assessment.

MUTUAGUNG LESTARI found that of Teluk Siak POM - PT Bhumireksa Nusasejati, Sime Darby Plantation Sdn, Bhd complied with the requirements of **RSPO Principles and Criteria (P&C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013, and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D for CPO Mill)**

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is continued.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>	
	<p>The management unit presented the updated version of stakeholder's list (period Augustus 2015). The list provides information about stakeholder, such as Head of Agency in Riau Province and Indragiri Hilir District Head of villages surround estate area, such as Penjuru Village, Hidayah Village, Teluk Bunian Village and so forth, as well as other stakeholders. The Plantation Services Department (PSD) updates list of stakeholder annually.</p> <p>Company provides information, which can be accessed by public audience that has been regulated in RSPO that covers some documents such as: legal document, environment and social policy document, human right policy, HCV document, related plan and analysis over social and environment impact and so forth.</p> <p>The approved SOP for information request (RSPO/1.1/PI) by Mill and Estate Manager on 01<sup>st</sup> June 2014 explains the response mechanism toward stakeholder. The incoming information request letter will be submitted to the unit operation's manager, by which letter on the response over the letter will be prepared by operational unit manager. In case the response needs an approval from Head Departemen and/or other Departemen, hence the response requires approval from Head Departemen and/or other Departemen. Once the approval is obtained, thus the letter will be re-submitted to the operational unit. The operational unit management will send the response letter to related stakeholder based on the request. The incoming letter is recorded in capital office. Subsequently, based on interview with PSD staff, company regulates that the response over information request from stakeholders should be responded within 14 working days.</p> <p>Based on observation over the incoming letters and out-going letters from 2014 to July 2015, there is no information</p>	

request from stakeholder, only in a form of grant request, for instance on 13<sup>th</sup> May 2015 from Pelangiran Sub-district related to grand request for MTQ transportation that has been submitted to company. Moreover, the response from company can be seen from letter No. 23/BNS-SOU/V/2015 on 18<sup>th</sup> May 2015 with a subject of approval for transportation grant for MTQ activity in Pelangiran Sub-district.

**Status:Fulfilled**

**1.2**

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

Company has consistently provides data and information that can be accessed by public audience as well as the confidential data based on RSPO's requirements.

List of information that can be obtained by stakeholder, such as:

1. Legal: permit's documents (location permit, plantation business permit, HGU certificate or related documents on HGU certificate bases on its stage).
2. Environment: environment and social impact analysis document (AMDAL/UKL-UPL), Environment management and monitoring reports (environment management report and environment monitoring report).
3. Social: social activity document and relationship with local community.
4. Documentation over occupational health and safety.
5. Documentation over sustainable improvement program.

The confidential documents, which cannot be accessed by public, such as: financial data related to costumers and or vendors as well as individual/ private data.

**Status:Fulfilled**

**1.3**

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

The management unit presented business ethic policy (No Policy 440/HRM-COC/07) that has been approved by GM, SGM, HPO, and GHPI on 24<sup>th</sup> May 2007. The management unit developed business ethic by considering the expectation from stakeholder, including the ethical consideration when preparing report and penalty. Moreover, commitment on the interaction with stakeholders has become main consideration and part of company's business ethic and part of value added. Stakeholders and their expectations are described in detail. Apart from business ethics, the management unit also made work ethic that regulated code of conduct for personnel as an individual inside and outside company.

Company has a written document, which consists of commitment toward integrity code and ethic code. However, there is no evidence that the policy has been socialized to the entire level of personnel. **Non-compliance No. 2015.01 with a minor category 1.3.1**

**Observation Auditor :**

13 November 2015

PT BNS has shown evidence of improvement in the form of socialization evidence Integrity Code and Ethical Codes in the unit Estates and Mill.

Based on the evidence of these improvements, the nonconformity in these indicators has been closed out.

**1.3.1 Status: Non-compliance No. 2015.01 with a minor category**

**Closed**

**PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

**2.1**

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

The company consistently meets all applicable legal requirements relating to oil palm plantations, as indicated by:

**Land legality**

3. Location permit that covers the plantation area in a form of approval letter for land preparation from Riau Governor with decree number: 525/Bappeda-FP/89/731 on 14<sup>th</sup> March 1989 for an area of ± 100,000 Ha (a hundred thousand hectare) in Kateman Sub-district, Indragiri Hilir Sub-district for hibrida coconut tree and sugar cane tree as well as

agriculture for cassava plantation.

4. Business title that covers an area of 25,662 Ha, including:
  - HGU certificate No. 01, Riau province, Indragiri Hilir Sub-district, Kateman Sub-district, Rotan Semelur Village, list of content 208 No. 5761 1996, list of content 307 No. 698 1996, 05.04.08.02.2.00001 that covers an area of 13.900 Ha that valid from 23rd May 1996 to 23rd May 2031.
  - HGU certificate No. 02, Riau province, Indragiri Hilir Sub-district, Kateman Sub-district, list of content 208 No. 5762 1996, list of content 307 No. 699 1996, 05.04.08.03.2.00002 Seluas 11.762 Ha, that valid from 23rd May 1996 to 23rd May 2031.
5. HGB for an area of 21.99 hectare, including:
  - a. Building certificate (HGB) No. 1 on 10th October 2000 that covers an area of 88.125 hectare based on Head of BPN office in Riau Province number: 55/550/24.04/2000 regarding the granting of building certificate on behalf of PT Bhumireksa Nusasejati on 26th July 2014 that covers an area of 88.125 hectare in Rotan Semelur Village, Pelangeran Sub-district, Indragiri Hilir District, Riau Province.
  - b. Building certificate (HGB) for Teluk Bakau palm oil mill No. 2 on 13th September 2001 that covers an area of 13.1790 ha that valid until 12th September 2031; based on Head of National Land Agency of Riau Province decree, number: SK.104/550/24.04/2001 regarding the grant of building certificate on behalf of PT Bhumireksa Nusasejati tertanggal 23rd Augustus 2001 that covers an area of 131,790 M<sup>2</sup> that located in Rotan Semelur Village, Pelangeran Sub-district, Indragiri Hilir District, Riau Province.
4. Registration letter for plantation business, number: HK.350/184/Bun.5/III/2001 on behalf of PT Bhumireksa Nusasejati 16th March 2001 for an area of 25,662 Ha and 1 unit of processing unit with a permitted capacity of 30 Ton FFB/Hours and the installed capacity of 30 Ton FFB/Hours (Teluk Bakau Mill).
5. Head of Capital Investment Coordination Bureau decree number 119/T/PERTANIAN/INDUSTRI/2005, on 30th December 2005 regarding to Permanent Operation License. The document explains that PT BNS is using the area for palm oil plantation that covers an area of 25,752 Ha with mill's capacity of 57,600 Ton/Year.

### **OHS & Social Workers**

1. Documentation on legal requirement's compliance related to occupational health and safety and manpower:
  - Company paid personnel's salary based on the applicable minimum wage for agriculture and plantation sub-sector as well as rubber plantation for Riau Province in 2015.
  - Operator has occupational health and safety license/driving license, such as: occupational health and safety license/driving license for boiler operator based on Ministry of Manpower Decree No. 01 in 1988 related to Operator for steam vehicle, welder certificate for class II based on Ministry of Manpower and Transmigration Decree No. 02 in 1982 regarding to the qualification for welder.
  - Company's physician has a HIPERKES certificate based on Ministry of Manpower and Transmigration No. 01 in 1976 related to HIPERKES for company's physician.

However, lack of evidence to claim that overhead crane operator has the occupational health and safety license based on Ministry of Manpower and Transmigration Decree No 9 in 2010. **Non-compliance No. 2015.02 with a major category 2.1.1**

#### **Observation Auditor :**

13 November 2015

PT BNS has shown evidence of corrective actions in the form of licenses K3 for 4 operator overhead crane (OTC Class III), for example K3 Operator License No. 12.11888-OPK3-PAA / VIII / 2012 on behalf Hapriadi validity period till August 15, 2017. Based on the above evidence of improvement, then the nonconformity in these indicators has been closed out.

### **Environment's management**

- Company has environment impact analysis document for mill and estate based on Government Regulation No. 27 in 2012.
- Company has a license to dispose liquid waste based on Government Regulation No 82 in 2001.
- Company conducting examination and submitting the report for liquid waste examination regularly based on

Government Regulation No 82 in 2001.

- Company conducting environment management plan and environment monitoring plan based on Government Regulation No. 27 in 2012.

There is evidence on compliance effort toward the latest applicable regulation, for instance related to the implementation of minimum wage in 2015 by issued memorandum No. 182/HRM-i3/IV/2015 on 08<sup>th</sup> April 2015 related to daily labor wage and salary structure for monthly labor in 2015 for PT AIP. The memorandum refers to:

- Decree from Riau Governor No. Kpts.244/III/2015 related to minimum wage for agriculture and palm oil plantation sub-sector for Riau Province in 2015 amount IDR. 2,125,500, which was issued on 31<sup>st</sup> March 2015, and
- Minutes of meeting for agriculture and plantation Sector in 2015 for Riau Province, no 6<sup>th</sup> February 2015 between plantation entrepreneur association in Riau Province and Worker Union in agriculture and plantation sector in Riau Province.

To ensure the compliance toward legal requirements, company has the evaluation mechanism, which is updated every year. The evaluation on regulation's compliance has been completed with list of regulation for plantation sub-sectores as well as the monitoring over its compliance. In 2014, generally 100% of regulation's requirement has been fulfilled related to plantation's legality, occupation health and safety requirement, manpower, environment and social.

Evaluation mechanism over the compliance of legal regulations has been stated in Standard Operating Procedure (SOP) over legal requirement's compliance (RSPO/.2./PH) on 01<sup>st</sup> Augustus 2011 that regulates the evaluation over regulation's compliance related to the operation of Minamas Plantation unit. Person in charge is PSD manager and ESH manager and company's representative reviews the summary of regulation every six months.

**2.1.1 Status: Non-compliance No. 2015.02 with a major category**

**Closed**

**2.2**

**The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.**

PT Bhumireksa Nusasejati has some legal regulations related to land ownership and the management of palm oil plantation, which consists of:

1. Location permit for plantation area's permit that stated in land preparation approval from Riau Province, number: 525/Bappeda-FP/89/731 on 14<sup>th</sup> March 1989 for land area of ± 100,000 Ha (a hundred thousand hectare) in Kateman sub-district, Indragiri Hilir for Hybrid coconut plantation, sugar cane plantation and cassava plantation.
2. HGU certificate that covers an area of 25,662 Ha, can be seen from:
  - a. HGU No. 01, Riau Province, Indragiri Hilir Sub-district, Kateman District, Rotan Semelur Village, list of content 208 No. 5761 1996, list of content 307 No. 698 1996, 05.04.08.02.2.00001 amount 13,900 Ha that valid from 23<sup>rd</sup> May 1996 to 23<sup>rd</sup> May 2031.
  - b. HGU No. 02, Riau Province, Indragiri Hilir District, Kateman Sub-district, Tagaraja Village, list of content 208 No. 5762 1996, list of content 307 No. 699 1996, 05.04.08.03.2.00002 amount 11,762 Ha, that valid from 23<sup>rd</sup> May 1996 to 23<sup>rd</sup> May 2031.
  - c. Ministry of Agrarian Decree/ Head of National Land Agency number.70/HGU/BPN/95 related to HGU grant on behalf of PT. Bhumireksa Nusasejati, over the land in Indragiri Hilir Sub-district on 7<sup>th</sup> November 1995 that explains the HGU license has been granted for 35 years to PT. BNS over 25,662 Ha of state land that located in Mandah and Kateman Sub-district, Indragiri Hilir District, Riau Province.
  - d. Special situation map on 10<sup>th</sup> June 1994 Number.15/1994 and Number.16/1994 over 25,662 Ha lands that located in Belaras/Rotan Semelur/Taga Raja Village, Mandah/Kateman Sub-district, Indragiri Hilir District, Riau Province.
3. HGB certificate over the area of 21.99 hectare
  - a. Building utilization title (HGB) No. 1 on 10<sup>th</sup> October 2000 over 88.125 hektar area based on National Land Agency Decree in Riau Province, number: 55/550/24.04/2000 related to building utilization permit on behalf of PT Bhumireksa Nusasejati on 26<sup>th</sup> July 2014 for an area of 88.125 hectare in Rotan Semelur Village, Pelangiran Sub-district, Indragiri Hilir District, Riau Province.
  - b. Building utilization title (HGB) for Teluk Bakau POM No.2 on 13<sup>th</sup> September 2001 that covers an area of 13.1790

ha that valid until 12<sup>th</sup>September 2031; based on National Land Agency ofRiau Province decree number: SK.104/550/24.04/2001 related to building utilization permit on behalf of PT Bhumireksa Nusasejati on 23<sup>rd</sup> Augustus 2001 that covers an area of 131,790 M<sup>2</sup>that located in Rotan Semelur Village, Pelangiran Sub-district, Indragiri Hilir District, Riau Province.

4. Registration letter over plantation area number: HK.350/184/Bun.5/III/2001 on behalf of PT Bhumireksa Nusasejation 16<sup>th</sup> March 2001 for an area of 25,662 Ha and 1 unit mill with a licensed capacity of 30 Ton FFB/Hours and the installed capacity of 30 Ton FFB/Hours (Teluk Bakau Mill).
5. Decree from capital investment Bureau, number 119/T/PERTANIAN/INDUSTRI/2005, on 30<sup>th</sup> December 2005 related toPermanent Operation License. The document highlights that PT BNS is using 25,752 Haareas for palm oil plantation and mill with a capacity of57,600 Ton/Year.

There are also documents that highlight the progress of re-measurement over PT BNS's area:

- Letter from Directorof PT BNS to National Land Agency inRiau Province, number: 324/BNS/UM/PSD/II/2014, on 06<sup>th</sup> February 2014, with a subject: measurement request related to enclave HGU of PT BNS.
- Letter from National Land Agency inRiau Province, number: 565/6.14/III/2014, on 27<sup>th</sup> March 2014 to Survey deputy, measurement and mapping from National Land Agency of Republic of Indonesia, Up. Director of Land and space display in Jakarta, with a subject: the request of HGU enclave measurement on behalf of PT Bhumireksa Nusasejati (BNS) in Tagaraja Sub-district Kateman District Indragiri Hilir for amount ± 4,481 Ha area.
- Minutes of Expose measurement plan for Kadastral Enclave of PT Bhumireksa Nusasejati in National Land Agency of Riau Province, on 7<sup>th</sup> April 2015.

On maintaining boundary stake, the management unit has the SOP for HGU stake maintenance(RSPO/6-1/PPHGU). The procedure explains the mechanism for periodically maintaining BPN stake. Based on data of PT BNS's boundary stake, it's known that there are 42 boundary stakes.

The monitoring result over boundary stake and based on field visit to boundary stake sampling monitoring in Nusa Perkasa Estate (BPN stake 01 Block D01, BPN 02 Block C01, BPN 03 Block C04 and some additional stakes), in Nusa Lestari Estate (BPN stake 20 &some additional stakes), points out that stakes are in good condition and well maintained. Based on document's verification, and information from the management unit of PT BNS and field visit for observation and interview with some stakeholders in plantation area, such as Head of Rotan Semelur Village and Head of Hidayah Village, and some local communities, there were no indications of conflict and objection over land ownership status between PT BNS and stakeholders.

**Status: Fulfilled**

**2.3**

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

Based on HCV assessment report of PT Bhumireksa Nusasejati in 2009 bysustainable palm oil Indonesia Foundation/ *Kelapa Sawit Berkelanjutan Indonesia* (YASBI) and Replanting assessment for Period 2013 – 2015 by AKSENTA consultant, it is known that there is no area within traditional ownership. Interview with local villages, such as Rotan Semelur and Hidayah Village revealed that there is no indigenou or traditional land within PT BNS's palm oil plantation area. Land compensation was conducted through communication and negotiation process with the previous landowner and there were evidence over land compensation process with the previous landowner. There is a land compensation record and implementation of land compensation over the plantation area, which previously were plantations that belong to local communities. Documentation for land compensation, which completed with location map, such as in a form of land compensation invoice, letter that acknowledge there is no conflict over the land, and photos during the compensation payment as well as land release letter. The land release letter states that landowner (first party) is aware and on behalf of themselves received land compensation and plantation above that the land. Head of Village, Head of Sub-district and other local government officials witnessed the land compensation process. For instance land compensation record on 12<sup>th</sup> May 2011 for an area of 8.13 Ha in Gurah Baru Trench, Teluk Bunian Village, Pelangiran Sub-district, Indragiri Hilir District.Until theSurveillance 04, PT Bhumireksa Nusasejati does not open new plantation area and there is no more land compensation process. The land compensation process has been finished on previous period.

**Status: Fulfilled**

**PRINCIPLE #3 Commitment to long-term economic and financial viability**

**3.1**

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

PT Bhumireksa Nusasejati presented the work plan in distribution document for budget projection in 2015 - 2020 for each management unit in mill and estate. The projection document in Mill consists of information related to the processed FFB, CPO production, Extraction Rate, Processing cost, Breakdown processing cost per station, breakdown fix cost, breakdown processing cost per FFB, breakdown processing cost per palm product. Meanwhile for estate, the work plan information is started from planted board, the broad of harvested area, FFB's production, Direct Cost and Fixed Cost, Breakdown Fixed cost, Breakdown Direct cost.

Year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Processed FFB (ton)	119,804	128,356	138,528	146,794	147,324
CPO (ton)	28,453	30,484	32,900	34,863	34,990
OER (%)	23.75	23.75	23.75	23.75	23.75
PK (ton)	5,511	5,904	6,327	6,753	6,777
KER (%)	4.60	4.60	4.60	4.60	4.60

The management unit conducted evaluation over the work plan implementation every year along with the work plan (budget) for next year by comparing the 5 years work plan. The evaluated things, such as the areal statement, production and production cost, manpower, housing and building, the analysis of average wage and interest rate. The evaluation revealed that company makes compliance between the annual work plan projection and the 5 years work plan.

Company has drafted its long-term replanting plan in the Long Range Replanting Program (LRRP) and replanting program map in 2012-2024. The implementation of replanting activity will be started in 2013-2014 for Nusa Perkasa Estate, and in 2012-2013 for Teluk Bakau Estate and Nusa Lestari Estate.

Estate	Year	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Nusa Lestari	Broad	Block F011 135.67 Ha Block F012 142.34 ha Block F013 141.66 ha	-	-	Block F008 142.58 Ha Block F014 142.92 Ha	Block G009 77.69 ha Block G010 104.50 ha
	Cultivation Year	1995		-	1995, 1996	1998, 1999
Nusa Perkasa	Broad	431 Ha (block E007, E008 √ D001)	281 Ha (Block D002 √ D003)	414 Ha (Block D004, D005 and D006)	289 Ha (Block D007 and D008)	272 Ha (Block E009 and E010)

The management unit presented the realization of replanting record, such as in Nusa Perkasa Estate for 2013/2014 that covers an area of 413.57 Ha (Block E001 around 135.40 ha, Block E002 around 141.55 Ha and Block E003 around 136.62 Ha) and in 2014/2015 around 420 ha (Block E004 around 143 ha, Block E005 around 143 ha and Block E006 around 134 ha).

**Status: Fulfilled**

**PRINCIPLE #4 Use of appropriate best practices by growers and millers**

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

Company has SOP that regulates the cultivation of palm oil from land clearing process up to cultivation. SOP consists of "Manual reference for cultivating palm oil plantation" No. Policy: 110/EST-ARM/13 that has been approved by Head of Plantation Upstream Indonesia on 16th September 2013 and has been effectively used since 1st October 2013. This SOP is a revision from the previous SOP (No. Policy: 110/EST-ARM/08) and has 18 chapters, such as:

1. Plantation material
2. Nursery technic
3. Replanting
4. Land preparation/ land clearing
5. Plantation density
6. Harvesting age
7. Plantation maintenance
8. Fertilization
9. The management of canopy
10. Water management in beach area and cultivation in peat area
11. Ablation
12. Ripe standard
13. Harvesting spin
14. Loose fruit collection
15. Plantation protection
16. Weed control
17. The development of cover crop from nut vegetation, and
18. Rain fall rate record

In addition, company also presented the SOP for mill, which stated in Memorandum from Head of Plantation Operations No. POD-UM-154/VII/2010 that has been approved by Head Plantation Operations on 26th July 2010, consists of SOP:

1. Technical guideline for palm oil mill, chapter I, Minamas Plantation, No. Policy 110/POD-FAC/07
2. Technical guideline for palm oil mill, chapter II, Minamas Plantation, No. Policy 120/POD-FAC/07
3. Administrative procedure for palm oil mill's operation, Minamas Plantation, No. Policy 130/POD-FAC/07.

Based on field observation and interview with personnel, the related procedure with agronomic has been well implemented. For instance:

1. Harvesting; based on interview with supervisor and harvesting personnel in block E07 Division IV Nusa Perkasa Estate and block F06 Division I Nusa Lestari Estate, the operational procedure has been known and implemented in the field. For instance related to ripe fruit criteria (bunches 5 in disc area), to maintain the midrib to be placed in *songgo duaby* by a progressive pruning arrangement by using frond stacking with *L-shaped* pattern
2. Fertilization; based on interview and observation over fertilization activity in block E02 Division I NPE and block F5 Division I NLE, it is known that personnel known and could demonstrate the fertilization procedure very well. For instance the utilization of PPE based on the instruction and the application of fertilization based on the required dose (each type of fertilizer and its volume has been calibrated and the spreading tools have been determined before hand).
3. Company has the sampling point in each processing station to measure the processed quality and to find out the level of losses.

Company has a procedure to monitor operational activities in a form of annual internal audit for both mill and estate. Based on document's review, company has presented some internal documents to auditor, such as:

**Teluk Bakau Factory:**

- The latest Mill Advisory (MA) on 11<sup>th</sup>– 19<sup>th</sup> August 2015 based on Mill Visit Report No. Minamas/TBF/08/15-16.
- Environmental Safety and Health Assessment (ESH) on 6<sup>th</sup> – 7<sup>th</sup> August 2015.

**Estate**

- **Nusa Lestari Estate:** there is a Plantation Advisory Report No. MINAMAS/SOU20/NLE/1/14-15 that has been implemented on 4<sup>th</sup>– 6<sup>th</sup> April 2015.

- **Nusa Perkasa Estate:** there is a Plantation Advisory Report No. SOU 19 MINAMAS/NPE/01/2014-15 that has been implemented on 7<sup>th</sup> – 9<sup>th</sup> April 2015.

PT. BNS has been periodically recorded the daily report, monthly report and annual report. The report has been stated for instance in mill/ estate monthly report. Some of mill and estate monthly report such as:

- **TBF:** There is mill's report in July 2015. The report presents the production statistic data, production capacity, extraction rate (the quality of CPO and kernel), production stock, recapitulation of product delivery, capacity and mill's utilization, production quality, cost utilization and so forth. Until July 2015, the accepted FFB by mill is amount 11,076.619 ton, which is exceeding by 24.67% from the target amount of 8,884,406 ton.
- **NPE:** Estate unit report in Augustus 2015. The report presents estate areal statement, organization chart, human resources and local communities, housing, infrastructure facility, rain rate, FFB's production, TM and TBM plantation maintenance, communities' plantation, nursery, traction/ transport, general cost, general cost, capital and duty travel as well as socioeconomic off personnel. Until Augustus 2015 the total FFB's production reached 10,701.982 ton.
- **NLE:** Estate unit report in Augustus 2015. The report presents estate areal statement, organization chart, human resources and local communities, housing, infrastructure facility rain rate, FFB's production, TM and TBM plantation maintenance, replanting plantation, nursery, traction/ transport, general cost, general cost, capital and duty travel, security as well as socio economic of personnel. Until August 2015 the total FFB's production reached 7,271.124 ton. This number is higher than budget, which is 5,474.432 ton.

Each division made daily report for their operation daily activity, which has been reported to estate manager/mill manager. The recapitulation of daily report has been drafted into monthly report by head of mill/estate administration officer. Until audit surveillance 4, PT. Bhumireksa Nusasejati (Teluk Bakau Factory) does not accept FFB from external source.

Based on document's review, interview and field observation, its known that company has the procedure for estate and its management that has been well documented and implemented. The implementation of procedure in the filed has been periodically reviewed and reported in daily, monthly and annually.

**Status: Fulfilled**

#### 4.2

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

PT Bhumireksa Nusasejati has a procedure guideline in order to manage soil fertility that stated in SOP for manual reference for palm oil cultivation (No. Policy: 110/EST-ARM/13) that has been approved by Head Plantation Upstream Indonesia on 16<sup>th</sup> September 2013. The SOP explains some part related to soil fertility management by conducting fertilization and developing cover crop (nut vegetation).

Based on field observation, its known that company has implemented the SOP related to soil fertility management through some activities, such as:

1. The soil and leaf sampling pickings in order to find out soil's organic material. Minamas Research Centre has periodically implemented these activities. The analysis result can be seen in indicators 4.2.3.
2. Fertilization. Has been conducted based on recommendation dose from Minamas Research Centre (MRC). Based on interview and observation over the fertilization activity in block E02 Division I NPE (NPK dose 2kg/tree) and block F5 Division I NLE (Borate with a dose of 100 gram/tree) has been inline with the installed dose of fertilization's recommendation, which was drafted by MRC.
3. Nuts cultivation (LCC). Field observation over the un-productive area in block E02 Division I NPE, it's known that there are nuts cultivations as land cover to minimize water evaporation and weed development as well as to help the fixation of nitrogen from air, which is needed by plantation in order to grow.
4. The maintenance of *Neprolephis bisserata* in order to reduce the evaporation. The maintenance effort has been conducted by delivering socialization and implementing the prohibition to spray chemical material to *Neprolephis bisserata* on weed control activity.

Company does not use organic fertilization due to technical reason; such as the peat area is rich with organic material. Mean while the utilization of organic fertilizer has been recorded and well documented in a daily, monthly and annually basis. Based on estate unit's report (manager's monthly report) in Augustus 2015, there was an application of RP fertilization amount 12.43 ton with dose of 0,5 kg/tree in block E04 Division I Nusa Perkasa Estate and the utilization of



NPK 44 amount 53.96 ton with a dose of 3.5 kg/tree in block F005 Division I Nusa Lestari Estate. The document also records the difference between recommendation and realization of fertilizer application that has been conducted and can be monitored until the implementation.

Company has a commitment to examine soil and leaf periodically. Soil sample's examination has been conducted every 5 years meanwhile the leaf sample examination has been conducted annually.

**Leaf analysis:**

- NPE: Conducted on 14<sup>th</sup> February 2015 based on letter No: MRC/Mgr-Agr/Lab.Mgr/001/II/2015. Meanwhile the measured parameters are Ash, P, K, Mg, Ca, N, B, Fe, Cu and Zn.
- NLE: Conducted on 14<sup>th</sup> February 2015 based on letter No: MRC/Mgr-Agr/Lab.Mgr/001/II/2015. Meanwhile the measured parameters are Ash, P, K, Mg, Ca, N, B, Fe, Cu and Zn.

**Soil analysis:**

The latest soil analysis was conducted on 23<sup>rd</sup> November – 4<sup>th</sup> December 2011 by MRC. The examinations were conducted on the entire PT. BNS's estate, such as Teluk Bakau Estate, Nusa Lestari Estate, and Nusa Perkasa Estate. Meanwhile the examined parameters were the organic material C, total N, C/N ratio, Total P, Available P, total K, the capacity of K, Exch Mg, Exch Ca, Exch Na, Cu, Zn, B and Fe.

Based on data, survey over the depth of peat was conducted in 2008, BNS area with 4 estates have various soil distribution based on its depth, such as 47% peat that less than 3 meter with ripe level of 70% and 53% and the remaining with a depth of ≥3 meter with ripe level of 21%.

PT. Bhumireksa Nusasejati is a company that conducting the operational activity of the estate in peat area with high organic material. Subsequently, company does not perform the application of EFB or POME. The generated EFB is burn in fire stove in mill; hence the ash will be collected. The comparison of empty fruit bunches and the bunch ash is 1: 0.02, which means that in every 1-ton burn of empty fruit bunches, it will produce 20 kg of bunch ash. Meanwhile the generated POME is disposed to water body after passing some process, until the product is considered safe and inline with the applicable regulations.

Bunch ash will be used as soil mix for nursery with a composition of 1: 5, which means in 1 part of bunches ash will be mixed with 5 part of mineral soil as a content of poly bag. From April to June 2015 the generated bunch ash was 99.17 ton to nursery area.

Based on document's review, field observation and interview with operation staff, company have the document for management procedure that has been well implemented.

**Status: Fulfilled**

**4.3**

**Practices minimize and control erosion and degradation of soils.**

The entire operational area of PT. BNS is located in peat area. The depth of peat area in PT BNS is stated in depth of peat survey report of PT BNS, which was prepared by ParamAgricultural Soil Survey in 2011. The recapitulation of measurement is presented in below table:

Estate	Broad (ha)	The depth of peat			
		< 3 meter		> 3 meter	
		□ Sample	%	□ Sample	%
TBE	3,493	32	92	4	8
NPE	3,643	17	50	17	50
NLE	3,170	14	40	21	60
RSE	4,107	24	63	14	37
MDE	4,111	0	0	42	100
<b>Total</b>	<b>18,524</b>	<b>87</b>	<b>47</b>	<b>98</b>	<b>53</b>

The entire area has been fully utilized by company that based on the principle guidelines to manage peat area. For instance through the appropriate water treatment, by abolishing the fire utilization in land preparation (zero burning approach) and by optimizing the fertilization in order to reach a maximum production and so forth.

Based on Topography map and field observation, the entire area of PT BNS is flat, hence there is no need of management for certain slope areas.

Periodically, the canal maintenance activity is always been stated in estate annual budget (water based transportation). In accordance with SOP, the canal maintenance is divided into two, first is main canal and second is the branch canal. The canal maintenance is conducted every 3 years by using the mechanical technique and every 4 months by using manual technique.

Below is the canal maintenance program from January to June 2015:

<b>Nusa Lestari Estate</b>		
	Budget	Actual
Manual	373,845	317,816
Mechanic	101,860	155,075
<b>Nusa Perkasa Estate</b>		
	Budget	Actual
Manual	147,636	444,196
Mechanism	18,000	18,390

The canal maintenance document also states the mapping plan and implementation of the activity that completed with photos.

PT Bhumireksa Nusasejati manages peat area by utilizing rainwater. The water supply in peat area entirely comes from rainwater without an inlet flow from river. Subsequently, company has a responsibility to manage the availability of water in canal, which functions for transporting and minimizing the decrease of soil surface water. The monitoring over canal maintenance is conducted by several approaches, such as:

1. Monitoring over water level (piezometer) and rainfall (umbrometer). Water level is maintained in a position of 50 – 80 cm below surface water. The monitoring is conducted every 2 times a day, in the morning and in the afternoon by security guard. Piezometer and umbrometer are available in port and near security post in each estate. Data from the daily monitoring is being reported to estate manager every day. Based on field observation, at present the water level is in a position of 70 – 85 cm below surface water (a bit below the applicable standard as stated in SOP). This finding does not inline with the applicable SOP for Water Management. However, company has conducted the evaluation over this finding by stated that for the last couple of months, there was no rain. The rainfall rate showed that from January to August 2015 the average rainfall was 600 mm/year.
2. Periodic monitoring over peat subsidence every 6 months. Based on document's review, there is a monitoring instrument in a form of subsidence stakes in each blocks such as in Nusa Perkasa Estate and in Nusa Lestari Estate. The record over peat surface showed the decrease over its water surface, between 0.5 – 0.6 cm from January to August 2015.
3. Spillway monitoring. Spillway is function as a main pathway for drainage in case there is an increase on water surface level. The monitoring is conducted in a daily basis based on water level and rainfall monitoring report. Subsequently if the report shows the increase on water surface level, thus person in charge will instruct the spillway officer to open water gate.

The development of over flow. Company has installed over flow to sustain the surface water level during dry season and to dispose the excessive water during rainy season.

Company conducts the water management in main canal, collector, branch canal, middle trench and tersier trench. Company groups the area based on zoning system that based on area's topography, which is different with water level. Estate maintains its water level to be similar from one area to another by sustaining the water level in position between

50 cm and 80 cm below surface water based on SOP for Water Management PT Bhumireksa Nusasejati No. 01/BNS/III/09 that has been approved on 25<sup>th</sup> March 2009 by GM Estate.

Location of water management facility location in Teluk Bakau Estate consists of water gate, water level measurer, and pole subsidiency. Field investigation showed that water management facility is in good condition.

PT. Bhumireksa Nusasejati is a company that conducted its operation activity in peat area, which has a rich organic material. Company's strategy to manage this area is by implementing water management (maintaining the availability of water in existing canals), sustaining soil moisturizer in order to reduce the evaporation by cultivating *legume cover* crop on the un-productive plantation and by cultivating *Nephrolepis bisserata* on the productive plantation.

**Status: Fulfilled**

**4.4**

**Practices maintain the quality and availability of surface and ground water.**

Management has a plan to manage the water surface, which is stated in memorandum No 016/RSPO/ BNS/ X/ 2012 that explains: PT BNS has a commitment to prevent the chemical contamination to water body. For instance the prohibition to use chemical material in main riparian area and branch canals. The implementation of water surface maintenance efforts have been recorded in water management document, for period 2015-2016, for instance, the cleaning of water, the cultivation of bamboo in canal riparian area, the periodic measurement over water level and periodic examination over water's quality in Kateman river.

Field observation for measuring the piezometer in Nusa Lestari estate, Division IV block F15 revealed that the water surface was around 62 cm below peat surface level. This condition is inline with the procedur/SOP for water management of PT. BNS that has water level around 50-100 cm from peat surface. In addition, field visit in canal riparian area in block F5 Division 1 NLE showed that company has cultivating grass and bamboo along canal riparian area in order to reduce the erosion.

before being disposed to Kateman River, the generated liquid waste by Teluk Bakau Mill will be processed in IPAL pond. The examination over liquid waste is periodically conducted every month, and the examination result such as BOD's parameter in June 2015 amount 68.10 mg/l (< BM). Moreover, company is also conducting monthly monitoring over water utilization. Field visit in water treatment plant in Teluk Bakau mill revealed that the condition of flowmeter is well functioning and from June to Augustus 2015 the average water utilization for processing activity was amount 1.23 m<sup>3</sup>/ton TBS (below budget 1.50 m<sup>3</sup>/ton TBS)

Company has the action plan related to examination result over liquid waste's parameters that exceed the standard quality for period April-June 2015. The effectivity of liquid waste management in Teluk Bakau Mill will become the object of OBSERVATION for audit team in the next surveillance activity.

**Status: Fulfilled**

**4.5**

**Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.**

PT. Bhumireksa Nusasejati has holistic pest management program, which is also stated in estate annual's operation budget. Company has documented the implementation of the program, such as:

1. Periodic cultivation and maintenance of beneficial plant every month. At present, the available types of beneficial plant in estate area based on field visit are *Turnera subulata*, *Casia cobanensis* and *Antigonon leptosus*. At present there are 39.739 meter, 20.384 and 20.433 km in Nusa Perkasa Estate. For instance is the cultivation of *Turnera subulata* and *Casia tora* in blocking E02 Nusa Perkasa and block F5 Nusa Lestari Estate.
2. Termite census every 6 months or in case there is an indication of attack. Based on document's review, generally company will manage the attack by spraying pesticide with an active *fipronil* material. Based on document's review, company also has chemical approach to control termite, which was conducted in February and March in NPE with a dose of 0.7 – 0.9 liter/Ha.
3. Census over rat control. The census is periodically conducted every 6 months. Based on document's review, there was no rat's attack from January to Augustus 2015. The early management over rat attack is conducted by using owl as a natural predator. At present, company has 60 unit's barn owl box in Nusa Perkasa Estate and 68 units in Nusa Lestari Estate. Audit team observed barn owl box no. 05 in block E03 Nusa Perkasa Estate where the audit team found a couple of owl and the sign of prey around the barn box.

4. *Ganoderma* census is periodically conducted every 6 months. There were *ganoderma* attacks in some blocks Mature Area in Nusa Perkasa and Nusa Lestari Estate. However, this attack occurred in blocks, which soon will be replanted. Subsequently, company decided to terminate the intervention over the attack.
5. Horn beetle census. The census is periodically conducted every 14 days in mature area. Company establishes *Feromon* Trap to control horn beetle. The trap is being monitored every 14 days. Meanwhile for un-productive plantation, company sprays the insecticide with an active *Cypermethrin* material with a dose of 0.5 liter/Ha (180cc/knapsack) with a rotation of 14 days.
6. Leaf eating caterpillar census is periodically conducted every month. Based on census data, there is no attack above the economic threshold. However, company took some management efforts, such as by cultivating and maintaining the main plantation, which is the predator of leaf eating caterpillar pest.

In order to ensure the ability and competency of personnel to control pest, company delivered training on pest control. For instance:

1. Nusa Lestari Estate:
  - Training on fire caterpillar and pocket caterpillar control on 14<sup>th</sup> October 2014, which was conducted in block F012. Senior Assistant of NLE was the trainer and delivered module about census method for fire and pocket caterpillars and its management. 11 participants followed training, which consists of estate staff and maintenance personnel.
  - Training on horn beetle control on 26<sup>th</sup> January 2015 in Division 2. Senior Assistant of NLE was the trainer and delivered module about how to control horn beetle. 9 participants followed training, which consists of estate staff and maintenance personnel.
2. Nusa Perkasa Estate:
  - Training on breeding owl (*Tyto Alba*) on 16<sup>th</sup> April 2015 in block E010 Division IV. Senior Assistant of NLE was the trainer and delivered module about how to breed owl, how to build barn box, delivered the introduction on owl and the monitoring system. Training was followed by 5 participants
  - Training on leaf eater caterpillar and its management. The training was conducted on 14<sup>th</sup> Augustus 2015 in block D002 Division 2. NPE assistant was the trainer and delivered the material about early warning system, holistic pest management, pest control mechanism, the cultivation of beneficial plant and monitoring over the UPDKS attacks. 6 participants followed the training, which consists of estate staff and maintenance personnel.

Based on document's review and field observation, audit team concludes that company has documented the implementation of its holistic pest control and its trainings.

**Status: Fulfilled**

**4.6**

**Pesticides are used in ways that do not endanger health or the environment**

Based on a review of documents and observation to agrochemical warehouse, all pesticides used are registered and have a shelf-life that is still valid. The Company has documented a related note recording the use of pesticides that provide information about the active ingredients used, area treated, amount applied per hectare, the rotation of its use as well as data on the toxicity of pesticides in documents monitoring of pesticide toxicity. Based on observations document, toxicity data recapitulated every month. For example the use of *isopropylaminaglifosat* month of August 2015 in Nusa Perkasa Estate for immature plants at a dose of 0.75 liters / ha, the rotation of 4 times a year and the toxicity of pesticides to 1,500 mg / Ha.

The Company has established an integrated pest control program regularly every year and is listed in the annual work plan (budget). The program refers to SOP Plant Protection established by top management. The use of pesticides in integrated pest management program conducted with the biological approach (utilizing natural enemies), the approach of mechanical / manual with a hand picking or insulation and chemical approaches as a means of last technique.

In crop protection procedures manual, carrying the rotation interval pest monitoring and evaluation as follows:

1. Leaf eating caterpillar census every month.
2. Census over rat control every six months.
3. *Ganoderma* census every six months.
4. Horn beetle census every fourteen days at mature area.
5. Termite census every 6 months

Based on a review of documents, interviews with staff estate and foreman pest and control as well as field observations, biological approach has been implemented properly. For example, there is beneficial plant cultivation, mounting *ferotrap* to help control the horn beetle attack and utilization of owls to control rat's pests. So far, there has been no preventive use of pesticides to prevent disease.

The use of chemicals for weed control is generally carried out with the dose adjusted. On immature plants, the use of pesticides tends to be larger than the mature age of the plant crop where conditions have been fused so that weeds beneath it more difficult to grow. So is the use of pesticides in the control of pests and diseases.

The Company has a commitment not to use pesticides that are included in classes 1A and 1B WHO and *paraquat* or listed in the Stockholm Convention or Rotterdam. The commitment is documented in the Memorandum of Head Plantation Operations No. POD-UM-128 / X / 2008, 2008 on the recommendation Substitute *alikasi* Active Ingredients Paraquat-Gromoxone in Plantation Minamas environment.

Based on field observations in agrochemical warehouses Nusa Perkasa Estate and Nusa Lestari Estate and notes out of the goods in the warehouse administration system, there is no use of pesticides WHO classes 1A and 1B. Thus, it can be concluded that the company has been consistent for not using pesticides classes 1A and 1B.

The company has been managing the packaging of used pesticide containers that have been used. Based on field observations at BSS NPE and NLE, used pesticide containers that have been used are washed rinse, then wash water collected in a tub of capacity to be reused on the job tomorrow. While the packaging is no longer used hazardous waste sent to polling stations to be sent to the hazardous waste licensed collectors and transporters who have collaborated with the company.

The application of pesticides in the company's operations has been arranged in such a way to minimize the risks and negative impacts that may occur. The procedure for applications has been set in pesticide application procedures and management. Some of the points that must be considered in the procedure are:

1. Employee / sprayers must be able-bodied workers, have no skin disorders or open sores, or respiratory disease.
2. Children, pregnant or nursing women and less healthy, are not allowed to work.
3. Before working, to eat and drink in moderation.
4. Officers must wear special protective clothing that is sleeved and long-legged, gloves, high boots, helm and face shield.
5. At the time work should not be eating, drinking, or smoking.
6. Avoid pesticides inhaled through breathing or contact with skin, eyes, mouth, and clothing.
7. Dosing, dilution and mixing of pesticides is done in the open or in a well-ventilated room.
8. Mix the pesticide in accordance with the recommended dosage. For dilution use clean water. Stirring is done until blended carefully to avoid spilling or splashing. During mixing, wear rubber gloves.
9. The spray equipment used must be in good condition, clean and not leaking. To avoid the danger of toxicity in plants, equipment used for herbicide should be specific and should not be used for other pesticides (fungicides or insecticides).
10. Employees should not work alone, especially when working with relatively highly toxic pesticides (eg paraquat).
11. Spraying is not done at the time of going to rain the wind and the direction of the spray should not be opposite to the wind direction.
12. If at the time worked pesticides on clothes, skin, eyes or other body parts, clean up immediately and rinse with clean water and soap. When exposed to the eyes, wash with clean water for 15 minutes.
13. Clean always face and hands with soap and clean water before retiring to eat, drink or smoke.
14. In case of intoxication symptoms, immediately stop working and give first aid or brought to the clinic / physician if necessary.
15. The tools were used after work as well as clothing, boots and other work equipment in order to be washed with clean water in a safe place, away from wells or other sources of water for life.
16. Packaging empty pesticide so destroyed and buried or handed back to the garden shed.
17. After completion of work the officers had to take a bath.

Regularly, every morning during morning assembly foreman assistant and alternately convey regarding the procedure for the application of pesticides are good and correct, proper use of PPE and any risk factors. Based on interviews with employees spraying in NPE and NLE, employees spraying can explain the procedure proper pesticide application, the function of PPE and risks - risks that may result from the activity of pesticide application. Based on a review of documents and interviews with management staff, the company never did the application of pesticides from the air

Based on the explanation from estate management unit, there is no independent smallholder cultivates within PT Bhumireksa Nusasejati plantation's area. Meanwhile, for spraying personnel, company has consistently delivered training and spraying personnel have understood the spraying work. This finding is also strengthened by field observation during spraying activity in Block E03 Division I Nusa Perkasa Estate and personnel can demonstrate the proper spraying work based on the applicable regulation in company.

Field observation in temporary hazardous waste landfill in Nusa Lestari Estate and interview with PIC its known that the management and storage of used-pesticide packages has been inline with hazardous waste management procedure PT BNS (Policy No.7307/BNS-ESH/10) that refers to the applicable regulations. Based on the above explanation, it can be concluded that company has consistently disposed waste properly based on the applicable regulation. Moreover, person in charge also understands the procedure.

Annual medical monitoring, particularly for pesticide operator has been conducted periodically every 6 months by company in a collaboration with integrated medical service Pelangiran. The medical examination result has been documented in recapitulation and evaluation document in order to prevent medical hazard. Moreover, company also completes the follow up actions over the evaluation result. Medical examination on 09<sup>th</sup> Augustus 2015 showed that there were 7 spraying personnel in Nusa Perkasa Estate who have problem with their medical condition and got recommendation from physician to be mutated to other works, which has no relation with chemical material. Moreover, the management unit has presented the mutation letter for the aforementioned 7 personnel from spraying work to manual maintenance work, since 16<sup>th</sup> September 2015.

Based on interview with spraying personnel in Block E03 Division I Nusa Perkasa Estate and in Block F10 Division II Nusa Lestari Estate there are no pregnant or lactating female personnel. Moreover, personnel have understood the prohibition for pregnant and lactating female personnel to work with chemical material.

**Status: Fulfilled**

**4.7**

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

Company has a commitment to implement the occupational health and safety through occupational health and safety policy, which has been approved by Head Plantation Upstream Indonesia in December 2011. Company has a commitment to provide and maintain safe work environment by implementing an effective management in order to prevent accident and unhealthy work environment for personnel, contractor and visitor. As part of occupational health and safety's implementation, company drafts the occupational health and safety program annually and the implementation is conducted in each mil and estate unit.

Company consistently tries to avoid work activities that could harm personnel work and safety, by which each risk from work activity has been evaluated in *Hazard Identification Risk Assessment and Risk Control* (HIRAC). This identification is reviewed every year. The development of HIRAC refers to SOP for occupational and health safety identification procedure, assessment, risk management/Hazard Identification Risk Assessment and Risk Control (No. Policy 7301/PSQM-ESH/11), which were drafted on 07<sup>th</sup> July 2011. Procedure and actions to avoid the risks have been identified, documented and implemented. Based on observation on operation activities in mill and estate, the management unit has implemented the risk control based on risk identification. For instance field observation in Teluk Bakau POM in station engine room with a risk of noise, the management control over this risk is by establishing information board and the mandatory utilization of PPE, audiometric examination and the proficiency of PPE (earmuff). The interview with the engine room operator submitted that audiometric examination was performed 1 year once, in 2015 inspection conducted in March and the results of the examination have been submitted to the worker is in a fit condition to work.

The entire personnel who involved in company's operation activities have received training on safe work procedure and

company has provided sufficient PPE for the entire personnel who work in high-risk activities, such as pesticide applicators, machine operators, replanting personnel, and harvesting processing personnel. These findings are strengthened by field observation over spraying activities in Block E03 Division I Nusa Perkasa Estate, which revealed that personnel could demonstrated the safe spraying work procedure based on the applicable regulation. In addition, based on observation in harvesting activity in Block E07 Division IV Nusa Perkasa Estate and Block F06 Division I Nusa Lestari Estate, its known that personnel have been equipped with PPE such as helmet, safety boots, and sickle glove. Meanwhile for Teluk Bakau POM, the observation in station Boiler showed that personnel have been equipped with PPE based on their work's risk. For instance boiler operators used PPE such as helmet, spectacles, mask, earplug, gloves and safety boots.

Guiding committee of occupational health and safety is person in charge to ensure the implementation of occupational health and safety in mill and estate runs based on the applicable regulation and to conduct the guiding committee of occupational health and safety monthly meeting. For instance, guiding committee of occupational health and safety meeting on 26<sup>th</sup> June 2015, which discuss work tool's safety based on the occupational health and safety such as inventory and monitoring over PPE as well as the socialization over PPE's usage. In addition, company has consistently submitted the three-month report of guiding committee of occupational health and safety for period April – June 2015 to Social, Manpower and Transmigration Agency of Indragiri Hilir District with letter number 153/P2K3/BNS/NPE/VII/2015 on 18<sup>th</sup> July 2015.

Work accident insurance for personnel who work in PT Bhumireksa Nusasejati have been registered in Manpower social insurance. Based on observation on payment receipt and number or membership, the entire PT Bhumireksa Nusasejati personnel have been registered in Manpower social insurance and company has periodically paid the membership cost based on the applicable regulation.

- a. Based on field observation and interview on spraying activity, fertilization and harvesting in NPE, it is known that supervisor has not received any first aid training.
- b. The management unit has provided first aid tools for mill and estate's operational activities. However, based on field observation, first aid kits are not complete based on the applicable regulation and lack of evidence to show that company has conducted monitoring, such as audit team found out there were several medicine, injection and drugs that exceeding the best before date (have been expired).

Based on the aforementioned explanation, **non-compliance No. 2015.03 with a minor category 4.7.5**

PT Bhumireksa Nusasejati registered its personnel in manpower social insurance (which covers the work accident insurance). Based on observation on payment receipt and number of membership, PT Bhumireksa Nusasejati has consistently registered its mill and estate personnel in manpower insurance and has periodically paid the monthly cost based on the applicable regulation.

The management unit presented the recapitulation of Lost Time Incident calculation – Frequent Rate (LTI-FR) for mill and estate unit for period July 2014 – June 2015. The recapitulation informs number of working hours, number of work accident cases and LTI-FR year to date.

<b>4.7.5</b>	<b>Status: non-compliance No. 2015.03 with a minor category</b>	<b>Open</b>
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**4.8 All staff, workers, smallholders and contractors are appropriately trained.**

The management unit presented the training schedule for Minamas Plantation for period 2014 – 2015 the target of development is general competency and type of training program, such as: (1) Leadership competencies: Core Executive Program from 1 to 4 for personnel level B to H and HECTA for ASM/SAS for level F (2) Functional Training: estate refresher training, mill refresher training, KSI/KTU training, English Developmental Program, (3) Regulatory Compliance Certification: occupational health and safety expert certification, supply chain certification, certification for heavy equipment operator and certification for welder, (4) Induction training, (5) Assistant conference.

The management unit has consistently documented the training record and list of participant, which can be proved by the available attendance sheet and training module as well as certificate if the training was delivered by official training body. There is a recapitulation of training type that has been conducted from July 2014 to June 2015 that detailed the

type of training, participant's name, venue, trainer and duration of training. For example, training in the use of pesticides for spraying workers on 28 January 2015. Interviews with workers spraying in Block E03 Nusa Perkasa Estate Division I note that the worker spraying understand safe working practices such as how to pour poison in Knap sack, how spraying nozzle tip should not exceed high waist, the former packaging must be returned to the warehouse agrochemical, spraying is not allowed downwind, and before performing work activities required of workers using PPE. Besides spraying workers have understood MSDS information describing the chemical hazards and countermeasures in the event of an emergency such as poisoning.

Based on the above it can be concluded that the company has sought to improve the ability of employees from the staff level up to the workers in its operations through the provision of training on a regular basis in accordance with the training programs organized each year, as well as recording the results of the training have been well documented.

**Status: Fulfilled**

**PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity**

**5.1**

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

Company has a document for environment impact analysis as stated in environment impact analysis document along with environment management plan and environment monitoring plan that was approved by Agriculture Department on 17<sup>th</sup> May 1996. Subsequently, there is a revision over business specification in term on the increase on production capacity, company developed revision over environment management plan and environment monitoring plan, which have been approved by Head of Environment Agency, Mining and Energy Agency in Indragiri Hilir District number :11/IH/RKL-RPL/V/2006 on 3<sup>rd</sup> May 2006, that covers the important environment impact management and monitoring, such as: (1) the degradation of air's quality; (2) the degradation of peat surface water level (3) forest and field fire potential; (4) the degradation of river's water quality and distraction on water's organic wildlife; (5) unrest/ social conflict.

The implementation of environment management and monitoring are stated in periodic environment management report and environment monitoring report. For instance the environment management report and environment monitoring report for semester 1 in 2015 have been reported to Head of Environment Agency in Indragiri Hilir District, and Environment Agency in Riau province as well as Ministry of Environment on 27<sup>th</sup> July 2015. The report explains the parameter's aspect of environment management and monitoring based on environment management plan and environment monitoring plan that have been conducted by company, such as:

- Peat subsidiency
- Estate's replanting
- Physical and chemical character of the soil
- Air's quality and noise
- The quality of surface water
- The quality of liquid and solid waste
- Fire potential
- The ditruccion on natural vegetation and wildlife
- The management of hazardouse waste
- Communities' unrest

There is environment management plan and environment monitoring plan report for semester 1 in 2015 and social and environment impact mitigation document in PT BNS opeartion area. The review over the implementation of environment management plan and environment monitoring plan revealed that there is no evidence that the replanting activities, which have been conducted since 2013 has been monitored and evaluated. **Non-compliance No 2015.04 with minor category.**

**Observation Auditor**

**13 November 2015**

PT BNS has shown evidence of improvement in the form of revised Environmental Management Plan/ Environmental Monitoring Plan Semester 1 2015 have included the Management Plan and Environmental Impact Monitoring and



Mitigation and Physical Biology of replanting activities, but there has been no evidence related to the monitoring and evaluation of the Environmental Impact of Social Activity replanting. Nonconformity No. 2015.04 still open.		
<b>5.1.3</b>	<b>Status: Non-compliance No 2015.04 with minor category</b>	<b>Open</b>
<b>5.2</b>		
<b>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced</b>		
<p>Company has a commitment and policy related to management and protection over natural vegetation and wildlife, which is stated in SOP for natural vegetation and wildlife protection on 18<sup>th</sup> Oct 2012. Company conducted the assesment over HCV ara in 2009. The identification result covers the potential area for HCV 1 that covers an area of 1,047.80 Ha, the potential area for HCV 3 that covers an area of 1,038.37 Ha and the potential area for HCV 4 that covers an area of 90.28 Ha and the potential area for HCV 6 that covers an area of 0.55 Ha.</p> <p>There are 125 spesies of natural vegetation within company's operation area with 3 (three) natural vegetation type, which is included in Appendix I CITES and being protected based on government regulation no 7/1999, such as <i>Nepenthes sp.</i>, <i>Orchidaceae</i>, and <i>Orchidace spp.</i>; 6 spesies of mammal with 1 type of mammal that is included in Appendix land protected such as <i>Felis bengalensis</i>; and 8 spesies of reptile (2 protected type such as <i>sancasnake</i> and <i>labi-labi</i>), and 13 types of aves (entirely has a protected status, for instance: <i>cekakak</i>, <i>elang bondol</i>, <i>bangau</i>, <i>tengkek</i>).</p> <p>The socialization is completed with attendance sheet related to HCV that has been conducted on 14<sup>th</sup> March 2015 with total 11 participants (HCV's supervisor, personnel and local communities) in Division IV office of Estate Nusa Perkasa and on 3<sup>rd</sup> April 2015 for nusa lestari estate with total 17 participants. The socialization consists of introduction/ explanation on HCV area, introduction/ explanation on forest conservation, explanation on the importance of the existence of conservation forest in plantation area.</p> <p>Field observation in block Area HCV 4 (in Block E 11 Div 4) shows that the natural vegetation has been marked with <i>signboard</i> and some other marks.</p> <p>Monitoring related to the existance of HCV area has been [eriodically conducted and has been priodically reported in environment management plan and environmetn monitoring plan report in each semseter by company. For instance the monitoring over natural vegetation and wildlife existance have been periodically conducted every 2 months, on 10<sup>th</sup> July 2015 in NPE, Division IV, Block E001 (HCV1 area), which revealed there are 18 types of wildlife and 10 types of natural vegetation. In addition, company has conducted periodic patrol every month related to wild hunter by local communities and personnel.</p>		
	<b>Status: Fulfilled</b>	
<b>5.3</b>		
<b>Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</b>		
<p>The management unit in mill and estate has consistently conducted identification over waste sources from company's operation activities, such as:</p> <ul style="list-style-type: none"> <li>• Waste source in mill in a form of processing activity (liquid waste, fiber, and empty fruit bunches, bunch ash from burning activity, used TL bulb, cloth rags and filter); generator (used oil waste and used filter); Boiler's chimney (emission gas);</li> <li>• Waste source from estate operation that generates hazardous waste (used chemical package, contaminated water), domestic waste (used paper, plastic, bottle and organic waste).</li> <li>• Workshop (used accu, bulb, cloth rags, used iron), clinic (used syringe, infuse bottle and medicine bottle), water-machine house (used oil, used filter), generator hut (used oil, used filter and emission source), central warehouse (used chemical material).</li> </ul> <p>The management unit in mill and estate has managed the hazardous waste including the used pesticide packages, which is collected and stored in licensed hazardous waste landfill. The license for hazardous waste landfill was issued by Reagent of Indragiri Hilir No. 503/BP2MD-IPSL.B3/IX/2012/14 regarding the license for temporary hazardous waste landfill, which was issued on 20<sup>th</sup> September 2012 that valid for 5 years and re-registration every year, that located in Teluk Bakau Estate (S: 00° 11' 24" E: 103° 35' 38"), Nusa Lestari Estate (S: 00° 186' 18" E: 103° 568' 78") and Nusa</p>		

Perkasa Estate (S: 00° 09' 11" E: 103° 36' 01").

Furthermore, company will hand the collected hazardous waste to licensed hazardous collector and licensed hazardous transporter based on the applicable regulation. The management unit presented work agreement for hazardous waste processing between PT Bhumireksa Nusasejati and PT Logam Jaya Abadi No. 069/PT. BNS-LJA/IV/2015, on 30<sup>th</sup> April 2015. The duration of work agreement is 2 years (from 30 April 2015 to 30 April 2017). PT Logam Jaya Abadi is a company that delivers the transportation, collection, processing and utilization service over the hazardous waste based on Ministry of Environment Decree number 07.52.09 in 2014 and environment license No. 391 in 2013. The agreement mentions that PT Logam Jaya Abadi appoints PT Indostar Cargo as Transporter for hazardous waste, which has the license as required by government to transport hazardous waste.

Company records the implementation of hazardous waste management in a form of waste's monitoring record, hazardous waste report and minutes of hazardous waste transportation as well as the manifest for hazardous waste.

- Monitoring record for hazardous waste in temporary hazardous waste landfill in Nusa Lestari Estate, in April 2015 total hazardous wastes are in a form of 150 ton of used oil, 6 pcs of ex filter, 9 pcs of ex accu and 50 pcs of ex-oil buckets, ex pesticide packages such as 18 pcs of ex decis, 3 pcs of ex basta, 5 pcs of ex kenlon, 3 pcs of ex Regent, 53 pcs of ex Starane, 73 pcs of ex Metafuron, 511 pcs of ex Meta Prima, 100 pcs of ex Prima Up, 3 pcs of ex Agristik, 723 pcs of ex Capture.
- Company can present the manifest for hazardous waste transportation on 02<sup>nd</sup> May 2015 by PT Indostar Cargo with transportation vehicle is KM Hosana (recommendation letter to transport hazardous waste No. KL.204/1/7/DN-15 from Director General of sea transport for PT Indostar Cargo on 02<sup>nd</sup> March 2015 that valid for 6 months with transportation vehicle KM. Hosana, KM Telaga Mas, KM. Estuari Mas and KM Strait Mas), for instance the manifest of hazardous wastes No. OL 0020984 used oil amount 2,600 liter, No. OL 0020989 contaminated goods 453 pcs, No. OL 0021000 used accu 550 kg, No. OL 0020985 used packages 1,707 pcs, and No. OL 0020993 clinical waste 6,493 pcs.
- The entire hazardous waste processing has been reported. For instance the three-month hazardous waste report for Nusa Lestari Estate period April – June 2015, which has been submitted to Environment Agency in Indragiri Hilir District with cover letter No. 026/BNS-NLE/VIII/2015 on 22<sup>nd</sup> August 2015.

**Status: Fulfilled**

**5.4**

**Efficiency of fossil fuel use and the use of renewable energy is optimised.**

The implementation of activities to improve the efficiency of fossil fuel utilization by optimizing the utilization of renewable energy has been periodically monitored by company. Company substitutes the utilization of fossil fuel to renewable energy such as shell and fiber utilization.

Monitoring over the utilization of renewable energy has been stated in renewable energy utilization for period 2015 and for period June-August 2015, there was an efficiency of shell and fiber utilization for about 56,00 KWH/ton FFB with a saving potential of fossil fuel utilization amount 254,280 liter and the realization of fossil fuel utilization for the FFB's processing is about 2.58 liter/ton processed FFB.

**Status: Fulfilled**

**5.5**

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

Company use zero-burning approach for its replanting activity. Based on field visit to replanting blocks D001 Division II Nusa Perkasa Estate and block F011 Division II Nusa Lestari Estate, there is no sign of fire-utilization. The entire land preparation activity for replanting had been conducted in a mechanic system. The work stage to prepare the land has been detailed by company, such as:

1. Census over the tree that will be cut down.
2. Cutting down tree based on census result.
3. Chipping detailed, which has a thicken ≤10 cm.
4. Transporting the boiling ash.
5. Filling the remaining trunk and root into ground by using CECT method.
6. The installation of cultivation spot.

7. Establishment of cultivation hole by using hole in hole method.
8. Transplanting to the field.

Company did not use burning approach on the land clearing for replanting activity. The entire land clearing for replanting activity was conducted in a mechanical approach. Subsequently, there is no evidence of fire burning

**Status: Fulfilled**

**5.6**

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

Identification over pollution and emission for the entire supplier estate and Teluk Bakau POM is stated in identification report for pollution potential and glass house emission source for period 2015. The implementation of emission source and pollution source management has been in accordance with inventory procedure and the management of GHG in 2012. Meanwhile company has conducted the implementation during the ASA-4 activity, which related to below aspects:

**The processing of liquid waste**

Field observation in WWTP pond in Teluk Bakau Mill revealed that the condition of IPAL pond is solid and cultivated by tree and did not have any indication of leakage/ liquid waste pollution. Moreover, Teluk Bakau POM has a license for disposing liquid waste to water body based on Indragiri Reagent's Decree on 31st August 2012. The examination over liquid waste's quality was conducted periodically every month and from April to June 2015, the examined parameters such as BOD still complied the applicable standard quality.

**Air's emission and ambient**

Monitoring related to quality of air emission and ambient as well as noise every semester and being reported periodically through the implementation report of environment management plan and environment monitoring plan to related agencies. Periodic examination result showed that in semester 1 in 2012, the entire parameters related to air's emission and ambient are still under the standard threshold. For instance the opacity for boiler amount 10 % (threshold < 30 %), noise in kernel station is about 83.21 dBA (TLV<85 dBA).

**Green house gas's emission.**

The company conducts the inventory of GHG based on SOP for inventory the green house gas in 2012. The supplier for Teluk Bakau mill and estate are NLE, NPE, and TBE, which have reported the calculation of GHG emission for period 2009-2014 to RSPO through electronic mail on 14th August 2015. The total generated emission by Teluk Bakau mill and supplier estate for period 2014 was amount 1520.59 tCO<sub>2</sub>e.

**Status: Fulfilled**

**PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills**

**6.1**

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

PT Bhumireksa Nusasejati has a document for social impact analysis report, January 2010. The data collection activity and analysis was conducted by *Yayasan Sawit Berkelanjutan Indonesia/ Indonesia sustainable palm oil foundation*. The objective of this activity is to analyze the social impacts, culture and economic impacts due to PT Bhumireksa Nusasejati palm oil plantation's operation. The report has been consulted with stakeholders; hence there is evidence in a form of attendance sheet of public consultation on 4<sup>th</sup> December 2009 (there were 76 participants), which consists of local communities, community's leaders and representative from local government in village and sub-district level.

PT Bhumireksa Nusasejati conducted social and environmental impact analysis in relation to its replanting activity for period 2013 – 2015. Aksenta consultant carried the analysis with the objectives such as:

- To identify the social impact from replanting activity.
- To identify the replanting activities, this becomes the source of environment and social impact.
- To identify the components and/or stakeholders who have potential to be affected by environment and/or social

impact of company's replanting activity

- To identified the mitigation options for environment and social impact from replanting activities by focusing on preventive actions and controlling negative impact.
- To provide input for improvement (revision adaptation) for replanting SOP.

Company also presented the implementation report of environment management plan and environment monitoring plan for semester I 2015, from January to June 2015) and mitigation for social and manpower impact due to replanting activity in PT BNS's operation area, however, there is an evidence that company has conducted monitoring and evaluation over the replanting impact since 2013. **Non-compliance No 2015.04 with minor category**

**Auditor Observation**

**13 November 2015**

PT BNS has shown evidence of improvement in the form of revised Environmental Management Plan/ Environmental Monitoring Plan Semester 1 2015 have included the Management Plan and Environmental Impact Monitoring and Mitigation and Physical Biology of replanting activities, but there has been no evidence related to the monitoring and evaluation of the Environmental Impact of Social Activity replanting. Nonconformity No. 2015.04 still open.

**6.1.3 Status: Non-compliance No 2015.04 with minor category**

**Open**

**6.2**

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

PT BNS has had SOP Communications / Consultation with the Public (No. 005 / BNS / MDF-KKM / IX / 12). The procedure is a guide in conducting communication and consultation with local communities

It has been shown an example of a letter in response to HIV-AIDS counseling assistance application Guntung Health Center on July 10, 2015. The Company responded to the request for assistance on 13 July 2015 with no letters: 30 / BNS-SOU / VII / 2015 by providing funds amounting to IDR 1 million. Communications / consultations recorded in the logbook Monitoring Incoming Mail and Mail External exit.

PT BNS appointed person in charge to conduct communication and consultation with local communities. Meanwhile person in charge for this issues is Mr. Moch. Hanafi Effendi with a memorandum from GM Estates Riau Selatan (on behalf of Ahmad sahfengi Mohd Salleh) on 3rd September 2012 with number: 123/RSS-pod/IX/2012 as personalia officer/ Plantation Services.

One of job description for personalia staff is to conduct early identification over local communities' complain related to Land Claim process, Social Impact and implementation of CSR program and to conduct intensive communication with communities' leaders and local government representative in order to prevent conflict and to build a harmonious relationship between company, local communities and local government officers.

**Status: Fulfilled**

**6.3**

**There is a mutually agreed and documented system for dealing with complaints and grievances, which is Implemented and accepted by all affected parties.**

PT Bhumireksa Nusasejati -Teluk Bakau POM has a procedure to handle complain from communities, which stated incommunities' complain resolution procedure (RSPO/6.3/PKM). This procedure becomes the guidelines to settle conflict/ complain from local communities by conducting discussion and meeting between both parties and third party in case the third party is needed as facilitator.

Some document that records the complain resolution process, which comes from local community in Rotan Semelur Village related to horn beetle (*Oryctes Rhinoceros*) in independent smallholders's plantation area, such as:

- Letter from Mekar Karya Sub-village and Tri Rejo Sub-village, Rotan Semelur Village, Pelangiran Sub-district to the director of PT BNS, on 02<sup>nd</sup> February 2014, with a subject: beetle attacks.
- Invitation fromgovernment of Indragiri Hilir District, Pelangiran Sub-district, Rotan Semelur Village, Teluk Bakau, on 05<sup>th</sup> Augustus 2014, subject: invitation to attend discussion in order to find solution to settle horn battle attack in Rotan Semelur Village.

- Minutes of meeting in order to find the solution over horn beetle attacks in Rotan Semelur Village and attendance sheet, on 6<sup>th</sup> June 2014.
- Letter from head of SOU 19 and 20 PT BNS to General Manager Plantation Services Department, on 6<sup>th</sup> August 2014, Subject: request for team management to assist PT BNS to settle community's demand.
- Decree from Indragiri Hilir Reagent number: Kpts.560/IX/HK-2014, on 4<sup>th</sup> September 2014, subject: the establishment of mediation team and field identification team in order to investigate the damage on palm oil plantation due to beetle's attack in Pelangiran Sub-district in 2014.
- Minutes of mediation in order to settle the problem between local communities in Rotan Semelur Village, Pelangiran Sub-district and PT Bhumireksa Nusasejati related to beetle (Oryctes) attack, on 6<sup>th</sup> November 2014.
- Letter from Mekar Karya/ Tri Rejo Sub-village, Rotan Semelur Village, Pelangiran Sub-district to the director of PT BNS, on 19<sup>th</sup> March 2015, Subject: cost detail for managing palm oil plantation that is attacked by horn beetle and the attachment of list of palm oil plantation's owners.
- Letter from General Manager Estate in Riau Selatan to Head Plantation Upstream Indonesia, on 7<sup>th</sup> May 2015, Subject: Follow up action to settle communities' demand in Rotan Semelur Village related to horn beetle issues in Teluk Bakau Estate, PT BNS.
- Letter from local communities in Rotan Semelur Village, Pelangiran Sub-district, Indragiri Hilir District – Riau Province, on 15<sup>th</sup> June 2015, Subject: Response from local communities after accepting an answer from PT BNS.
- Minutes of discussion over horn beetle issue on 25<sup>th</sup> June 2015
- The agreement results from Mediation between communities' representative in Rotan Semelur Village and PT BNS, and attendance sheet on 30<sup>th</sup> June 2015.
- Compensation payment receipt and attachment in a form of invoice and photos, which consists of:
  - Stage I, 08<sup>th</sup> July 2015
  - Stage II, 13<sup>th</sup> July 2015
  - Stage III, 04<sup>th</sup> August 2015
  - Stage IV, 07<sup>th</sup> August 2015

Based on consultation result with local communities in Rotan Semelur Village, Head of Mekar Karya Sub-village, Head of Hidayah Village, it is known that at present company is in process to pay compensation for some communities who already agreed to receive compensation from company.

Company has an opportunity to follow up the compensation process and conducted socialization to local communities related to prevent the horn beetle attacks.

**Status: Fulfilled**

**6.4**

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

Until the implementation of ASA 04, there was no new plantation area of PT BNS, subsequently; there were no new land compensation process. Some land compensation agreement result in the past has been negotiated before the disbursement of compensation. Some compensation disbursement sample for instance on 12<sup>th</sup> May 2011 for an area of 8.13 Ha in Parit Gurah Baru, Teluk Bunian Village, Pelangiran Sub-district, Indragiri Hilir District. The compensation process has been conducted collectively and was witnessed by stakeholders, such as: Head of village, Head of Sub-district, local government official and so forth. Land release agreement states that the first party on behalf of himself/ herself accepted compensation over land and plantation above the land without any oppression. Land conflict resolution has been settle and completed with evidence, such as:

- Invoice of compensation payment
- Land release agreement
- Acknowledgement letter that states no conflict
- Photos of compensation handover

**Status: Fulfilled**

**6.5**

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

Company has consistently implemented the minimum wage of 2015 by issued Memorandum No. 182/HRM-i3/IV/2015 on 08<sup>th</sup> April 2015 regarding the daily salary and wage structure for monthly personnel in 2015 for PT Bhumireksa Nusasejati. The memorandum regarding to:

- Decree from Riau Governor No. Kpts.244/III/2015 regarding to the minimum wage for agriculture and palm oil and rubber plantation sub sector for Riau Province in 2015 amount IDR. 2,125,500, which has been issued on 31<sup>st</sup> March 2015, and
- Minutes of agreement on minimum wage for agriculture/ plantation sector in 2015 for Riau Province, on 6<sup>th</sup> February 2015 between plantation business owner association in Riau Province and worker union in agriculture and plantation sector in Riau Province.

Based on observation on personnel salary in PT Bhumireksa Nusasejati in Augustus 2015, company has paid personnel's salary based on the applicable minimum wage and inline with company's salary regulation. Moreover, interview with agriculture and plantation worker union's (SPSI) committee Nusa Perkasa Estate and Nusa Lestari Estate revealed that company has tried to implement salary based on agreement result between GAPKI, BKS-PPS and worker union, which is IDR. 2,125,500,- (including allowance).

Surveillance-4 has activity such as the revisio over work agreement for PT Bhumireksa Nusasejati, such as:

- Work agreement between Sumatera Plantation Coordination Bureau (BKS-PPS) with central board Federation of Unions of Agricultural and Plantation Workers Union Indonesia (PP.FSP.PP-SPSI), which has been registered based on Decree from Director General of Industrial Relation and Manpower Social Insurance number Kep. 88/PHIJSK-PKKAD/PKB/VI/2015 that valid from 21 April 2015 to 20 April 2017.
- Work agreement between PT Anugerah Sumber Makmur and PT Minamas Gemilang and worker union of Minamas Plantation's non-staff and staff, which has been signed by parties who made an agreement on 11<sup>th</sup> July 2014 with a registration of work agreement based on Decree from Decree from Director General of Industrial Relation and Manpower Social Insurance number. 117/PHIJSK-PKKAD/PKB/VII/2014 that valid from 24<sup>th</sup> February 2014 to 23<sup>rd</sup> February 2016.

Work agreement has been inline with the applicable manpower regulation.

**Status: Fulfilled**

**6.6**

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

Company has a commitment to acknowledge the freedom to establish and joint union, which stated in social policy. The policy mentions that company respects the entire staff or personnel right to establish and joint worker union based on their choice and free will as well as their right to make a collective consideration and decision. Head of Plantation Upstream Indonesia signed this policy in December 2011.

Based on interview with worker union, it is known that company grants freedom for its personnel to establish and joint union based on their will. Moreover, company also encourages the freedom to establish union by providing consumption and venue to support the discussion process, as well as transportation to pick and drive participants of discussion/ meeting.

It has been shown also examples of evidence in the form of minutes of footage and photographs of worker union officials meeting with company management on April 23, 2015. Several proposals submitted by union officers include proposals for wage increases. Proposed schedule for payroll and scheduling of rice supply is not retreating from the agreed time and proposed discussion Health Insurance. Representative of the company has made it clear that wages are not set in the unit, salary administration and the rice supply has been pursued in a timely and health insurance a government policy.

**Status: Fulfilled**

**6.7**

**Children are not employed or exploited.**

There is a policy related to personnel's age requirement. The minimum age requirement and working hour are regulated in work agreement in 2014-2016 article 16 regarding to age requirement for recruitment such as minimum age is 18 years old during the hiring. Working hours is stated in article 23, which has been regulated in work agreement, including: number of working days and working hours in company is 5 days a week and 8 hours a day and 40 hours in a week or 6 days a week and 7 hours a day and 40 hours a week.

Based on interview with worker union and gender committee, there is no personnel under 18 years old during the hiring. Based on interview, personnel should attach their national identity card in order to ensure that candidate was more than 18 years old. Furthermore, company will verify candidate's national identity card.

**Status: Fulfilled**

**6.8**

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

Company has a policy on equal opportunity that is stated in social policy point 1: the entire personnel should be treated equally related to recruitment, promotion, limitation and work condition with no discrimination against race, social position, ethnicity, gender, skin colour, disability, organization's membership, political view, religion and/or age. Head of Plantation Upstream Indonesia signed this policy in December 2011.

Based on interview with stakeholders, there is no discrimination against gender, ethnicity or certain groups. Company offers equal opportunity in term of recruitment and promotion. Some stakeholders, who been interviewed, are part of local communities (Guntung Island and Tembilihan), and some come from area such as Riau, Aceh, Medan, Palembang and Jambi.

The interview result revealed that company could demonstrate that the selection, recruitment and promotion area based on quality, ability or expertise. For instance the recruitment for field assistance, the agriculture education background should be completed with cover letter, resume, copy of education certificate, copy of national identity card, good behavior statement from police department and photos. Meanwhile for promotion, there are some assessments should be conducted such as discipline, integrity, smartness and so forth.

**Status: Fulfilled**

**6.9**

**There is no harassment or abuse in the work place, and reproductive rights are protected.**

Company has a policy to prevent sexual assault and harassment that is stated in social policy point 4: developing and implementing a policy in order to prevent sexual assault and sexual harassment against women and to protect their right, particularly the reproductive right.

Related to gender issue, company has have the gender committee in order to solve sexual harassment and assault. The entire personnel and local communities within PT BNS environment knew the existence of gender committee especially to solve sexual harassment and assault case.

Company has an organogram as a media to prevent sexual assault and harassment. Moreover, each division has their own representative a vocal point in case of sexual harassment and assault.

The policy to protect reproductive right, especially for female personnel is stated in company's gender policy. This policy covers:

1. Prevents sexual assault and other type of violence against women, personnel and communities.
2. Establishes special procedure and mechanism for submitting report and complain that could be accepted by the entire personnel in relation to gender issue.
3. Provides sufficient training and development program for personnel and staff in order to develop their ability and understanding toward gender policy.
4. Provides and offers opportunity for female personnel to improve their leadership in each level
5. Ensures female personnel are effectively involve in decision making and actively become members in the established committee, such as occupational health and safety committee.
6. Establishes gender committee to implement and monitor gender policy
7. Communicates and explains gender policy could be understood by each personnel, including contractor and other related parties.

BNS presented the implementation evidence to protect reproductive right of female personnel. For insance, in July 2015, maternity Leave on behalf of Masnia, maintenance personnel took menstruation leave on 13rd and 14th July 2015 (Nusa Perkasa Estate). For instan, the implementation of this opolicy in Nusa Lestari Estate can be seen from the case of Ms. Eva Pancawati, personnel in upkeep fertilizer took menstruation leave on 22nd and 23rd June 2015.

**Status: Fulfilled**

**6.10**

**Growers and mills deal fairly and transparently with smallholders and other local businesses.**

PT Bhumireksa Nusasejati manages own plantation and does not collaborate with independent smallholders or plasma smallholders. Document's review highlights that the third party (contractor) for instance for replanting activity. Agreement letter No. 030/Replanting/BNS-NLE/XI/2014 between PT Bhumireksa Nusasejati and PT Mitra Karya Jaya Perdana, work duration for 6 months (from 01 November 2014 to 30 April 2015) for replanting activity over the area of 284.58 Ha in Nusa Lestari Estate

Inline with the prepared contract with the third party, there is a ontrct payment, which has been paid intime as stated in document sample in a form of replanting activity that covers an area of 284.58 Hato PT. Mitra Karya Jaya Perdana based on contract No. 030/Replanting/BNS-NLE/XI/2014. Minutes of activity was created on 16<sup>th</sup> March 2015, while the payment was disbursed on 21<sup>st</sup> April 2015 with an invoice No. 116/MKJP/BNS/III/2015.

Interview with Site Manager (supervisor) contractor for replanting activity (PT Mitra Karya Jaya Perdana) stated that:

1. Contract agreeemnt was created in a fair, legal and tranparant way, which stated that type of work has been inline with contractor expertise and duration to accomplish the work.
2. Payment has been disbursed intime based on the agreed agreement.
3. Company evaluates the accomplished work based on the specification of work that stated in the contract.

**Status: Fulfilled**

**6.11**

**Growers and millers contribute to local sustainable development wherever appropriate.**

company's contribution toward local development in a form of CSR program.

some sample of CSR program from PT BNS for period from January 2015 to September 2015 covers:

1. Social assistance for community with total budget of IDR 35,802,794 in a form of electricity assistance for community in *Sabar Menunggu, Teluk Dalam, Tenaga Muda, Sabar Menanti* amount 100 household on 28th February 2015.
2. Asssitance in sport/ health with total value IDR. 1,000,000 at integrated medical service Sungai Guntung in a form of HIV-AIDS socialization in Guntung integrated medical service on 6th August 2015.
3. Assistance in education with total value IDR. 1,000,000 in MTS Darul Hikmah Rotan semelur Village in a form of honorary teacher assistance on 12 August 2015.

Company has conducted socialization on filling questioner in roder to collect information about the positive and negative impact due to company's operation impact in term of community development program, education, economy, improvement of public facilities and infrastructure, health and charity assistance that has been signed and delivered by Sr Asisten TBE. The socialization was conducted on 9th September 2015 in meeting room of TBE office that was attended by 11 participants. The socialization is part of consultation with local communities related to company's assistance and contribution to local community that become the guideline for the upcoming assistance program.

**Status: Fulfilled**

**6.12**

**No forms of forced or trafficked labour are used.**

Company does not hire illegal or force labour. The entire personnel have their position based on the signed work contract.

Interview with worker union revealed that there is no force or illegal labour who work in company. The entire personnel had read their work contract and they have signed their work contract consiously. Moreover, company does not hire illegal or force labor.

**Status: Fulfilled**



**6.13**

**Growers and millers respect human rights**

Policy to protect human right is stated in memorandum, which has been signed on 31 July 2015 by had of SOU 19 PT BNS. This memorandum protects human right and has been distributed on 5 August 2015 with number IST/TBE/VIII/2015. Meanwhile, this memorandum covers commitments, such as:

1. Protects personnel rights, such as life right, right to protect their life, to improve their life quality, to establish a harmonious family and the right to have a religion.
2. Provides opportunity for each personnel to communicate and to gain information in order to develop themselves and their social environment.
3. Provides freedom for personnel to ponder their opinion yet still respect religious value, moral value, public interest and the nation's cohesivity.
4. Respects individual rights to establish and joint worker union based on their choices.
5. Communicates and explains the policy and human right protection to be understood by each personnel, including contractor and other related parties.

Company presented the socialization evidence related to human right policy in Nusa Lestari Estate, which has been conducted on 8 August 2015 that has been attended by 10 participants from Division and 15 participants from personnel. Company presented the socialization evidence related to human right policy in Nusa Perkasa Estate, which has been conducted on 8 August 2015 that has been attended by 40 participants from personnel and division level. Company presented the socialization evidence related to human right policy in Teluk Bakau POM on 10 August 2015 that has been attended by 32 participants from personnel and division level.

**Status: Fulfilled**

**PRINCIPLE #7 Responsible development of new plantings**

**7.1**

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

There is no plasma smallholders scheme in PT BNS. Cultivation in PT BNS plantation has been conducted since 1994 and has entered the rejuvenate stage for period 2012-2015.

Company has environment and social impact analysis document that covers the positive and negative impact due to mill and estate operation, that stated in various documents, such as:

1. Environment Impact Analysis document, which has been approved by Agriculture Department, Agrobusiness Division with an approval number 07/BA.5.3/V/1996 on 17<sup>th</sup> May 1996.
2. Revision over environment management plan and environment monitoring plan that have been approved by Environment, Mining and Energy Agency in Indragiri Hilir District number: 11/IH/RKL-RPL/V/2006 on 3<sup>rd</sup> May 2006. The reports reveals that the importance social impact, which being managed is social unrest and social conflict due to land conversion, ash and mill's smoke.
3. Social impact analysis (social impact assesment) for period 2013 – 2015, which has been drafted in 2013. The SIA report is prepared by previously conducted impact identification toward social condition in local communities and manpower. Moreover, this report has mitigation and social impact management due to replanting activities.

The affected communities have been involved in the drafting process of the report, this can be seen from the attendance sheet in opening meeting and closing meeting, which were conducted on 5<sup>th</sup> December 2012 with 13 participants and 6<sup>th</sup> December 2012 with 12 participants. Related to replanting activity, company also has the mitigation on social impact management, which has been reported along with environment management plan and environment monitoring plan in each semester.

**Status: Fulfilled**

**7.2**

**Soil surveys and topographic information are used for site planning in the establishment of new plantings, and**

**the results are incorporated into plans and operations.**

Company conducted semi detail soil survey, which was conducted by PARAM in 2008 on the entire PT BNS operation area, with detail:

- TBE: 3,915 Ha (the entire cultivated areain TBE was covered on this study)
- NLE: 3,307 Ha (the entire cultivated area in NLE was covered on this study)
- NPE: 3,613 Ha (areal Division 5, NPE was not covered on this study)

This document explains the land description, slope and the required management practices. The required *Management practices are initial drainage and delayed planting; compaction along planting line and hole in hole planting; fertilizers including Cu, Zn, B.*

Company conducted peat suitability survey, which was conducted by MRC in 2010 for the un-cultivated area in PT BNS such as the occupation area in Mandah estate that covers an area of 710 Ha and occupation area in TBE, NPE and RSE that covers an area of 4,359 Ha. This document explains the weather (rain fall rate), geology, and soil type and assessment result. The assessment result, such as:

- Occupation I (NPE, TBE and RSE) covers an area of 4,359 Ha. The entire location is peat area with coconut tree, pal oil tree, corn tree, vegetable and bushes, forest and new plantation area. 560 Ha (12.84%) with thickness > 3 meters; 3,799 Ha (87.16%) with thickness < 3 meters. 1,720 Ha (39.45%) has *hemic* maturity level; 2,639 Ha (60.55%) has *sapric* maturity level. substratum layer below peat that consists of clay 35.44%; slit 28,78%; sand 4.93%; and organic matter 30.85%.
- Occupation II (MDE) covers an area of 710 Ha. The entire location is peat area with coconut tree, bushes and secondary forest. 710 Ha (100%) with thickness > 3 meters. 142 Ha (20%) has *hemic* maturity level; 568 Ha (80%) has *sapric* maturity level. substratum layer below peat that consists of clay 39.20%; slit 30.49%; sand 3.11%; and organic matter 27.20%.

Company also conducted the survey over the depth of the peat area, which was conducted by MRC in 2011 on the entire cultivated area in PT BNS except for Div 5, NPE. This analysis explains the distribution of peat's depth, peat maturity level, substratum layer and soil chemical composition, which has been completed with maps.

Based on the available topography map, PT BNS is located in peat area. Subsequently, water canal's lay out has been drafted and available in lay out water management map. Transportation facilities and infrastructures for estate operation are utilizing the existing canals. Based on field observation and interview with operational staff, there are various parameters for water management monitoring. For instance, water stick to measure surface water level, subsidence stake to measure the decrease of soil surface and water canals to maintain water sufficiency.

**Status: Fulfilled**

**7.3**

**New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.**

Until the implementation of ASA 04, PT BNS did not open or expands new plantation area. Company only conducted replanting activity since 2012.

PT Bhumireksa Nusasejati's HCV assessment report in 2009, which was conducted by Indonesia sustainable palm oil foundation/ Yayasan Kelapa Sawit Berkelanjutan Indonesia (YASBI) and Replanting assessment for period 2013 – 2015 by AKSENTA consultant, its known that based on space layout planning map in Riau Province from January to May 2009 in Master Plan for peat area's management in Riau Province (Ministry of Environment, 2009), pointed out that PT BNS area is a huge state/ private plantation. Meanwhile based on forest area's utilization in Riau Province, the PT PNS area is located in other utilization area, subsequently this area is no a forest area and can be used for planting other commodities apart from forest commodity. In addition, the operation area in PT BNS is not entirely cover crop such as palm oil, but also bushes, peat forest and local communities' plantation.

Based on data from *Status of Submission Land Use Change Analysis for Area cleared without prior HCV Assessment since November 2005* there was an area amount 297.97 Ha in NPE which has been reported in Land Use Change by Sime Darby Plantation (SDP) to RSPO. Regarding to this issue, the SDP had send letter to secretariat of RSPO on 15<sup>th</sup>

July 2015 that SDP will report this issue in August 2015, however, until audit Surveillance 4 (mid of September 2015) there was no evidence about the submission of *Land Use Change Analysis* to secretariat RSPO.

**Non-compliance 2015. 05 with major category**

**Auditor's observation:**

15<sup>th</sup> October 2015

The management of Sime Darby presented letter on 28<sup>th</sup> Augustus 2015 related to Submit Progressive Submission of Land Use Change Analysis Result for Areas Cleared without Prior HCV Assessment since November 2005

**Auditor's summary:**

Based on the aforementioned curative actions, thus non-compliance becomes **Observation**, while waiting the response from RSPO related to submit Land Use Change Analysis Result for Areas Cleared without Prior HCV Assessment since November 2005, which has been sent by Sime Darby to the secretariat of RSPO.

<b>7.3.1</b>	<b>Status: Non-compliance 2015. 05 with major category</b>	<b>Observation</b>
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**7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.**

The entire operational area of PT. BNS is located in peat area. The depth of peat map in PT BNS is stated in the depth peat survey report, which was conducted by ParamAgricultural Soil Survey in 2011. The recapitulation of the depth of peat area is presented in below table:

Estate	Broad (ha)	the depth of the peat's area			
		< 3 meter		> 3 meter	
		▯ Sample	%	▯ Sample	%
TBE	3,493	32	92	4	8
NPE	3,643	17	50	17	50
NLE	3,170	14	40	21	60
RSE	4,107	24	63	14	37
MDE	4,111	0	0	42	100
<b>Total</b>	<b>18,524</b>	<b>87</b>	<b>47</b>	<b>98</b>	<b>53</b>

The entire area is entirely utilized by company and is based on the peat area's management principles. For instance through good water treatment, implements zero burning approach for land clearing and optimizes fertilization's utilization in order to reach an optimum production.

PT. Bhumireksa Nusasejati is a company, which its entire operation area is located in peat area with a high organic material. Company's strategy to manage this area is by conducting water management (maintaining the proficiency of water in water's canals), sustaining soil moisturizer in order to reduce water evaporation by cultivating *legume cover crop* in un-productive plantation and maintaining *Nephrolephis bisserata* in productive plantation.

	<b>Status: Fulfilled</b>	
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**7.5 No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

Until the implementation of ASA-4, PT BNS does not open or expands new plantation area. Company only conducted replanting activities since 2012.

	<b>Status: Fulfilled</b>	
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**7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

Until the implementation of ASA-4, PT BNS does not open or expands new plantation area. Company only conducted replanting activities since 2012.

	<b>Status: Fulfilled</b>
<b>7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.</b>	
<p>Company use zero-burning approach for it's replanting activity. Based on field visit to replanting blocks D001 Division II Nusa Perkasa Estate and block F011 Division II Nusa Lestari Estate, there is no sign of fire-utilization. The entire land preparation activity for replanting had been conducted in a mechanic system. The work stage to prepare the land has been detailed by company, such as:</p> <ol style="list-style-type: none"> <li>1. Census over the tree that will be cut down.</li> <li>2. Cutting down tree based on census result.</li> <li>3. Chipping the tree, which has a thicken <math>\leq 10</math> cm.</li> <li>4. Transporting the boiling ash.</li> <li>5. Filling the remaining trunk and root into ground by using CECT method.</li> <li>6. The installation of cultivation spot.</li> <li>7. Establishing of cultivation hole by using hole in hole method.</li> <li>8. Transplanting to the field.</li> </ol> <p>Company did not use burning approach on the land clearing for replanting activity. The entire land clearing for replanting activity was conducted in a mechanical approach. Subsequently, there is no evidence of fire burning in replanting activity.</p>	
	<b>Status: Fulfilled</b>
<b>7.8 New plantation developments are redesigned to minimise net greenhouse gas emissions.</b>	
<p>Until the implementation of ASA-4, PT BNS does not open new plantation area after 1<sup>st</sup> January 2015, plantation's operation area</p>	
	<b>Status: Fulfilled</b>
<b>PRINCIPLE #8 Commitment to continuous improvement in key areas of activity</b>	
<b>8.1 Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</b>	
<p>The internal audit RSPO PT Bhumireksa Nusasejati on 21<sup>st</sup> August – 03 September 2015 by PSQM Dept (Eduarsen Purba and Fauzi Marsha). The result of internal audit was 96 %.</p> <p>Sustainable improvement in occupational health and safety was conducted by implementing safety town hall on 09<sup>th</sup> September 2014 and 30<sup>th</sup> January 2015 in Nusa Lestari Estate. Safety town hall focuses on developing awareness on risk of operational activity and ensuring personnel are protected and work safely in order to avoid work accident.</p> <p>Company has various policies to reduce environment impact, including the reduction of waste, pollution and emission, as well as to reduce the social impact, which is summed up in company's policies, such as:</p> <ul style="list-style-type: none"> <li>- The management and monitoring over liquid waste quality, which is generated by mill's activity and monthly periodic examination, examination over air's quality and noise every 6 months with related agencies.</li> <li>- The prohibition to use chemical material in riparian canal area (Memorandum from head of SOU)</li> <li>- Protects health in working environment by conducting periodic medical check-up for the entire personnel every year.</li> <li>- Social and environment impact analysis (<i>Social Environment Impact Assessment</i>) over replanting activity in Teluk Bakau Estate, Period (2013-2015) by Aksenta in January 2013</li> <li>- Work opportunity for local communities and work collaboration as company's vendor.</li> <li>- Education facilities, from kindergarten to senior high school for personnel's children and local communities' children.</li> <li>- The management of HCV area (including the enrichment activity for certain type plantation, patrol and monitoring over HCV area).</li> <li>- Record over the development of Central Housing Complex (CHC) in PT Bhumireksa Nusasejati amount 5 CHC, by which in each estate was built 1 CHC since 2011 and the development will be finished in 2019.</li> </ul>	
	<b>Status: Fulfilled</b>



3.2 Summary of Assessment Report of Supply Chain Requirements

Clause	(Module D) CPO Mills – Identity Preserved Requirements										
D1	Definition										
<p><b>D.1.1</b>  <b>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</b></p> <p>Until Audit Surveillance 4, Teluk Bakau POM only received and processed FFB that comes from 3 own estates, such as Teluk Bakau Estate, Nusa Perkasa Estate and Nusa Lestari Estate. List of accepted FFB from October 2014 to 14<sup>th</sup>September 2015 (the implementation of Audit Surveillance 4) such as:</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Total (Ton)</th> </tr> </thead> <tbody> <tr> <td>Teluk Bakau Estate</td> <td>34,878.464</td> </tr> <tr> <td>Nusa Perkasa Estate</td> <td>50,154.732</td> </tr> <tr> <td>Nusa Lestari Estate</td> <td>30,272.292</td> </tr> <tr> <td><b>Total</b></td> <td><b>115,305.488</b></td> </tr> </tbody> </table>		Source	Total (Ton)	Teluk Bakau Estate	34,878.464	Nusa Perkasa Estate	50,154.732	Nusa Lestari Estate	30,272.292	<b>Total</b>	<b>115,305.488</b>
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<b>Total</b>	<b>115,305.488</b>										
	Status: Fulfilled										
D.2	Explanation										
<p><b>D.2.1</b>  <b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</b></p> <p>Until Audit Surveillance 4, Teluk Bakau POM only received and processed FFB that comes from 3 own estates, such as Teluk Bakau Estate, Nusa Perkasa Estate and Nusa Lestari Estate. Below is table for the generated CPO and PK by Teluk Bakau Factory from October 2014 to 16<sup>th</sup> September 2015 (the implementation of Surveillance 4).</p> <table border="1"> <thead> <tr> <th>Product</th> <th>Total (Ton)</th> </tr> </thead> <tbody> <tr> <td>CPO</td> <td>27,866.625</td> </tr> <tr> <td>PK</td> <td>4,783.440</td> </tr> </tbody> </table>		Product	Total (Ton)	CPO	27,866.625	PK	4,783.440				
Product	Total (Ton)										
CPO	27,866.625										
PK	4,783.440										
	Status: Fulfilled										
<p><b>D.2.2</b>  <b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b></p> <p>Teluk Bakau POM - PT Bhumireksa Nusasejati, Slme Darby Plantation Sdn Bhd has registered RSPO certified product such as CSPO and CSPK through <i>e-trace- UTZ</i> with registration code <b>CB 21290 valid from 01/11/2015 to 10/10/2015 (from 11<sup>th</sup> January 2015 to 10<sup>th</sup> October 2015).</b></p>											
	Status: Fulfilled										
D.3	Documented procedures										
<p><b>D.3.1</b></p>											

**The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:**

- a. Complete and up to date procedures covering the implementation of all the elements in these requirements;**
- b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.**

Teluk Bakau Factory has a procedure to implement Supply Chain System, which consists of:

- a. SOP for Teluk Bakau POM that refers to technical guideline for palm oil mill 1, 2 and administration that inline with memorandum from Head of Plantation Operation No. POD-UM-154/VII/2010 on 26<sup>th</sup> July 2010.
  - FFB acceptance No. 110/POD-FAC/07, sterilization No. 110/POD-FAC/07, striping No. 110/POD-FAC/07, digesting No. 110/POD-FAC/07, pressing No. 110/POD-FAC/07, clarification No. 110/POD-FAC/07, the separation between nut and fiber No. 110/POD-FAC/07, kernel station No. 110/POD-FAC/07, the collection of oil palm No. 110/POD-FAC/07.
  - Teluk Bakau POM has an SOP for product supply chain system, number 027/AIP-SCCS/12, which was approved on 1<sup>st</sup> September 2012 by mill and Estate Manager that explains the applicable product traceability
- b. Person in charge to ensure the implementation of this requirements, such as:
  - **Factory Manager**
    - Stores and maintains the entire documents and records of raw materials and supporting material utilization on production process and the quality of end product.
    - Performs verification of product, which being sent to buyers, in order to ensure the sent-product is inline with invoice, delivery order, and sales contract and signs minutes of product deliverance.
    - Provides sufficient training on supply chain certification to the entire staff who involve in supply chain stage from raw material acceptance to storage to product deliverance to final buyers.
  - **Plantation Sustainable Quality Management (PSQM) Assistant**
    - Ensures the quality of FFB in mill and makes daily recapitulation.
    - Conducts monitoring over delivery and loading the palm product
    - Conducts the analysis over raw material and product's quality on the entire production stages.
    - Stores, maintains and distributes the analysis result and examines the quality of raw material and product to related agencies.
  - **Assistant/Senior Assistant/ Bulking Manager** is in charge on transportation of CPO and PKO product from mill to bulking station.

There is also a record for training on SCCS, such as:

- Attendance sheet for Supply Chain Certification System (SCCS) training in PT Bhumireksa Nusasejati, on 26<sup>th</sup> August 2015 (with 15 participants), resource person was PSQM Department
- Training material and training's photos.

**Status: Fulfilled**

**D.3.2**

**The site shall have documented procedures for receiving and processing certified and non-certified FFBs.**

The entire processed FFB in Teluk Bakau POM comes from own estate in PT Bhumireksa Nusasejati (Teluk Bakau Estate, Nusa Perkasa Estate & Nusa Lestari Estate). The entire processed FFB is 100% certified FFB. Moreover, Teluk Bakau POM does not accept FFB from other estates.

Company has FFB acceptance mechanism by make it mandatory for the driver to show FFB delivery note from each estate and FFB contractor. FFB delivery note explains the source of fruit as well as its quantity.

SOP for palm oil mill was approved by Mill Controller in December 2011 that covers the SOP for weight bridge station, loading ramp, boiling station, Tripler and Thresher, digester station, press station, oil room station, Depericarper station, Nut Cracker station, Kernel Silo, CPO dispatch, Palm Kernel dispatch, Boiler House, Power Plant. Moreover, there is also work instruction for laboratory examination.

	<b>Status: Fulfilled</b>
<b>D.4</b>	<b>Purchasing and goods in</b>
<b>D.4.1</b>	
<b>The site shall verify and document the volumes of certified and non-certified FFBs received.</b>	
<p>Until Audit Surveillance 4, the entire processed FFB in Teluk Bakau POM came from own estate of PT Bhumireksa Nusasejati (Teluk Bakau Estate, Nusa Perkasa Estate&amp;Nusa Lestari Estate). The entire processed FFB is 100% <b>RSPOcertified</b> and Teluk Bakau POM does not receive FFB from otherestates.</p> <p>The implemented FFB's acceptance procedure, such as:</p> <ul style="list-style-type: none"> <li>• FFB delivery noteand weigh bridge ticket explain the number of weight ticket, serial number for fruit delivery note, the source of FFB, harvesting date, fruit spin, cultivation year, block, number of bunches, volume in ton, vehicle number, delivery date(there is a stamp of 'SPO CERTIFIED').</li> <li>• SIME Weigth Information System program explains the origin of FFB(Division, harvesting block, cultivating year, number of bunches), which shown by mill's manager through the applicable computerized system.</li> <li>• Mill's acceptance report explains the accepted product, accepted date, the origin of estate, vehicle number, driver, fruit delivery receipt number, the number of weigh bridge ticket, delivery date, weighing hours, brutto weight, netto weight. Estate code <b>(for instance Teluk Bakau Estate / E454, Nusa Perkasa Estate / E457 and Nusa Lestari Estate / E458)</b></li> <li>• FFBGS (Fresh Fruit Bunch Grading System) program, which explains the quality of accepted FFB that enters mill based on FFB's grading result and informs the quality of FFB, CPO and kernel production in each supplier's estate.</li> </ul> <p>There is fruit delivery receipt and FFB weight bridge receipt (<b>RSPOcertified</b>) from nucleous estate, for instance:</p> <p><b><u>FFB Delivery Note (SPB)</u></b>  Estate: Nusa Perkasa Estate  Division: II  Block: D006  Delivery date: 13/9/15  Serial number for fruit delivery note: E457 1501 93 96  Vehicle number: PVANO2P106  Harvesting date: 13/9/15  Cultivation year: 1995  Bunches: 190  FFB delivery note is completed with stamp '<b>RSPO Certified</b>'</p> <p><b><u>FFB Weight Ticket (FFB Receive)</u></b>  Ticket: 566583  Supplier: E457 Nusa Perkasa Estate  Transporter: E47 - Nusa Perkasa Estate  Product: 002-FFB A CROP (24hours&lt;&amp;&lt; 48 hours)  Vehicle No: PVANO2P106  Driver Name: Triman  Driver IC:  D.O No: 45715019396  Remarks:  Seal No:  Harvest Date: 12/09/2015  Bunches: 190 R  Estate Wt. (Kg): 1,900  Estate ABW: 10.00  Mil Wt. (Kg): 2,747  Act ABW: 13.01</p> <p>Fruit Weight Ticket(FFB Receipt note) is completed with stamp '<b>RSPO Certified</b>'</p>	



	<b>Status: Fulfilled</b>																											
<b>D.4.2</b>																												
<b>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</b>																												
<p>Teluk Bakau Factory – PT Bhumireksa Nusasejati acknowledged and claimed the certified product for a year for CPO product: <b>35,179.51 ton and Palm Kernel: 7,110.75 ton from 11<sup>th</sup> October 2014 to 10<sup>th</sup> October 2015.</b></p> <p>Based on production date from October 2014 to 14<sup>th</sup> September 2015 during the Audit Surveillance 4, total generated CPO and Kernel by Teluk Bakau POM was: <b>CPO =27,866.62 ton and Palm Kernel= 4,783.44 ton.</b></p> <p>The data revealed that the production of CPO and Kernel, which can be claimed by Teluk Bakau POM - PT Bhumireksa Nusasejati had not exceeded the projected volume. The management of Teluk Bakau POM - PT Bhumireksa Nusasejati has a commitment to provide information to PT Mutuagung Lestari in case there is an exceeding production of CPO and Palm Kernel from the projected volume.</p>																												
	<b>Status: Fulfilled</b>																											
<b>D.5</b>	<b>Record keeping</b>																											
<b>D.5.1</b>																												
<b>The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</b>																												
<p>Teluk Bakau POM – PT Bhumireksa Nusasejati, has a monitoring report for RSPO certified product (FFB, CPO &amp; PK). Below is monthly production table in 3 months base.</p>																												
<table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="3">Volume (Ton)</th> </tr> <tr> <th>TBS</th> <th>CPO</th> <th>PK</th> </tr> </thead> <tbody> <tr> <td>Oct - Dec 2014</td> <td>29,566.082</td> <td>6,906.639</td> <td>1,144.040</td> </tr> <tr> <td>Jan - Mar 2015</td> <td>24,293.969</td> <td>5,623.480</td> <td>1,003.920</td> </tr> <tr> <td>Apr – Jun 2015</td> <td>29,452.367</td> <td>7,574.204</td> <td>1,330.280</td> </tr> <tr> <td>Jul – Sept 2015</td> <td>31,993.070</td> <td>7,762.302</td> <td>1,305.200</td> </tr> <tr> <td>Total</td> <td>115,305.488</td> <td>27,866.625</td> <td>4,783.440</td> </tr> </tbody> </table>		Month	Volume (Ton)			TBS	CPO	PK	Oct - Dec 2014	29,566.082	6,906.639	1,144.040	Jan - Mar 2015	24,293.969	5,623.480	1,003.920	Apr – Jun 2015	29,452.367	7,574.204	1,330.280	Jul – Sept 2015	31,993.070	7,762.302	1,305.200	Total	115,305.488	27,866.625	4,783.440
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	<b>Status: Fulfilled</b>																											
<b>D.6</b>	<b>Processing</b>																											
<b>D.6.1</b>																												
<b>The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage</b>																												
<p>The entire accepted and processed product in Teluk Bakau POM comes from RSPO certified own estate. Until now, Teluk Bakau Mill does not accept and process FFB from other sources and based on the available document within the system, it reveals that the document consists of fruit delivery note, weighing ticket, Sales Contract and SIME Weigh program application, which explain the source of FFB (Division, harvesting block, cultivation year, number of bunches) to product such as CPO and PK that 100 % is a certified product (RSPO Certified). The entire document that related to product acceptance and processing have been marked with stamp 'RSPO Certified'</p>																												
	<b>Status: Fulfilled</b>																											
<b>D.6.2</b>																												
<b>The objective is for 100 % segregated material to be reached</b>																												
<p>Based on document's verification and field visit in Teluk Bakau POM and interview with weigh bridge and grading officers, it is known that Teluk Bakau POM processes FFB into CPO and PK, which is 100 % comes from own estate. Verification over Sales Contract and Invoice document showed that the entire sold CPO and PK product is 100 % RSPO Certified product.</p>																												
	<b>Status: Fulfilled</b>																											

**3.3 Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-4</b>	PT BNS has logo and certificate approval/permit from Mutu 1366.19/MUTU/VII/2011 tertanggal 21 October 2011.	√
	<b>Status: Full Compliance</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-4</b>	PTBNS, Teluk Bakau POM using RSPO logo on the uniform worker/staff in accordance with the shape and size based on the guidelines	√
	<b>Status: Full Compliance</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-4</b>	The Company does not use the logo both on-product and off-product within the scope of PT. Bhumireksa Nusasejati.	√
	<b>Status: Full Compliance</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-4</b>	Control and use of certificates or logos done by PT BNS, Teluk Bakau POM conducted in accordance with guidelines for the use of RSPO Guidelines Communication and Claims	√
	<b>Status: Full Compliance</b>	

**3.4 Summary of RSPO Partial Certification**

<b>Management unit(s) observed:</b> PT Mitra Austral Sejahtera		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera is compliance with applicable laws and regulations.	
	<b>Status: Comply</b>	√
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has demonstrated land use and not legitimately contested by local communities. The company's land acquisition process has been in accordance with the prevailing regulations	
	<b>Status: Comply</b>	√
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has documented system for dealing with complaints and grievances, which is implemented and accepted by all parties. There is a Communication Procedure No. Policy 501/MAS-KOM-03/11 dated 8 April 2011 implemented through the Mail Box, Email, Announcements, posters, brochures / pamphlets and meeting / briefing, etc. To resolve complaints / disputes associated with land, the company has prepared a Compensation Negotiation Process Mechanism No Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of (derasa) compensation payment process through a amicable discussion and meetings with Muspika (Task Force).	
	<b>Status: Comply</b>	√
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has a Compensation Negotiation Process Procedure No. Policy 501/MAS-Doc 01/11 dated 8 April 2011, which contains a flowchart of compensation payment process (Derasa) through amicable discussion and meeting with Muspika. The pricing of compensation is based on the Minutes of Agreement on Compensation (Derasa) Pricing dated December 8, 2005 as agreed by PT MAS, Community Leaders and KUD managers, acknowledged by Sub-District Chiefs (3 Sub-districts). Socialization was held on December 9, 2005 and attended by 35 representatives of related groups.	
	<b>Status: Comply</b>	√
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	PT Mitra Austral Sejahtera has not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values. Based on the company's Plantation Concession issued through Decision of Land Agency Head of Sanggau District No. 400-56/IL-1999 dated January 8, 1999 on the Granting of Extension Concession the Purposes of Palm Oil Plantation located at Parindu, Bonti, Hulu and Kembayan Tayan sub-districts in the name of PT Mitra Austral Sejahtera with a total area of 20,000 hectares of 30,000 hectares reserved area, the concession of PT MAS is located within Other Use Area (APL) in accordance with the Spatial Plan of West Kalimantan Province The company management has declared to the community that the company will preserve and will not cultivate palm oil crops in areas that have been identified as HCV (MAS-3 Estate's Statement Letter dated May 1, 2011). Local people / Indigenous Figures joined in Satlak were directly involved in the identification process of areas where palm oil planting is not allowed in accordance with the agreement.	

	<b>Status: Comply</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	<p>Available EIA documents as approved by the Central EIA Committee letter the Department of Forestry and Plantations, No: 242/Menhutbun-II/2000, on March 23, 2000.</p> <p>The company has conducted studies of social impact, but until the implementation of Stage-1 is still in draft form. SIA mentioned in the draft document;</p> <p>a. Positive Impacts</p> <p>1. Direct Impacts</p> <ul style="list-style-type: none"> <li>- Significant local people are employed by the company.</li> <li>- Emergence of livelihood sources.</li> <li>- Increased revenue sources and incomes of the villagers.</li> <li>- Increased productivity, value and status of land (impact of KKPA plasma development).</li> <li>- Increased accessibility and mobility of people, goods and services.</li> <li>- Public's positive perception to the company.</li> </ul> <p>2. Indirect</p> <ul style="list-style-type: none"> <li>- The increasingly growth of local businesses</li> <li>- Increased cash flow and fund circulation in the surrounding villages.</li> <li>- Increased purchasing power of the local people.</li> </ul> <p>b. Negative Impacts;</p> <p>1. Direct impacts;</p> <ul style="list-style-type: none"> <li>- Reduced size of public lands,</li> <li>- Public's negative perception to the company,</li> <li>- Dispute/conflict</li> </ul> <p>2. Indirect impacts and Accumulation</p> <ul style="list-style-type: none"> <li>- Clean water problem,</li> <li>- Impaired traditional value system of mutual cooperation,</li> </ul> <p>- Change in lifestyles of rural people.</p> <p>Based on the Plantation Development Realization Report of the socialization of new land opening has been conducted in July to September 2010 for Bonti and Kembayan Sub-districts, and unit has done socialization of new land opening in March 2011 (Sedae, Canal, Mua, Kampuh, and Tapa sub-villages).</p> <p>Based on interviews with residents of RT Pinsam the company's new plantation opening process also involved te Satlak Team consisting of Sub-village Chiefs, Indigenous leaders, KUD Sekayam Jaya Manager and Village officials as officers who perform verification of the land to be opened.</p>	
	<b>Status: Comply</b>	√
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	<p>There is a Land Compensation Negotiation Process procedure No. 501/MAS-Doc 01/11 dated 8 April 2011 in which contains a flow chart of compensation process involving amicable deliberation and meetings with Muspika (Task Force).</p> <p>Documented process and agreement of land acquisition for new plantation area are maintained in MAS 3 Estate's office and RSPO secretariat office in MAS 1 Estate.</p>	
	<b>Status: Comply</b>	√

3.5 Identification of Findings, Corrective Action, Observations, OFI and Noteworthy Positive Components

3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-4 Assessment

CAR No	Ref Std	Findings	Area	Grade	Dead line	Corrective Actions	Observation	Status	Closing Date
2015.01	1.3.1	<p><b>Policy on integrity and code of conduct have been communicated to the entire operational' personnel</b></p> <p>Company has a written document, which consistent company's commitment on integrity code and code of conduct. However, lack of evidence that this policy has been socialized to the entire personnel.</p>	Mill & Estate	Minor	Recertification	Company should present the evidence that integrity code and code of conduct have been socialized to the entire personnel.	<p><b>Root Cause:</b> At the time of the audit, the Company has not completed the socialization evidence Ethical Code to all employees. Only evidence of dissemination to staff indicated, however, for other employees not done.</p> <p><b>Corrective Actions:</b> The Company has conducted a thorough socialization related Code of Conduct to all employees in Unit PT.BNS</p> <p><b>Preventive Actions:</b> The company will continue to disseminate the Ethical Code to the new employee into the company.</p> <p><b>Auditor's Observation:</b> <b>13 November 2015</b> PT BNS has shown evidence of improvement in the form of socialization evidence Integrity Code and Ethical Codes in the unit gardens and mills.</p> <p>Based on the evidence of these corrective actions, the conformity in these indicators has been closed out.</p>	Closed	13 Nov 2015

2015.02	2.1.1	<p><b>Evidence on company's compliance toward the applicable regulation.</b> Lack of evidence that the <i>overhead crane</i> operator has had the occupational health and safety license based on Ministry of Manpower and Transmigration Decree No 9 in 2010.</p>	Mill & Estate	Major	16 Nov 2015	Company should present the evidence that the <i>overhead crane</i> operator has had the occupational health and safety license based on the applicable regulation.	<p><b>Root Cause:</b> At the time of the audit cannot be demonstrated License K3 overhead crane operator</p> <p><b>Corrective Actions:</b> TBF POM unit has had K3 License, overhead crane in accordance with labour ministry regulations No. 9 of 2010.</p> <p><b>Preventive Actions:</b> The company will continue to make improvements related to the laws and legislation in force and always monitoring related OHS license.</p> <p><b>Auditor Observations:</b> 13 November 2015 PT BNS has shown evidence of improvement in the form of License overhead crane to four operators</p> <p>Based on the evidence of these corrective actions, the conformity in these indicators has been closed out.</p>	Closed	13 Nov 2015
2015.03	4.7.5	<p><b>Personnel who had received first aid training should be present in filed and other operation activities. Moreover first aid kits should be available in work place.</b> a. Based on field observation&amp;interview on operation activities, such as</p>	Mill & Estate	Minor	Recertification	<p>a. Company should present the evidence that operation personnel had received first aid training.</p> <p>b. First aid kits should be available and in work place in a complete</p>		Open	

		<p>spraying, fertilization and harvesting in NPE, it is known that supervisor has not received first aid training.</p> <p>b. The management unit has provided first aid kits on mill and estate (NPE &amp; NLE) operation activity, however based on field observation, the first aid kits were incomplete based on the applicable regulation and lack of evidence that first aid kits were being monitored. For instance, audit team found expired medicine and povidone.</p>				<p>condition. Moreover, first aid kits should be regularly monitored.</p>		
2015.04	5.1.3 6.1.4	<p><b>Monitoring and evaluasi over replanting impact management</b></p> <p>There is an implementation report over environment management plan and environment monitoring plan for Semester 1 in 2015 and mitigation document over social and environment impact due to PT BNS's operation activities. However, lack of evidence that the impact of replanting activity in 2013 has been monitored and evaluated.</p>	PT BNS	Minor	Recertification	<p>Company should present the evidence that the impact of replanting activity in 2013 has been monitored and evaluated</p>	<p><b>Root Cause:</b> Company at the time of assessment RSPO Surveillance 4 has not been able to show evidence of monitoring and evaluating the impact of replanting.</p> <p><b>Corrective Actions:</b> The company has already made improvements to RKL-RPL associated with monitoring and impact evaluation replanting activities in PTBNS.</p> <p><b>Preventive Actions:</b> The Company will continue to monitoring in replanting activities in PTcBNS.</p> <p><b>Auditor Observations:</b></p>	Open

							<p><b>13 November 2015</b> PT BNS has shown evidence of improvement in the form of revised RKL / RPL Semester 1 2015 have included the Management Plan and Environmental Impact Monitoring and Mitigation and Physical Biology of replanting activities, but there has been no evidence related to the monitoring and evaluation of the Environmental Impact of Social Activity replanting</p> <p>Corrective Action done and evidence submitted to the Auditor Team non conformities should be considered correct fit there so as not to be a mismatch again in the next audit.</p>		
2015.05	7.3.1	<p><b>There were no new plantation to replace primary forest or other areas in order to maintain and improve High Conservation Values (HCVs) areas, since November 2005</b> Based on data on <i>Status of Submission Land Use Change Analysis for Area cleared without prior HCV Assessment since November 2005</i> there were area with a broad of 297.97 Ha in NPE, which Sime Darby Plantation (SDP) should submit the Land Use Change to secretariat RSPO. Related to this issue, SDP has sent letter to the secretariat of RSPO on</p>	PT BNS	Major	16 <sup>th</sup> Nov 2015	<p>Sime Darby Plantation should present the evidence that the <i>Land Use Change analysis</i> has been submitted to secretariat RSPO.</p>	<p><b>Root Cause:</b> Sime Darby has not shown evidence of analysis of land use PT BNS.</p> <p><b>Corrective Actions:</b> The Company has analyzed land conversion PT BNS and has sent the analysis results to the RSPO through the records Reporting template for RSPO Historical Land Use / Cover Change Analysis and compensation Liability</p> <p><b>Preventive Actions:</b> The company will continue to make improvements and maintain or improve one (or more) High Conservation Values (HCVs) in PTBNS.</p>	Observation	19 <sup>th</sup> Oct 2015



		<p>15<sup>th</sup> July 2015 that stated that SDP will report this issue in Augustus 2015, however, until the implementation of audit Surveillance 4 (mid of September 2015) there was no evidence that the <i>Land Use Change Analysis</i> has been submitted to the secretariat RSPO</p>					<p><b>Auditor's observations:</b> 15<sup>th</sup> October 2015 The management of Sime Darby has presented letter on 28<sup>th</sup> August 2015 related to Submit Progressive Submission of Land Use Change Analysis Result for Areas Cleared without Prior HCV Assessment since November 2005</p> <p><b>Auditor's conclusion:</b> Based on the aforementioned corrective actions, hence the non-compliance becomes</p> <p><b>Observation,</b> While expecting the response from RSPO related to submit Land Use Change Analysis Result for Areas Cleared without Prior HCV Assessment since November 2005 that has been sent by SDP to secretariat RSPO.</p>		
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**3.5.3 Opportunity for Improvement**

No	Ref Std	Descriptions
1	<b>Minor</b> 2.1.2	Company has an opportunity to improve its performance by updating company's policy to be inline with the applicable regulations.
2	<b>Minor</b> 4.4.3	Company has action plan related to liquid waste' examination aparameters, which exceeds the standar quality for period April-June 2015. Related to the effectivity of liquid waste manageemnt by Teluk Bakau Mill will become theOBSERVATIONobject for the audit team in next surveillance.
3	<b>Major</b> 4.7.3	Company needs to ensure the availability of minimum PPE stock in order to ensure there will be sufficient stock to replace broken PPE.

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions
1	-	Company has a commitment to implement the sustainable palm oil principles.
2	-	Company earned RSPO certificate in 2011.

**3.6 Summary of Arising Issues from Public, Management and Auditor Response**

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Local community (community leader) Mekar Karya Sub-village, Rotan Semelur Village.</b></p> <p>Consultation in this village has been conducted by using interview method. Main findings from the interview process such as:</p> <ul style="list-style-type: none"> <li>• Social interaction between PT BNS with local communities runs well</li> <li>• Improvement on communities' economic condition since the existence of company has provided new opportunity for local communities to work as well as opportunity to be an entrepreneur (for instance, local communities became street vendor). This condition has a multiplier effects, which reduce the number of unemployment.</li> <li>• Company has granted various assistance, such as: <ul style="list-style-type: none"> <li>- Teluk Bakau Mill provides electricity, which being transferred to local communities' house without charge.</li> <li>- Company provides transportation assistance in a form of speed boat proficiency when local communities need a transport to go to health case in another place outside Gintung island.</li> </ul> </li> <li>• There are no issues related to land conflict in PT BNS's operation area</li> <li>• replanting activity of PT BNS has been conducted 2 years ago.</li> </ul>	<ul style="list-style-type: none"> <li>• It's been going well the interaction between staff and employees of PT. BNS with local residents.</li> <li>• With the PT.BNS shows the increase of the standard of living and economy of the community.</li> <li>• Approximately 100 (Head of Family) home residents have enjoyed electric illumination of PT.BNS for free for 24 hours.</li> <li>• PT. BNS help lend ambulance boat / speed boat when there are people who are referred for treatment to Tembilahan / Batam.</li> <li>• True there is no issue in PT. BNS</li> <li>• True, replanting started in 2013 in PT. BNS - Teluk Bakau Estate.</li> </ul>	<ul style="list-style-type: none"> <li>• Based on field observations and information obtained from community leaders and representatives of the citizens, it appears that PT BNS has helped repair village roads and drainage in this village.</li> <li>• During field visits and interviews with Mill Manager Teluk Bakau obtained information that the source of the electricity supplied to homes is derived from Teluk Bakau POM.</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>There was horn beetle attack on local communities plantation, which located side by side with PT BNS's replanting area. Related to this issue, company and local communities have conducted meetings that were facilitated by local government from Sub-district level and District level, Agriculture Agency and head of loca village in order to seek the solution.</li> <li>The compensation for the damage has been set amount IDR 100.000/tree. This compensation has been decided with a discussion process and involving mediation process. However, there are various reactions over this decision, some communities accept the compensation value, while other object. On the other hand, company is processing the compensation payment.</li> </ul> <p><u>Aspiration:</u></p> <ul style="list-style-type: none"> <li>Recruitment of manpower should be prioritised on local manpower based on education level and their expertise.</li> <li>Scholarship for bright local students.</li> <li>If there will bereplantingactivity in the future, company should previously socialize and discuss this plan with local community.</li> </ul>	<ul style="list-style-type: none"> <li>Correct the beetle pest in coconut lands society, PT. BNS always helpful in tackling and also gives a sense of awareness in the form of cash.</li> <li>True PT. BNS has given money concern for citizens who garden coconut beetle infestations bordering the replanted areas of IDR 100,000, per subject and to date has reached 93.8% of family heads that receive money concern.</li> <li>It has been done PT BNS to prioritize local residents.</li> <li>Every years PT BNS always provides an opportunity for local people to get scholarships.</li> <li>Will we strive for it, if it does not inhibit the replanting program PT BNS</li> </ul>	<ul style="list-style-type: none"> <li>PT BNS chance to implement the program CD / CSR in accordance with the basic need surrounding communities</li> </ul>
<p><b>Head of Rotan Semelur Sub-village</b> Company's contribution for local communities, such as:</p> <ul style="list-style-type: none"> <li>Attention for local communities, for instance company provides electricity that comes from Teluk Bakau Mill.</li> <li>Road construction in sub-village and grant assistance for poor family through company's CSR program.</li> </ul>	<ul style="list-style-type: none"> <li>It's been helped by PT. BNS</li> <li>It's been helped by PT. BNS</li> </ul>	<ul style="list-style-type: none"> <li>PT BNS chance to implement the program CD / CSR in accordance with the basic need surrounding communities</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<ul style="list-style-type: none"> <li>• Drinking water assistance</li> <li>• Meat assistance during Idl-Adha festivity.</li> <li>• Company's contribution for youth activities</li> <li>• Proficiency of speed boat for local government and local communities who need transport to go to health care facility in other areas.</li> <li>• Recruitment for local communities based on education and expertise meritocracy.</li> </ul> <p>Some negative impact due to company's operation activities, such as:</p> <ul style="list-style-type: none"> <li>• Smoke (pollution) from mill. company is suggested to renew its ill's tools in order to reduce the disturbance from mill's operation. This suggestion has been submitted to PT BNS, which was facilitated by Head of Village. In a nutshell, the long-term solution over this problem is to renew mill's working tools.</li> <li>• There are ± 10 was ponds surround mill's area, which generate smell that harm local people.</li> </ul> <p><u>Horn beetle</u></p> <ul style="list-style-type: none"> <li>• The horn beetle has been a major pest for the last 2 years. Before the horn beetle problem occurred, local communities' plantation was considered productive, however nowadays the horn beetles have destroy their plantation.</li> <li>• There were meetings between communities representative and company, which was facilitated by local government from District level. At present, the decision from the meeting, company will pay IDR 100,000/tree. However, some communities have an objection and asked the compensation amount IDR 300,000/ tree.</li> <li>• At present, some local communities have been agreed to</li> </ul>	<ul style="list-style-type: none"> <li>• it's been helped by PT. BNS</li> <li>• It's been helped by PT. BNS</li> <li>• It's been helped by PT. BNS</li> <li>• It's been helped by PT. BNS</li> </ul> <ul style="list-style-type: none"> <li>• It's been done to recruit labor from local residents by PT. BNS.</li> </ul> <ul style="list-style-type: none"> <li>• PTBNS particularly POM is always committed to the preservation of the environment with improvements - improvements to the plant operational support machines.</li> <li>• POM PT. BNS has made recapitalization of the waste storage ponds as well as possible.</li> <li>• PT. BNS and citizens have been facilitated by Regency Indragiri Hilir in the process of its solution.</li> <li>• PT. BNS has made money payment principal concern for society coconut beetle pests IDR 100,000, according the decision of the meeting (Local Government, Police, commander, community representatives and PT. BNS)</li> <li>• PT. BNS has made payment of principal concern for coconut IDR 100,000 / principal has reached 93.8% of</li> </ul>	<ul style="list-style-type: none"> <li>• Observe the handling of wastewater treatment plants and the handling of pollution reduction, liquid waste is managed and disposed to the water quality standard that compliance with the regulations</li> <li>• Based on the results of consultations with the Rural Community Rattan Semelur, Karya Mekar Village Chief and Village Heads Hidayah, note that the matter is currently in the process of further compensation to some residents who are already willing to be compensated. The Company has an opportunity to follow the processes of compensation being made and dissemination to the public related to pest beetle horn</li> <li>• Has made compensation to residents who have been</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>receive the compensation amount IDR. 100,000/ tree because there is no other alternatives even though they did not agree with the compensation value.</p> <ul style="list-style-type: none"> <li>• At present, Head of Village tries to settle the dispute about compensation through discussion process. There were some meetings to settle the issue, however some local communities still do not agree with the compensation value.</li> <li>• Head of village expects this dispute will be settled in peace and expects the mediation assistance from local government to be independent.</li> <li>• There should be a team to investigate the horn beetle problem in order to find out the root cause and the long term solution over this problem, whether there is a violation over company's SOP that trigger the horn beetle attack and so forth. This issue has been discussed in parliament level however until now there is no conclusion over which party should be held responsible over this problem.</li> <li>• There were a team from District level (plantation agency) who made an investigation to the field to seek the root cause of the problem, however, there is no update over the result of the investigation.</li> <li>• Communities had earned demonstration permit from Head of Police Department, however, Head of village urged local leader and communities not to conduct demonstration, which he is afraid will end up with anarchy. Head of Village urged that this problem can be solved in a good way.</li> <li>• In principle, company still is able to conduct its operation activity, while community are empowered to improve their living condition and state earns revenue from company's tax.</li> </ul> <p>Aspiration:</p>	<p>families receiving (04 Nov 2015)</p> <ul style="list-style-type: none"> <li>• PT.BNS has received a letter agreement horn beetle pest problem solving of community representatives and head desa. PT. BNS always cooperative with the Government and people to resolve the issue.</li> <li>• Local Government has been very helpful Indragiri Hilir examine the causes of the horn beetle pests that occur in the PT. BNS.</li> <li>• The team that was assigned to study the beetle pest about PT. BNS is a team of Plantation Agency Indragiri Hilir.</li> <li>• PT. BNS considers that the motion speeches or demos is not the way to solve the problem, but communication and good faith to resolve the issue</li> <li>• PT. BNS has always tried to keep the surrounding community can improve the lives of decent and more advanced.</li> </ul>	<p>willing. Auditor already verify some Providing Proof of Payment of Compensation and Appendix Documentation (Payment Receipt &amp; Photographs) implementation, consisting of:</p> <ul style="list-style-type: none"> <li>- Phase I, July 8, 2015</li> <li>- Phase II, July 13, 2015</li> <li>- Phase III, August 4 2015</li> <li>- Phase IV, August 7, 2015</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
Assistance for local community to be improved.		
<p><b>Head of Hidayah Baru Village</b>            This village is a newly autonomous village, which was born from Rotan Semelur Village. This village is located side by side with Nusa Lestari Estate.            Interview with Head of Neighborhood RT 09/ Sei Trap 3 and some local communities revealed:</p> <ul style="list-style-type: none"> <li>• PT BNS (particularly Nusa Lestari Estate) has a cooperation to establish water gate from estate canal through sub-village area that directed to sea. The establishment of water gate is expected to control the water level during the dry season.</li> <li>• Company provides meat assistance during Idul Adha festivities, which was distributed every 2 years period for each neighborhood.</li> <li>• There is no land dispute issue between company and local communities as well as negative impact due to mill and estate operation activities.</li> <li>• There was a discussion between PT BNS with local community about the replanting activity in order to anticipate <i>production loss</i> on local communities' plantation.</li> <li>• It is argued that at least 500 Meter from the outer side of canal not to be replanted in order to diminish the habitat for horn beetle.</li> <li>• Company should clear bushes and FFB's particulate,</li> </ul>	<ul style="list-style-type: none"> <li>• Making the water gate and also the manufacture of the road in a ditch Trap 3 for mobilizing citizens.</li> <li>• PT. BNS annually provide two cows for every village</li> <li>• Absolutely no issue or conflict of land between PT. BNS community Trap trench 3 Village Hidayah.</li> <li>• PT. BNS will attempt to continue to socialize to residents around the subject.</li> <li>• PT. BNS will accommodate these suggestions and would consult the leadership of higher management.</li> <li>• PT. BNS grateful for that information and we will follow up.</li> </ul>	<ul style="list-style-type: none"> <li>• PT BNS chance to implement the program CD / CSR in accordance with the basic need surrounding communities</li> </ul>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>which drop into the canal. When these particulates spoiled, it should be taken out to clear area that receives sun shine in order to avoid boards that usually damaging local communities' plantation.</p> <p>Aspiration:</p> <ul style="list-style-type: none"> <li>• Improvement in trench surround local communities' residence to be conducted periodically.</li> <li>• Heavy equipment assistance to improve trench condition, which is expected to make water flow improved, especially during dry season.</li> </ul>	<ul style="list-style-type: none"> <li>• PT. BNS will attempt to help the aspirations of the community</li> <li>• PT. BNS will be programmed such aspirations.</li> </ul>	
<p><b>Head of Mekar Karya Sub-village</b> PT BNS has conducted various CSR program, such as:</p> <ul style="list-style-type: none"> <li>• Road construction in Sub-village</li> <li>• Dam to handle the rise of sea water through the connected river with local communities' plantation.</li> <li>• Electricity for local communities' residence that comes from Teluk Bakau Mill.</li> <li>• Construction of teacher house</li> <li>• Mea assistance during idl adha festivity</li> <li>• Related to horn beetle attack, company provides compensation amount IDR 100,000/ tree, which not fully agreed by the entire communities.</li> <li>• Head of Sub-village has conducted meeting with the management of Minamas Pusat in order to seek an alternative over this issue. PT BNS offered the liquid waste</li> </ul>	<ul style="list-style-type: none"> <li>• PT. BNS has done concrete road every year</li> <li>• PT. BNS has made prevention and the making of the road in Dusun bloom Sari.</li> <li>• PT. BNS has been providing electric lighting as much as approximately 100 families</li> <li>• PT. BNS has helped it.</li> <li>• PT. BNS has helped it</li> <li>• PT. BNS has made payment of concern as many as 167 households (93.8%)</li> <li>• PT. BNS always working with local contractors and suppliers, but to the process of settlement of pest beetles by PT. BNS cannot be used as a common problem.</li> </ul>	<ul style="list-style-type: none"> <li>• PT BNS chance to implement the program CD / CSR in accordance with the basic need surrounding communities</li> </ul>



Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>and old irons surround mill's area to be bought and reused as an alternative for the production loss due to horn beetle attacks.</p> <ul style="list-style-type: none"> <li>In a nutshell, Head of Sub-village is expecting a harmonious relationship with PT BNS.</li> </ul> <p><u>Aspiration:</u></p> <ul style="list-style-type: none"> <li>Company should take an action to control smoke from mill and smell from the ponds in Teluk Bakau Mill</li> <li>The allocation of CSR budget should be periodically addressed to local villages.</li> </ul>	<ul style="list-style-type: none"> <li>PT. BNS is in principle always maintained good relations and harmony to the village government officials and community leaders around.</li> <li>PT. BNS has always tried to keep the waste from the MCC does not damage the environment.</li> <li>PT. BNS remains programmed each year to fund CSR.</li> </ul>	
<p><b>Gender Committee</b></p> <ul style="list-style-type: none"> <li>Gender committee has conducted socialization related female personnel' rights, such as menstrual leave (H1) and maternity leave (H2)</li> <li>Gender committee has work program that covers the socialization on female personnel' rights, immunization, Qur'an study and volley ball activity.</li> <li>Gender committee has its representative in each division/ personnel in charge to make the report submission about sexual harassment and assault easier.</li> <li>Gender committee meeting was conducted periodically every 3 months.</li> <li>There is no complain or report related to sexual assault and harassment for period 2014-2015.</li> <li>Company supports and facilitates gender committee in term of providing food, venue and transport for meeting activity and/or immunization activity.</li> </ul>	<ul style="list-style-type: none"> <li>PT.BNS Remain consistent with government regulations regarding rights - the rights of women workers.</li> <li>PT. BNS always make a program about the committee in accordance with the Gender Working Group committee's gender organizations.</li> <li>PT. BNS has established a gender committee organization approved by the Chairman of SOU.</li> <li>PT. BNS has programmed.</li> <li>PT. BNS always the about socialize.</li> <li>PT. BNS is consistent with the programs that have been created.</li> </ul>	<p>There are no significant issues of violations of the reproductive rights and other rights of women.</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Worker Union</b></p> <ul style="list-style-type: none"> <li>• Company has a good communication with worker union.</li> <li>• Company complied the age requirement based on the applicable regulation and there is no discrimination againsts race, religion and certain groups.</li> <li>• Company has registered its entire personnel in manpower social insurance and manpower medical insurance.</li> <li>• Company provides PPE to the entire personnel.</li> <li>• Complain on housing condition should be responded in time by company.</li> <li>• There was a proposal about personnel that has been submitted in June – July, which has not been responded by company.</li> </ul>	<ul style="list-style-type: none"> <li>• PT. BNS still always developing relationships with the unions both staff and employees.</li> <li>• PT. BNS will always abide by and comply with applicable government regulations.</li> <li>• PT. BNS will always improve the subject.</li> <li>• PT. BNS will always increase the subject</li> <li>• PT. BNS has programmed the construction of permanent houses for employees gradually each year.</li> <li>• PT. BNS will consult with the Management (HRM) on the subject.</li> </ul>	<p>There are no significant issues of conflict between the company's employment with its employees</p>
<p><b>Local contractor</b></p> <p>Interview with Site Manager (supervisor) contractor for Replanting activities:</p> <ul style="list-style-type: none"> <li>• Work agreement has been made in a fair, just and transparent way. Moreover, type of work has been set based on contractor expertise with the certain work duration.</li> <li>• Payment has been disbursed in time based on the agreement of both parties.</li> <li>• Company based on contract specification conducts evaluation over work performance.</li> </ul>	<ul style="list-style-type: none"> <li>• PT. BNS is always transparent and honor every contract of employment that has been agreed.</li> <li>• PT. BNS is consistent with what has been agreed to the payment of contract work.</li> <li>• PT. BNS in the inspection work still refer to the agreed contract and make Minutes of Work Inspection.</li> </ul>	<p>Through several examples of cooperation agreements documents and proofs of payment, it is known that PT BNS has established cooperation with local contractors and payment has been made in accordance clauses in employment agreements</p>

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

**4.1 Formal Sign-off of Assessment Findings**

Hereunder sign by management representative from inspected company and audit team to acknowledge a field assessment and agree for all content explained in this assessment report, included of nonconformities issues.

Signed on behalf of:

PT Bhumireksa Nusasejati  
Head of PSQM Plantation Minamas  
Indonesia



**Mohamad Pirabaharan**  
13 November 2015

Mutuagung Lestari  
Lead Auditor



**Oktovianus Rusmin**  
13 November 2015

**APPENDICES**
**Appendix 1. List of Stakeholder Contacted in the RSPO Certification Process**

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	JIKALAHARI (Jaringan Kerja Penyelamat Hutan Riau)	Pekanbaru	Phone. (0761) 27875 Fax. (0761) 27875 secretariat@jikalahari.org	Questionnaire via Email	08 September 2015		✓
2	Jaringan Masyarakat Gambut Riau	Pekanbaru	a/n. Halim, Hp.0813.6594.2590, email: anaknegeri.andalas@g mail.com	Questionnaire via Email	08 September 2015		✓
3	WWF	Pekanbaru	a/n Suhandri Hp.0812.7522.745, suhandri@wwf.or.id	Questionnaire via Email	08 September 2015		✓
4	Sawit Watch		info@sawitwatch.or.id	Questionnaire via Email	08 September 2015		✓
5	WALHI		informasi@walhi.or.id & info@walhi.or.id	Questionnaire via Email	08 September 2015		✓
6	Labour and Transmigration Agency District Indragiri Hilir	Keritang No. 47, Tembilahan Hilir – Riau	Phone.( 0768) 23762 Fax. (0768) 21678	Letter	08 September 2015		✓
7	Environment Agency District Indragiri Hilir	Tembilahan – Riau	-	Letter	08 September 2015		✓
8	Plantation Agency Agency District Indragiri Hilir	Pendidikan No. 06, Tembilahan – Riau	Phone. (0768)211138/2130	Letter	08 September 2015		✓
9	Forestry Agency Agency District Indragiri Hilir	Pendidikan No. 06 Tembilahan – Riau	Phone. (0768) 21138, 22103 Fax.( 0768) 21301	Letter	08 September 2015		✓
10	National Land Agency District Indragiri Hilir	Kembang No. 52, Tembilahan – Riau	Phone. (0768) 21060	Letter	08 September 2015		✓
11	Head of village Mekar Karya &Local community, village Rotan Semelur	VillageRotan Semelur	-	Interview	15 September 2015	✓	
12	Head of village Rotan Semelur	VillageRotan Semelur	-	Interview	15 September 2015	✓	
13	Head of Kepala RT 09/ &Local Community Sei Trap 3, Village Hidayah Baru	Village Hidayah Baru	-	Interview	16 September 2015	✓	

14	Head of Villlage Mekar Karya, Villlage Rotan Semelur	Village Rotan Semelur	-	Interview	16 September 2015	✓	
15	PT Mitra Karya Jaya Perdana (Contractor Replanting)	Pekanbaru and Guntung	-	Interview	15 September 2015	✓	
16	Committee Gender PT BNS	PT BNS	-	Interview	15 September 2015	✓	
17	Worker Union PT BNS	PT BNS	-	Interview	15 September 2015	✓	

**Appendix 2. Assessment Program**

DATE		14 – 18 September 2015	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Monday, 14 September 2015</b>			
06.00-07.30	—	JAKARTA → PEKANBARU	SMM
08.00-16.00	—	PEKANBARU → INDRAGIRI HILIR DISTRICT (TEMBILAHAN) *)Cancelled because no flight to Pekanbaru due to smog	SMM
06.25 - 08.30	06.25 - 08.30	JAKARTA → BATAM	ORN/ NKA / APP
09.00 - 12.00	14.00 - 16.30	BATAM → PT BHUMIREKSA NUSASEJATI (Teluk Bakau POM)	
14.00-14.30	17.00- 18.00	Opening Meeting	
14.45 – 16.30	—	Review of Previous Visit Non-conformance (Surveillance 3)	
16.30 – 17.00	—	Confirmation/Preparation for Field Visit and Stakeholder Consultation	
<b>Tuesday, 15 September 2015</b>			
08.00 – 16.00	—	<ul style="list-style-type: none"> <li>Stakeholder Consultation on Related Agency in Tembilahan*)Cancelled because no flight to Pekanbaru due to smog</li> </ul>	SMM
08.00 – 12.00	08.00 – 12.00	<b>Field Observation in Nusa Perkasa Estate</b> <ul style="list-style-type: none"> <li>Manuring, Spraying, Harvesting (best agricultural practices) + Safety &amp; Health</li> <li>Land Fire facilities, etc</li> <li>Worker facilities (housing, health clinic, clean water, etc) and</li> <li>Workers interview (Worker Rights: payments, complaint mechanism, etc)</li> <li>Environment Station Monitoring &amp; Agrochemical/Hazardous Waste Management</li> <li>Stakeholder Consultation to Village Adjacent of Plantation Area, Check of Boundary Stone &amp; Conservation Area</li> </ul>	<ul style="list-style-type: none"> <li>APP + NKA</li> <li>APP</li> <li>NKA</li> <li>NKA</li> <li>ORN</li> </ul>
12.00 – 14.00	12.00 – 14.00	Break	
14.00 – 16.00	14.00 – 16.00	<ul style="list-style-type: none"> <li>Continuing of Field Observation</li> </ul>	• ORN/ NKA / APP
16.00 – 17.00	16.00 – 17.00	<ul style="list-style-type: none"> <li>Field Observation Clarification</li> </ul>	
<b>Wednesday, 16 September 2015</b>			
08.00 – 12.00	08.00 – 12.00	<b>Field Observation in Nusa Lestari Estate</b> <ul style="list-style-type: none"> <li>Manuring, Spraying, Harvesting (best agricultural practices) + Safety &amp; Health</li> </ul>	• APP + NKA

DATE		14 – 18 September 2015	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
		<ul style="list-style-type: none"> <li>Land Fire facilities, etc</li> <li>Worker facilities (housing, health clinic, clean water, etc)</li> <li>Workers interview (Worker Rights: payments, complaint mechanism, etc)</li> <li>Agrochemical/Hazardous Waste Management</li> <li>Stakeholder Consultation to Village Adjacent of Plantation Area &amp; Check of Boundary Stone</li> <li>Conservation Area &amp; Environment Station Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>APP</li> <li>NKA</li> <li>NKA</li> <li>NKA</li> <li>ORN</li> <li>SMM</li> </ul>
12.00 – 14.00	12.00 – 14.00	<b>BREAK</b>	
14.00 – 16.00	14.00 – 16.00	<ul style="list-style-type: none"> <li>Continuing of Field Observation</li> </ul>	<ul style="list-style-type: none"> <li>ORN / NKA/ APP / SMM</li> </ul>
16.00 – 17.00	16.00 – 17.00	<ul style="list-style-type: none"> <li>Field Observation Clarification</li> </ul>	
<b>Thursday, 17 September 2015</b>			
08.00 – 11.00	08.00 – 11.00	<b>Field Observation in Teluk Bakau POM</b> <ul style="list-style-type: none"> <li>SCCS Verification</li> <li>Workers interview (Worker Rights: payments, complaint mechanism, etc)</li> <li>Worker facilities (housing, health clinic, clean water, etc)</li> <li>Hazardous Waste Management/Hazardous Storage and Safety &amp; Health</li> <li>Production Process, Fire Protection Emergency Team (Interview, Simulation)</li> <li>Environment/EIA , WTP &amp; WWTP,</li> </ul>	<ul style="list-style-type: none"> <li>ORN</li> <li>NKA</li> <li>NKA</li> <li>NKA</li> <li>APP</li> <li>SMM</li> </ul>
11.00 – 12.00	11.00 – 12.00	<ul style="list-style-type: none"> <li>Reconfirmation of data&amp;Completing of Check List</li> </ul>	<ul style="list-style-type: none"> <li>ORN / NKA/ APP / SMM</li> </ul>
12.00 – 14.00	12.00 – 14.00	<b>BREAK</b>	
14.00 – 16.00	14.00 – 16.00	<ul style="list-style-type: none"> <li>Auditor Team Discussion (Preparation for Audit Conclusion)</li> </ul>	<ul style="list-style-type: none"> <li>ORN / NKA/ APP / SMM</li> </ul>
15.10 – 17.00	15.10 – 17.00	<ul style="list-style-type: none"> <li><b>Closing Meeting</b></li> </ul>	
<b>Friday, 18 September 2015</b>			
08.00 – 11.00	08.00 – 11.00	<b>PT BHUMIREKSA NUSASEJATI → BATAM</b>	<ul style="list-style-type: none"> <li>ORN / NKA/ APP / SMM</li> </ul>
16.45 – 18.20	17.15 – 19.10	<b>BATAM → JAKARTA</b>	

Noted :

- ORN : Oktovianus Rusmin
- NKA : Naila Karima
- APP : Andi Pratama Pasaribu
- SMM : Steve Mualim