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Musim Mas Action Plan to Address POIG Audit Compliance

Verification Report for:

Musim Mas Group

in

Indonesia

Report Finalized	:	25 June 2018
Verification Dates	:	23 March 2018
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1. BACKGROUND

Musim Mas has engaged Rainforest Alliance to carry out first audit to verify level of compliance of Musim Mas operations with the POIG Verification Indicators since its POIG membership in November 2015. Due to number of samples and different geographical areas, the verification was carried out during a range of time on 13 – 17 December 2016 and 16 – 24 February 2017. The verification report was finalized in July 2017 and several key findings identified as listed below:

- Improvement needed for HCS identification, peat conservation, monitoring on water consumption, and community participatory mapping. At the time of the verification, the HCS identification equal to HCS approach is not yet completed; identification of critical peatland ecosystems is not yet available; the monitoring on water consumption is not yet addressed, and community participatory mapping to address food security issue is also not yet completed. This finding has led to non-conformities with indicators¹: 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.2.3, 1.2.4, 1.7.1, 1.7.2, 2.2.2, 2.2.3 and 2.2.4.
- Publication of information related to POIG requirements. Despite the majority of information are available, the company has not yet made them available for public. This finding related to non-conformities with indicators: 1.1.6, 1.2.7, 1.3.3, 1.5.3, 1.7.3, 2.6.2, 3.3.1, and 3.3.2
- Some practices need to be adjusted which include practices on the pesticides application, surface water analysis, water stewardship for water equity, and the development of policies. These are indicated as non-conformities with indicators: 1.4.1, 1.4.3, 1.5.2, 1.7.4, 3.1.2, 3.4.4, and 3.5.1.

The Action Plan outlines the actions and timelines to close the non-conformities was developed by Musim Mas management and reviewed by Certification Body Rainforest Alliance. The Action Plan was finalized on 28 February 2018.

2. SCOPE OF THE VERIFICATION

1.1 Normative References

This verification is conducted based on the following document:

- Musim Mas Action Plan to Address POIG Audit Compliance – 28 February 2018

1.2 Company and Contact Details

Company name:	Musim Mas Group
Business address:	Jl. K.L. Yos Sudarso Km 7,8, Tanjung Mulia, Kota Medan 20241, Provinsi Sumatra Utara, Indonesia..
Contact person:	Dr. Gan Lian Tiong
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Web site:	http://www.musimmas.com/
Other certifications held (ISO...)	RSPO, ISCC, ISPO

¹ Indicators with underline (e.g. 1.1.3) are designated as POIG major indicators

1.3 General Description

This verification on the implementation of Action Plan is conducted for four mills that were selected as sample for the first POIG audit in 2016 – 2017. Those four mills are: Sukajadi Sawit Mekar 1, Sukajadi Sawit Mekar 2, Agrowiratama, and PT. Musim Mas – Batang Kulim. The detail of the scope presented in section below is based on the condition during the first POIG audit in 2016 – 2017.

1.3.1 Detail of the Scope

Palm Oil Mill	Address	Location		Supply Base
		Longitude	Latitude	
Agrowiratama	Jorong Aie Aji, Nagari Sungai Aua, Kecamatan Sungai Aua, Kabupaten Pasaman Barat, Propinsi Sumatera Barat, Indonesia.	99° 37' 35.72" E	0° 11' 56.25" S	Estate Sei Aur
				Koperasi Sawit Bersama I & II
				Koperasi Sawit Bosa Sungai Aua Manjunjung Bilang
				Koperasi Sawit Datuk Bosa Sikilang
PT Musim Mas - Batang Kulim	Desa Batang Kulim, Kecamatan Pangkalan Kuras, Kabupaten Pelalawan, Propinsi Riau, Indonesia.	102° 01' 51.016" E	0° 04' 37.355" N	Estate I
				Estate II
				Estate VI
				KKPA Merbau Sakti
				Kas Desa – Betung I
				Kas Desa – Tanjung Beringin
				Kas Desa - Talau
Sukajadi Sawit Mekar 1	Desa Sebaby, Kecamatan Telawang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, Indonesia	E 112°32' 23"	S 2° 22' 52"	Sebaby Estate
				Seranau Estate
Sukajadi Sawit Mekar 2	Desa Sebaby, Kecamatan Telawang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, Indonesia	E 112° 36' 9.4"	S 2° 22' 12.9"	Bukit Linang Estate
				Bukit Limas Estate
				Sari Mas I Estate
				Bakung Mas Estate

3. VERIFICATION PROCESS

3.1 Inspection Body – Rainforest Alliance

The Rainforest Alliance founded its previous SmartWood program in 1989 to certify responsible forestry practices and has grown to provide a variety of auditing services. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for evaluation design, evaluation, and certification/ verification/ validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

3.2 Verification Team

Name	Qualification
Iwan Kurniawan	Iwan graduated from the Bogor Agricultural University in 1999. He received SAN auditor training in Rainforest Alliance Certification in early 2010 and has been conducting audits since

	then for tea, coffee, cocoa, coconut, clove, and chili pepper farms in Indonesia. Iwan has also been engaged on Palm Oil evaluations using the SAN standard and POIG in Indonesia, Solomon Island, and Papua New Guinea since 2014.
Diantur Jatmiko	Jatmiko graduated from Indiana University and Loyola University Chicago in Business and Management subject. Prior to joining Rainforest Alliance, Jatmiko has seven years working experience in oil palm company and one-year experience in an International NGO for palm oil assurance project. In the Rainforest Alliance Jatmiko has developed a self-assessment tool to transform practices towards sustainable palm oil and has been engaged on Palm Oil site evaluations. . He received SAN auditor training in 2017.

3.3 Method
Verification of Action Plan is planned to be conducted in several phases to reflect the required timeline for completing the action plan. This is the first verification of Action Plan. It was conducted on 23 March 2018 based on documents review and interviews with relevant staff. No site visit was conducted during this first verification. The next phase of verification of Action Plan will be determined based on the already agreed timeline for completing the action plan.

4. VERIFICATION RESULT

4.1 Summary
<p>The Action Plan addresses all the non-conformities identified in 2016 – 2017 POIG verification except for non-conformity with indicator 3.4.4. The Action Plan does not specifically address the requirement to have policy which indicates the company commitment for purchasing 100% RSPO certified FFB within 24 months of signing POIG Charter.</p> <p>At the time of this verification, the policy as specified above is not yet finalized thus Musim Mas is confirmed not be able to comply with this indicator since the policy could not be back dated. In POIG framework, there is no description on how non-conformities with indicators that indicate specific cut-off date can be closed (or corrected). This is the same issue as non-conformity with indicator <u>3.5.1</u> about the requirement for independent verification within 12 months after signing the POIG Charter. RA does not have the capacity to decide the closing of non-conformities with indicators 3.4.4 and <u>3.5.1 regardless of clarification or corrective action taken by MM.</u></p> <p>This verification concludes that Musim Mas has made progress to meet compliance in accordance with the Action Plan. Non-conformities with indicators 1.5.2, 1.7.1, <u>1.7.2</u>, and 3.1.2 are verified to be closed. The timelines to meet compliance for the other indicators are available and each progress is verified to be in accordance with its relevant timeline. In exception with indicators 1.2.3 and 1.2.4, the work to meet compliance with these indicators involves the government and in this case Musim Mas has no capacity to set specific timeline. However, it is verified that Musim Mas has fulfilled its tasks for this work. Musim Mas is committed to meet compliance with POIG, progress has been made in accordance with the timeline in the Action Plan.</p> <p>For open non-conformities, it is clarified that more time is needed to meet compliance. Review of the timelines shows that sufficient times and resources are allocated for each step such as for working on participatory mapping and the development of Sustainability Report. Based on the result of this verification, it is recommended for Musim Mas to publish its achievement in the Sustainability Report by the end of Q3 2018 . Since timeline is not available for compliance with indicators 1.2.3 and 1.2.4, it is recommended for Musim Mas to publish regularly the progress for compliance with these indicators.</p>

4.2 Detail of the finding			
POIG Indicators	Action Plan	Verification Finding	Non-conformities status
1.1.1; 1.1.2; <u>1.1.3</u> ; 1.1.4; 1.1.5; and 1.1.6	<p>Musim Mas conducted Carbon Stock assessments in 2015 but to demonstrate no new plantings take place in HCS forest areas after March 2014 Musim Mas is in the process of conducting Land Use Change (LUC) Analysis following HCSA for planting area between March 2014 – May 2015. The LUC is expected to be completed in Q4 2017.</p> <p>HCS Toolkit was first released in 2015 and is essentially comprised of three main steps: FPIC, land cover stratification and HCS decision tree.</p> <p>Musim Mas has conducted participatory mapping during HCV assessment to identify area important for the community including garden and farmlands fundamental to meet their basic needs. The land cover stratification process was done through CSA by independent consultant in 2015. The CSA shows there is no forest area in the concession, hence HCS decision tree was not conducted. At that time, Musim Mas consider the HCS process has been completed.</p> <p>Further to the POIG verification, Musim Mas will continue participatory mapping process according to HCSA and complete HCSA assessment process and submit HCS assessment report to HCSA Steering Group for peer review and summary HCS assessment report will be publicly available at HCS website (www.highcarbonstock.org) by Q3 2018 for sampled estates all will be submitted (see timeline for submission of HCS reports to HCSA). The other units will all submit according to the timeline provided for the auditor to review.</p> <p>Musim Mas is committed to protect HCS area in line with Musim Mas Sustainability Policy. Policy</p>	<p>The LUC analysis, new planting statement, the timeline for HCS study, and draft report of HCS study are available and reviewed.</p> <p>LUC analysis for PT Sukajadi Sawit Mekar (covers Sukajadi Sawit Mekar 1 and 2) and PT Musim Mas – Batang Kulim shows respectively the total of 395.97 ha and 213.57 ha of new planting after March 2014 were conducted on non-forest area (grassland, mix agriculture and bare land). Based on the result of 2016 – 2017 POIG verification, no new planting after March 2014 was conducted at Agrowiratama thus review of LUC for Agrowiratama is not conducted during this verification. The new planting statement shows that there is no new planting after the last verification in 2016 – 2017 conducted in Sukajadi Sawit Mekar 1 and 2, Agrowiratama, and PT Musim Mas – Batang Kulim.</p> <p>Timeline for HCS study indicates the process and time allocated for desk analysis, field survey, draft report writing, the participatory mapping, public consultation, report review, and report submission to HCSA. As indicated in the timeline, at the time of this verification, the draft reports of HCS study for Sukajadi Sawit Mekar 1 and 2, and PT Musim Mas – Batang Kulim are available. Both reports are written following the HCSA guideline. HCS study for Sukajadi Sawit Mekar 1 and 2 is expected to be completed and submitted to HCSA for review in August 2018 while for PT Musim Mas – Batang Kulim in July 2018.</p>	<p>Non-conformities with indicators 1.1.1; 1.1.2; <u>1.1.3</u>; 1.1.4; 1.1.5; and 1.1.6 are still open and expected to be closed in Q3 2018.</p>

	<p>can be found here http://www.musimmas.com/sustainability/sustainability-policy.</p>	<p>Based on the above timeline, Musim Mas will have the result of the HCS study prior the publication of its Sustainability Report in Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators 1.1.1; 1.1.2; <u>1.1.3</u>; 1.1.4; 1.1.5; and 1.1.6, has developed timeline with sufficient allocation of time and resource to complete the HCS study, and has reached the progress as indicated in the timeline.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicators 1.1.1; 1.1.2; <u>1.1.3</u>; 1.1.4; 1.1.5; and 1.1.6 by the end of Q3 2018.</p>	
1.2.3; 1.2.4; and 1.2.7	<p>Subsequent to POIG verification, Musim Mas is working with Indonesian Environmental and Forestry Ministry (<i>Kementerian Lingkungan Hidup dan Kehutanan</i> - KLHK) on identification of critical peatland in its operations. Musim Mas is required to map the topography, hydro-topography, peat depth, water management system, and water level monitoring plots of the peatland area for submission to KLHK.</p> <p>Musim Mas has submitted all of those maps to KLHK and has obtained <i>Surat Keputusan</i> (Decision Letter) from KLHK approving the water level monitoring plots. The identification of peat land area is currently under review, in which KLHK will take into account the water level monitoring result. These steps are part of PROPER evaluation, which will be re-evaluated annually. Musim Mas will work with the peat land working group and other specialist to review critical areas identified and restoration mechanism.</p>	<p>The peatland map, water level and rainfall monitoring plots, records of water level and rainfall monitoring, and letter from KLHK for Sukajadi Sawit Mekar 1 and 2 and PT Musim Mas – Batang Kulim are available and reviewed.</p> <p>The peatland areas are mapped based on government decision letter or SK. 130/MENLHK/SEKJEN/PKL.0/2/2017 about <i>Penetapan Peta Fungsi Ekosistem Gambut Nasional</i> (National Peatland Ecosystem Function Map) which indicates peatland for protection or restoration. The number and location of water level and rainfall monitoring plots has been reviewed and agreed by KLHK based on SK.94/PPKL/PKG/PKL.0/11/2017 for Sukajadi Sawit Mekar 1 and 2, and based on No. SK.113/PPKL/PKG/PKL.0/12/2017 for PT Musim Mas – Batang Kulim. Both letters were signed in December 2017. The records of water level and rainfall monitoring between January and March 2018 are available. These records will be submitted</p>	<p>Non-conformities with indicators 1.2.3 and 1.2.4 are still open. The work to meet compliance with these indicators involves the government and in this case Musim Mas cannot set specific timeline.</p> <p>Non-conformity with indicator 1.2.7 is still open and expected to be closed in Q3 2018.</p>

	<p>Based on the monitoring results reported to KLHK, KLHK will determine the next step, conduct joint field verification to confirm the presence of peat land area. Peat restoration mechanism will be developed upon KLHK's decision and guidance. The progress on our engagement with KLHK will be presented during next POIG verification audit. Musim Mas expect to publish its inaugural sustainability report in Q3 2018. The sustainability report consistent with Global Reporting Initiative (GRI) guideline will outline all issues relevant to Musim Mas governance of its sustainability systems, including and not limited to RSPO indicators and POIG Charter.</p>	<p>to KLHK per six months to be reviewed and used as basis for restoration.</p> <p>Based on SK. 130/MENLHK/SEKJEN/PKL.0/2/2017, there is no peatland identified at Agrowiratama thus there is no further assessment involving KLHK taken for the identification of critical peatland ecosystem for this company.</p> <p>At the time of this verification, the peatland map and the progress of critical peatland ecosystem assessment is already available to be included in the Sustainability Report in Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators 1.2.3; 1.2.4; and 1.2.7, and fulfilled its tasks for the critical peatland ecosystem assessment.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicator 1.2.3; 1.2.4; and 1.2.7 by the end of Q3 2018. And to publish regularly the progress for compliance with indicators 1.2.3 and 1.2.4.</p>	
<p><u>1.3.3</u></p>	<p>Musim Mas expect to publish its inaugural sustainability report in Q3 2018 which will address the GHG public communication and targets. The sustainability report consistent with Global Reporting Initiative (GRI) guideline will outline all issues relevant to Musim Mas governance of its sustainability systems, including and not limited to RSPO indicators and POIG Charter.</p>	<p>No document reviewed for this action plan.</p> <p>Based on the result of 2016 – 2017 POIG verification, annual GHG emissions monitoring records, GHG emission targets, and progress towards the targets are already available to be included in the Sustainability Report in Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformity with indicator <u>1.3.3</u>.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicator <u>1.3.3</u> by the end of Q3 2018.</p>	<p>Non-conformity with indicator <u>1.3.3</u> is still open and expected to be closed in Q3 2018.</p>

<p><u>1.4.1</u> and 1.4.3</p>	<p>Musim Mas is looking at alternative pesticides through trials. Musim Mas will provide justification for using prohibited pesticide by FSC and SAN and seek approval from POIG Organizing Committee by Q3 2018.</p>	<p>The list of currently used prohibited pesticides, the document showing the reasoning on the use of prohibited pesticides, and timeline to seek approval for the use of prohibited pesticides are available and reviewed.</p> <p>From 12 prohibited pesticides that were previously used by Musim Mas, ten of them i.e. Acephate, Benomyl, Warfarin, Permethrin, Cypermethrin, Amitraz, Coumatetralyl, Carbosulfan, Mankozeb, and Glufosinate Ammonium are still being used while Carbofuran and Fipronil are no longer used.</p> <p>Musim Mas has provided the reason on the use of all prohibited pesticides mentioned above.</p> <p>The timeline shows that the request for permit will be submitted to POIG in April 2018 thus Musim Mas will have sufficient time to take necessary action after getting POIG decision (permission or prohibition) and has met compliance by Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators <u>1.4.1</u> and 1.4.3, has developed timeline with sufficient allocation of time and resource to obtain permit from POIG on the use of prohibited pesticides, and has reached the progress as indicated in the timeline.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicators <u>1.4.1</u> and 1.4.3 by the end of Q3 2018.</p>	<p>Non-conformities with indicators <u>1.4.1</u> and 1.4.3 are still open and expected to be closed in Q3 2018.</p>
<p>1.5.2 and 1.5.3</p>	<p>Musim Mas has always assessed potential impact of its operation may have to environment and social condition (Social Environmental Impact Assessment (SEIA)) prior to commencement of its operation and all are in line with Indonesian</p>	<p>The map indicates the location of surface water sampling points, the analysis result for each sampling point, and guidance procedure to deal with the increase of P and N level in water courses are available and reviewed.</p>	<p>Non-conformity with indicator 1.5.2 is closed.</p> <p>Non conformity with indicator 1.5.3 is still open</p>

	<p>regulations as well. Based on the assessment, company has management plans to promote positive impacts and mitigate the negative impacts identified. Implementation of the management plan is constantly monitored and reported to the government agency every 6 months.</p> <p>Water management and monitoring has always been one of the aspect consistently monitored and reported. Water samples have been taken from several points assigned by the government to measure impact of company's operation to water quality. These sampling points are determined by government based on impact analysis, and may not always in the inlet and outlet position</p> <p>Since POIG verification, Musim Mas has reviewed water monitoring points in its operation, resulted in additional monitoring points to reflect inlet and outlet position. Musim Mas is also in the process of establishing guidance procedure to deal with increase of P and N level in water courses. Progress will be presented during next POIG verification audit.</p> <p>The monitoring result will be published in Musim Mas Sustainability Report due in Q3 2018.</p>	<p>Musim Mas has identified and conducted phosphorus and nitrogen levels analysis at all sampling points required to represent the inlet and outlet position of each available watercourse (11 sampling points for six watercourses at Sukajadi Sawit Mekar 1 and 2, and four sampling points for three watercourses at PT Musim Mas – Batang Kulim). The result of the analysis and comparison between inlet and outlet for second semester of 2017 is also available for review. Phosphorus and nitrogen levels in relevant watercourses will be monitored annually.</p> <p>The available water analysis shows that there is no increase of phosphorus and nitrogen levels along the presented watercourses.</p> <p>Musim Mas also has guidance procedure (2017) that shows measures to be taken if an increased level of phosphorus and nitrogen in the watercourses is identified. The measures include the adjustment of fertilizer rates and procedures.</p> <p>At the time of this verification, the materials related to phosphorus and nitrogen levels are already available to be included in the Sustainability Report in Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators 1.5.2 and 1.5.3 and has met compliance with indicator 1.5.2.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicator 1.5.3 by the end of Q3 2018.</p>	<p>and expected to be closed in Q3 2018.</p>
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<p>1.7.1; <u>1.7.2</u>; 1.7.3; and 1.7.4</p>	<p>Musim Mas has started to calculate water footprint of its plantations and mills following the water footprint network methodology which is measuring water consumption. The water footprint divides water consumption into three parts: blue, green and grey water. Blue water refers to runoff water consumption (water withdrawn from river, lake, municipal water etc), green water refer to rainwater consumption while grey water refer to water required to dilute pollutants. Once water consumption is quantified, the company will include it in the water management plan. The calculation and management plan will be presented at next POIG verification audit.</p> <p>Musim Mas will include water reporting in Musim Mas Sustainability report which is expected to be released in Q3 2018.</p> <p>Musim Mas has achieved “Proper Biru” (Blue Category) which means Musim Mas has fully complied with the government regulations regarding water and wastewater management. Musim Mas will continue to build on this achievement by engaging with the communities and other relevant stakeholders at its vicinity to address the water equity issue by Q4 2018.</p> <p>Musim Mas is contributing to research done by a consortium of scientist addressing sustainable water use and recycling in communities (Safe Water Gardens, www.safewatergardens.org)</p>	<p>The water footprint analysis and water management plan are available and reviewed.</p> <p>The water footprint analysis includes the monitoring of water use, consumption and pollution by plantations and mills. The analysis also shows that the total volume of water being used, consumed and polluted by Sukajadi Sawit Mekar 1 and 2, Agrowiratama, and PT Musim Mas – Batang Kulim is below the available water volume in their respective area.</p> <p>The availability of water in the area has been set as target in the water management plan. In addition, measures to minimize and/or reduce water use, consumption, and pollution, including in both plantations and mills are also included in the water management plan such as the construction of water weirs, frond placement along the palm rows to reduce surface run off, maintaining the ground covers, effective use of fertilizer, selective chemical spraying, application of DDS and boiler ash, improvement of water infiltration rate, restoration of riparian zone, road maintenance to reduce run off, and socialization on daily water conservation practices.</p> <p>At the time of this verification, the information of water use, consumption and pollution by plantations and mills is already available to be included in the Sustainability Report in Q3 2018.</p> <p>The water stewardship assessment involving relevant stakeholders to address water equity issues is planned to be conducted in April 2018 for Sukajadi Sawit Mekar 1 and 2, and PT Musim Mas – Batang Kulim, and in July 2018 for Agrowiratama. Musim Mas has decided to complete this requirement in Q3</p>	<p>Non-conformities with indicators 1.7.1 and <u>1.7.2</u> are closed.</p> <p>Non conformities with indicator 1.7.3 and 1.7.4 are still open and expected to be closed in Q3 2018.</p>
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		<p>2018, earlier than previously planned in the action plan (Q4 2018).</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators 1.7.1; <u>1.7.2</u>; 1.7.3; and 1.7.4, and has met compliance with indicators 1.7.1 and <u>1.7.2</u>. Musim Mas confirms that they will meet compliance with indicators 1.7.3 and 1.7.4 by end of Q3 2018.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicator 1.7.3 and 1.7.4 by the end of Q3 2018.</p>	
<u>2.2.2</u> ; 2.2.3; and 2.2.4	<p>Musim Mas will conduct participatory mapping (as part of HCSA assessment) to identify gardens and future farmlands in the concession and surrounding communities' area. The HCS assessment for related location is expected to be completed following timeline. Once the participatory mapping is finished, Musim Mas will conduct participatory land use planning, create management plan to maintain or enhance local food security.</p>	<p>The draft report of PM and timeline for PM and PLUP study are available and reviewed.</p> <p>In accordance with the timeline, draft report of PM study is available for Sukajadi Sawit Mekar 1 and 2. The report includes the result of public consultation and the village maps. In total there are six villages (Tanah Putih, Kenyala, Sebabi, Baampah, Tangar, and Hanjalipan) included in the PM and PLUP study. The PM and PLUP study for Sukajadi Sawit Mekar 1 and 2 is expected to be completed in April 2018.</p> <p>The PM and PLUP study for Agrowiratama will be conducted between April and July 2018 while for PT Musim Mas – Batang Kulim will be conducted between end of March and June 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators <u>2.2.2</u>; 2.2.3; and 2.2.4, has developed timeline with sufficient allocation of time and resource to complete the PM and PLUP study, and has reached the progress as indicated in the timeline.</p>	<p>Non-conformities with indicator <u>2.2.2</u>; 2.2.3; and 2.2.4 are still open and expected to be closed in Q3 2018.</p>

		It is recommended for Musim Mas to publish its achievement on compliance with indicators <u>2.2.2</u> ; 2.2.3; and 2.2.4 by the end of Q3 2018.	
2.6.2	Musim Mas will report its support to smallholder in the upcoming GRI compliant Musim Mas Sustainability Report to be released in Q3 2018.	<p>No document reviewed for this action plan.</p> <p>Based on the result of 2016 – 2017 POIG verification, the documentation of Musim Mas smallholder support program is already available to be included in the Sustainability Report in Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformity with indicator 2.6.2.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicator 2.6.2 by the end of Q3 2018.</p>	Non-conformity with indicator <u>2.6.2</u> is still open and expected to be closed in Q3 2018.
3.1.2	Musim Mas has since updated its ethical policy to follow the POIG requirement and has socialized the new policy to all Musim Mas' workers (done)	<p>Kebijakan Kode Etik or Musim Mas Ethical Policy dated 15 Mei 2017 is available and reviewed.</p> <p>The policy covers all topics as described in this indicator 3.1.2 of POIG Verification Indicators.</p> <p>This verification concludes that Musim Mas has addressed non-conformity with indicator 3.1.2 and has met compliance with this indicator.</p>	Non-conformity with indicator <u>3.1.2</u> is closed .
<u>3.3.1</u> and 3.3.2	Musim Mas will release a GRI compliant Musim Mas Sustainability Report in Q3 2018 which will include all issues relevant to the compliance with POIG charter.	<p>Musim Mas has developed timeline with sufficient allocation of time and resource to provide required materials for the Sustainability Report in Q3 2018.</p> <p>This verification concludes that Musim Mas has addressed non-conformities with indicators <u>3.3.1</u> and 3.3.2.</p> <p>It is recommended for Musim Mas to publish its achievement on compliance with indicators <u>3.3.1</u> and 3.3.2 by the end of Q3 2018.</p>	Non-conformities with indicator <u>3.3.1</u> and 3.3.2 are still open and expected to be closed in Q3 2018.

3.4.4	<p>Musim Mas is committed to maintain 100% RSPO certification of its plantation and mills. All MM own plantations and direct linked smallholders are 100% RSPO certified. Aside from own plantation with mill setting, Musim Mas single mills also receive FFB from smallholders. Since 2015 Musim Mas collaborate with IFC to educate, train and assist the independent smallholders to achieve RSPO certification. Starting 2017 Musim Mas rolled out the Smallholder ESP program and extends the service to independent smallholders supplying to Musim Mas suppliers as well.</p> <p>Musim Mas has committed to certify smallholders that supply to Musim Mas owned operating mills but there is a limitation in terms of timelines as it will take a long time to certify 10.000 independent smallholders. Musim Mas is committed to deliver the extension and will try to achieve to certify the smallholders. This is also stated in the policy and given it involves independent smallholders we designed the IPODS program as the alternative pathway (registered smallholders, extending services and training on environmental matters etc.).</p>	<p>Draft policy for purchasing 100% RSPO certified FFB is available and reviewed. Musim Mas has committed to finalize the policy before the second Musim Mas POIG verification ended (end of April 2018). The policy will be effective after it is signed which is going to be beyond 24 months after Musim Mas signing the POIG Charter.</p> <p>It is noted that in actual implementation as also stated in the result of 2016 – 2017 POIG verification, from November 2015 (the time of Musim Mas signing the POIG Charter) until the time of this verification, Musim Mas has purchased only RSPO certified FFB except for those coming from independent smallholders.</p>	<p>Non-conformity with indicator 3.4.4 is still open.</p> <p>At the time of this verification Musim Mas has already passed 24 months after signing the POIG Charter thus it will not be able to comply with this indicator since the policy could not be back dated. RA does not have the capacity to decide the closing of non-conformity with indicator 3.4.4.</p>
<u>3.5.1</u>	<p>Following the approval of Musim Mas POIG membership, we undertook labor assessment at our plantation sites by Verite in August 2016 and subsequently verification audit against POIG Indicators by RA in December 2016. The labor assessment is a pre-requisite by POIG before Musim Mas can have its initial POIG verification audit. The process with Verite discussing terms and conditions, setting audit time and implement corrective action taken time. After completing the labor assessment MM move forward with finding a POIG approved CB's which also delayed process</p>	<p>There is no description available in POIG framework on how to close non-conformity with this indicator.</p>	<p>Non-conformity with indicator 3.5.1 is still open.</p> <p>RA does not have the capacity to decide the closing of non-conformity with indicator 3.5.1.</p>

	as no CB available yet at the time and it took some time to address POIG approved assessor by contracting Rainforest Alliance which was agreed to be approved to conduct verification audit for Musim Mas.		
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