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Musim Mas Action Plan to Address POIG Audit Compliance **Verification** Report for:

Musim Mas Group
in
Indonesia

Report Finalized	:	1 Feb 2019
Verification Dates	:	8 January 2019
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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 a number of samples in different geographical areas, the verification was carried out on 13 – 17 December 2016 and 16 – 24 February 2017. The verification report was finalized in July 2017 and several key findings were 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 has not yet been completed; identification of critical peatland ecosystems is not yet available; the monitoring on water consumption has not yet been addressed, and community participatory mapping to address food security issue also has not yet been 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 is 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.

Musim Mas Action Plan outlines the actions and timelines to close the non-conformities, it was developed by Musim Mas management and reviewed by Certification Body (CB), Rainforest Alliance. The Action Plan was finalized on 28 February 2018. The first verification of Action Plan was conducted on 23 March 2018. This is the second verification of Action Plan and it is expected to be the final verification which takes place two years after the finalization of the Action Plan.

On 1 October - 2018, NEPCon announced the successful acquisition of RA-Cert, the certification division of the Rainforest Alliance. The combined organisation operates under the name of NEPCon, and continues to offer certification, verification and assurance services that both NEPCon and RA-Cert have been delivering in forestry, agriculture, responsible sourcing, biomass, carbon foot-printing, and tourism. This verification is then conducted under NEPCon.

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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¹ Underlined indicators (e.g. 1.1.3) are POIG major indicators.

Web site:	http://www.musimmas.com/
Other certifications held (ISO...)	RSPO, ISCC, ISPO

1.3 General Description

This verification on the implementation of Action Plan is conducted for four mills that were selected as samples for the first POIG audit in 2016 and 2017. The 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
Kas Desa – B1				
Sukajadi Sawit Mekar 1	Desa Sebabi, Kecamatan Telawang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, Indonesia.	E 112°32' 23"	S 2° 22' 52"	Sebabi Estate
				Seranau Estate
Sukajadi Sawit Mekar 2	Desa Sebabi, 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 – NEPCon

NEPCon is a non-profit organisation that builds commitment and capacity for mainstreaming sustainability. NEPCon fosters solutions for safeguarding our natural resources and tackling climate change. The acquisition of the Rainforest Alliance (RA) certification unit, RA-Cert, by NEPCon has taken a leap forward, following the signing of a formal agreement covering all necessary terms, that led to a successful transition on 1 October 2018.

The combined organisation unify their sustainably certification services, and it helps to leverage NEPCon's tools and approaches that will enhance collective impacts on the ground.

All related personnel responsible for evaluation design, evaluation, and certification/ verification/ validation decisions are under the purview of NEPCon.

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 chilli 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.

3.3 Method

Verification of Action Plan was conducted in several phases to reflect the required timeline for completing the Action Plan. This is the second verification of Action Plan and it is expected to be the final verification which takes place two years after the finalization of the Action Plan. The first verification of Action Plan was conducted on 23 March 2018.

The verification of Action Plan is conducted through documents review and interviews with relevant staff. No site visit was conducted during this verification.

4. VERIFICATION RESULT

4.1 Summary

This verification concludes that all non-conformities raised in POIG verification audit 2016 – 2017 for Musim Mas have been closed. Musim Mas has demonstrated its compliance with all applicable POIG Verification Indicators through the implementation of their Action Plan.

It should be noted that compliance with indicator 1.2.3 on the identification of critical peatland ecosystem, indicator 1.4.1 on the use of pesticides, and indicator 2.2.4 on the implementation of measures to maintain or enhance local food security still need to be continuously monitored through annual POIG verification audit or updated in Musim Mas regular publication.

In addition to the result of the verification of Action Plan, additional notes are included in this report related to the result of POIG verification audit 2018 that has been completed prior to this verification of Action Plan. Several non-conformities raised in POIG verification audit 2018 have similar causes and have been handled in the same way as in this Action Plan. However, POIG verification audit 2018 is outside the scope of this verification and thus, the conclusion made in this regard shall not be binding but may be used as a reference for further decision on the status of similar non-conformities raised in POIG verification audit 2018.

4.2 Detail of the finding

POIG Indicators	Action Plan	Verification Finding	Non-conformities status
<p>1.1.1; 1.1.2; <u>1.1.3</u>; 1.1.4; 1.1.5; and 1.1.6</p>	<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. HCS Toolkit was first released in 2015 and is essentially comprised of three main steps: FPIC, land cover stratification and HCS decision tree. 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. 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>Previous Verification March 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.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Final HCS reports each for PT Sukajadi Sawit Mekar and PT Musim Mas. • Peer review (for HCS) reports each for PT Sukajadi Sawit Mekar and PT Musim Mas. • Integrated Conservation and Land Use Planning (ICLUP) reports each for PT Sukajadi Sawit Mekar and PT Musim Mas. • Letter from POIG Organizing Committee (POIG OC) on clarifications and decisions on Musim Mas compliance with POIG indicators (v. March 2016) dated 20 December 2018. • Musim Mas Memo regarding new conservation areas to PT Sukajadi Sawit Mekar and PT Musim Mas plantation management. • PT. Agrowiratama Land Tenure Assessment report. <p>HCS assessments, each for PT Sukajadi Sawit Mekar (covers Sukajadi Sawit Mekar 1 and Sukajadi Sawit Mekar 2) and PT Musim Mas (covers PT Musim Mas – Batang Kulim) have been completed on 19 November 2018 and 7 November 2018, respectively. Both assessments have been completed according to the applicable HCSA toolkits. The HCS map is included in the report. Musim Mas has informed the result of HCS assessment to -relevant plantation management (on 27 November 2018 for both PT Sukajadi Sawit Mekar and PT Musim Mas) and make sure that any future new</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 closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The 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 as identified in POIG verification audit 2018 have similar causes and have been handled in the same way as in this Action Plan for POIG verification audit 2016 – 2017.</p> <p>HCS assessments, each for PT Maju Aneka Sawit and PT Unggul Lestari were completed on 19 November 2018 and 22 October 2018, respectively. The HCS summary and peer review report are available for public at the HCSA website.</p> <p>There is no HCS assessment required for PT Berkas Sawit Sejati and PT Siringo Ringo as both are in similar situation as PT Agrowiratama.</p> <p>It is concluded that during this Action Plan verification, 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</p>

	<p>Musim Mas is committed to protect HCS area in line with Musim Mas Sustainability Policy. Policy can be found here http://www.musimmas.com/sustainability/sustainability-policy.</p>	<p>planting plans will avoid the new conservation areas resulted from the HCS assessment.</p> <p>The participatory mapping, in May 2018 for PT Sukajadi Sawit Mekar and in July 2018 for PT Musim Mas, to identify garden and future farmlands that are fundamental to meeting community basic food needs was also conducted as part of the HCS assessment requirement.</p> <p>ICLUP, following the newly identified HCS, was developed in December 2018 for both PT Sukajadi Sawit Mekar and PT Musim Mas. Commitment letter from all affected communities in both companies regarding ICLUP were completed on 3 January 2019.</p> <p>The HCS summary and peer review reports are available for public at the HCSA website².</p> <p>There is no HCS assessment for PT Agrowiratama. Letter from POIG OC further clarified that HCS assessments are not needed for developed plantation with no plans for future development (validated with land cover evidence). PT Agrowiratama has stopped new planting since the end of 2007. Based on the verification in February 2017, there is also no productive land available for new planting in PT Agrowiratama. In addition, PT Agrowiratama has conducted land tenure assessment (finalized on 29 October 2018) which concludes that land inside the concession has been fully developed and will not be available for the expansion of PT Agrowiratama. It is concluded that based on the letter from POIG OC; Musim Mas claims there is no expansion planned for it; and land cover and tenure evidences, PT Agrowiratama does not need HCS assessment. The following POIG</p>	<p>as identified in POIG verification audit 2018 can be closed.</p>
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² <http://highcarbonstock.org/registered-hcsa-assessments/>

		<p>requirement on participatory mapping is also not required. Integrated conservation plan of PT Agrowiratama is available for its HCV and other conservation areas including for peatland, which already complies with indicator 1.1.5.</p> <p>This verification concludes that Musim Mas has complied with indicators 1.1.1; 1.1.2; <u>1.1.3</u>; 1.1.4; 1.1.5; and 1.1.6.</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. 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. 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.</p>	<p>Previous Verification March 2018</p> <p>Non-conformities with indicators 1.2.3; 1.2.4; and 1.2.7 are still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Musim Mas Sustainability Report 2017 v.1.3. • Critical Peatland Ecosystem Identification report for PT Agrowiratama. • Peatland maps of PT Sukajadi Sawit Mekar, PT Musim Mas, and PT Agrowiratama. • Water level and rainfall biweekly monitoring records of PT Sukajadi Sawit Mekar and PT Musim Mas. • Water level and rainfall per-semester monitoring reports of PT Sukajadi Sawit Mekar and PT Musim Mas to KLHK (Indonesian Ministry of Environmental and Forestry). • KLHK Inspection letter for PT Sukajadi Sawit Mekar and PT Musim Mas. <p>Musim Mas (in this case PT Sukajadi Sawit Mekar and PT Musim Mas) has consistently carried out the process for the identification of critical peatland ecosystem in its areas with Indonesian government. During this process, Musim Mas has also monitored and protected</p>	<p>Non-conformities with indicators 1.2.3; 1.2.4; and 1.2.7 are closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The non-conformities with indicators 1.2.3; 1.2.4; and 1.2.7 as identified in POIG verification audit 2018 have similar causes and have been handled in the same way as in this Action Plan for POIG verification audit 2016 – 2017.</p> <p>Musim Mas (in this case PT Maju Aneka Sawit) has consistently carried out the process for the identification of critical peatland ecosystem in its areas with Indonesian government. During this process, Musim Mas has also monitored and protected potential areas of critical peatland ecosystem - by conducting regular monitoring and reporting as required by the government.</p>

	<p>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>potential areas of critical peatland ecosystem by conducting regular monitoring and reporting as required by the government. Inspections by the government were conducted in PT Sukajadi Sawit Mekar and PT Musim Mas on 12 April 2018 (BA-01/Ver-MNRL/KBN/PKG/04/2018) and 25 April 2018 (BA-02/Ver-MNRL/KBN/PKG/04/2018), respectively.</p> <p>Since the government cannot be involved in the identification of critical peatland ecosystem in PT Agrowiratama, Musim Mas has conducted self-assessment with a peat expert (attendance member of RSPO Emission Reduction and Peatland Working Group) in PT Agrowiratama. The field visit was conducted between 13 and 20 October 2018 and the report was finalized on 22 December 2018. The assessment concludes that there is no critical peatland ecosystem available in PT Agrowiratama. This is based on the unavailability of intact peatland and developed area adjacent to intact peatland in PT Agrowiratama. Based on this result, the following POIG requirement on the peatland restoration strategies is also not applicable for PT Agrowiratama.</p> <p>The peatland maps presented based on POIG requirements for PT Sukajadi Sawit Mekar, PT Musim Mas, and PT Agrowiratama are available in Musim Mas Sustainability Report 2017 v.1.3, which is available to the public³. The progress of critical peatland ecosystem assessments for PT Sukajadi Sawit Mekar and PT Musim Mas are also available in the report.</p> <p>It is noted that the critical peatland ecosystem identification process in some companies is still ongoing. However, Musim Mas has carried out its</p>	<p>The peatland maps presented based on POIG requirements for PT Maju Aneka Sawit are available in Musim Mas Sustainability Report 2017 v.1.3-, which are available to the public. The progress of critical peatland ecosystem assessment for PT Maju Aneka Sawit is also available in the report.</p> <p>It is concluded that during this Action Plan verification, non-conformities with indicators 1.2.3; 1.2.4; and 1.2.7 as identified in POIG verification audit 2018 can be closed.</p>
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³ <http://www.musimmas.com/news/resources>

		responsibility as verified in this verification. The achievement of this activity can be monitored in Musim Mas publication, KLHK info, and annual POIG verification audit but not necessarily through this Action Plan verification. Thus overall, this verification concludes that Musim Mas has complied with indicators 1.2.3; 1.2.4; and 1.2.7.	
<u>1.3.3</u>	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>Previous Verification March 2018</p> <p>Non-conformity with indicator <u>1.3.3</u> is still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Musim Mas Sustainability Report 2017 v.1.3. <p>The annual GHG emissions monitoring records, GHG emission targets, and progress towards the targets for PT Sukajadi Sawit Mekar (covers Sukajadi Sawit Mekar 1 and Sukajadi Sawit Mekar 2), PT Musim Mas (covers PT Musim Mas – Batang Kulim), and PT Agrowiratama are available in Musim Mas Sustainability Report 2017 v.1.3, which is available to the public.</p> <p>This verification concludes that Musim Mas has complied with indicator <u>1.3.3</u>.</p>	<p>Non-conformity with indicator <u>1.3.3</u> is closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The non-conformity with indicator <u>1.3.3</u> as identified in POIG verification audit 2018 has similar causes and has been handled in the same way as in this Action Plan for POIG verification audit 2016 – 2017.</p> <p>The annual GHG emissions monitoring records, GHG emission targets, and progress towards the targets generally cover all companies under Musim Mas which means it includes PT Maju Aneka Sawit, PT Unggul Lestari, PT Berkas Sawit Sejati, and PT Siringo Ringo. They are available in Musim Mas Sustainability Report 2017 v.1.3, which is available to the public.</p> <p>It is concluded that during this Action Plan verification, non-conformity with indicator <u>1.3.3</u> as</p>

			identified in POIG verification audit 2018 can be closed .
<u>1.4.1</u> and 1.4.3	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>Previous Verification March 2018</p> <p>Non-conformities with indicators <u>1.4.1</u> and 1.4.3 are still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Letter from POIG Organizing Committee (POIG OC) on clarifications and decisions on Musim Mas request for exemption for the list of POIG prohibited pesticides currently used by the company, dated 20 December 2018. • Musim Mas Memo regarding the new status of pesticides to PT Sukajadi Sawit Mekar, PT Musim Mas, and PT Agrowiratama plantation management, dated 15 December 2018. • Pesticides stock and application records for PT Sukajadi Sawit Mekar, PT Musim Mas, and PT Agrowiratama. <p>Letter from POIG OC outlines Musim Mas pesticide phase out plan for ten active ingredients, which are Benomyl, Brodifacoum, Carbosulfan, Chlorpyrifos, Coumatetralyl, Cypermethrin, Glufosinate-ammonium, Mancozeb, Permethrin, and Warfarin.</p> <p>Two of the pesticides - Brodifacoum and Permethrin - were phased out in December 2018. A pesticide, Carbosulfan is for emergency use and only allowed with notification and approval from POIG OC. Other pesticides are expected to be phased out by December 2019 at the earliest. These three pesticides are the most relevant to be verified. Based on review on pesticides stock and application for PT Sukajadi Sawit</p>	<p>Non-conformities with indicators <u>1.4.1</u> and 1.4.3 are closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The non-conformities with indicators <u>1.4.1</u> and 1.4.3 as identified in POIG verification audit 2018 have similar causes and have been handled in the same way as in this Action Plan for POIG verification audit 2016 – 2017.</p> <p>Based on review on pesticides stock and application for PT Maju Aneka Sawit, PT Unggul Lestari, PT Berkat Sawit Sejati, and PT Siringo Ringo, there is no application of Brodifacoum, Permethrin and Carbosulfan since 20 December 2018. In addition, Musim Mas has informed the new status of pesticides to be implemented to PT Maju Aneka Sawit, PT Unggul Lestari, PT Berkat Sawit Sejati, and PT Siringo Ringo plantation management.</p> <p>It is concluded that during this Action Plan verification, non-conformities with indicators <u>1.4.1</u> and 1.4.3 as identified in POIG</p>

		<p>Mekar (covers Sukajadi Sawit Mekar 1 and Sukajadi Sawit Mekar 2), PT Musim Mas (covers PT Musim Mas – Batang Kulim), and PT Agrowiratama, there is no application of Brodifacoum, Permethrin and Carbosulfan since 20 December 2018. In addition, Musim Mas has informed the new status of pesticides to be implemented to PT Sukajadi Sawit Mekar, PT Musim Mas, and PT Agrowiratama plantation management.</p> <p>The implementation of POIG OC decision on pesticides usage by Musim Mas is further subject to annual POIG verification audit and not necessarily through this Action Plan verification. Thus, this verification concludes that Musim Mas has complied with indicators <u>1.4.1</u> and 1.4.3.</p>	<p>verification audit 2018 can be closed.</p>
1.5.2 and 1.5.3	<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 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 aspects 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</p>	<p>Previous Verification March 2018</p> <p>Non-conformity with indicator 1.5.2 is closed. Non-conformity with indicator 1.5.3 is still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Musim Mas Sustainability Report 2017 v.1.3. <p>The results of phosphorous and nitrogen monitoring for PT Sukajadi Sawit Mekar (covers Sukajadi Sawit Mekar 1 and Sukajadi Sawit Mekar 2), PT Musim Mas (covers PT Musim Mas – Batang Kulim), and PT Agrowiratama are available in Musim Mas Sustainability Report 2017 v.1.3, which is available to the public.</p> <p>This verification concludes that Musim Mas has complied with indicator 1.5.3.</p>	<p>Non-conformities with indicators 1.5.2 and 1.5.3 are closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The non-conformity with indicator 1.5.3 as identified in POIG verification audit 2018 has similar causes and has been handled in the same way as in this Action Plan for POIG verification audit 2016 – 2017.</p> <p>The results of phosphorous and nitrogen monitoring generally cover all companies under Musim Mas which means it includes PT Maju Aneka Sawit, PT Unggul Lestari, PT Berkat Sawit Sejati, and PT Siringo Ringo, they are available in Musim</p>

	<p>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>Mas Sustainability Report 2017 v.1.3 which is available to the public.</p> <p>It is concluded that during this Action Plan verification, non-conformity with indicator 1.5.3 as identified in POIG verification audit 2018 can be closed.</p> <p>In addition, Musim Mas also presented the result of December 2018 water analysis and monitoring for PT Berkas Sawit Sejati which showed that phosphorous and nitrogen monitoring that represent the inlet and outlet position of each available watercourse for PT Berkas Sawit Sejati has been conducted and monitored, thus non-conformity with indicator 1.5.2 as identified in POIG verification audit 2018 can also be closed.</p>
<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 refers to rainwater consumption while grey water refers to water required to dilute pollutants. Once water consumption is quantified, the company will include it in the water management plan. The calculation and</p>	<p>Previous Verification March 2018</p> <p>Non-conformities with indicators 1.7.1 and <u>1.7.2</u> are closed. Non-conformities with indicators 1.7.3 and 1.7.4 are still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Musim Mas Sustainability Report 2017 v.1.3. • Records of stakeholder consultation on water equity issues for PT Sukajadi Sawit Mekar, PT Musim Mas, and PT Agrowiratama. 	<p>Non-conformities with indicators 1.7.1, <u>1.7.2</u>, 1.7.3 and 1.7.4 are closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The non-conformities with indicator 1.7.3 and 1.7.4 as identified in POIG verification audit 2018 have similar causes and have been handled in the same way as in this Action Plan</p>

	<p>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>	<ul style="list-style-type: none"> Materials used for the stakeholder consultation on water equity issues. <p>Water use, consumption and pollution by plantations and mills for PT Sukajadi Sawit Mekar (covers Sukajadi Sawit Mekar 1 and Sukajadi Sawit Mekar 2), PT Musim Mas (covers PT Musim Mas – Batang Kulim), and PT Agrowiratama are available in Musim Mas Sustainability Report 2017 v.1.3, which is available to the public.</p> <p>Stakeholder consultations on water equity issues have been conducted on 28 March 2018 for PT Sukajadi Sawit Mekar, between 6 and 8 September 2018 for PT Musim Mas, and on 26 July 2018 for PT Agrowiratama. The participated stakeholders are representatives of communities within the companies’ affected areas. The result of water footprint analysis and water management plan are delivered during these consultations. Inputs from stakeholders and responds from the company during stakeholder consultation were also recorded.</p> <p>This verification concludes that Musim Mas has complied with indicators 1.7.3 and 1.7.4.</p>	<p>for POIG verification audit 2016 – 2017.</p> <p>Water use, consumption and pollution by plantations and mills generally cover all companies under Musim Mas that includes PT Maju Aneka Sawit, PT Unggul Lestari, PT Berkat Sawit Sejati, and PT Siringo Ringo. They are available in Musim Mas Sustainability Report 2017 v.1.3 which is available to the public.</p> <p>Stakeholder consultations on water equity issues were conducted for PT Maju Aneka Sawit in March 2018.</p> <p>It is concluded that during this Action Plan verification, non-conformities with indicators 1.7.3 and 1.7.4 as identified in POIG verification audit 2018 can be closed.</p>
<p><u>2.2.2</u>; 2.2.3; and 2.2.4</p>	<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>Previous Verification March 2018</p> <p>Non-conformities with indicators <u>2.2.2</u>; 2.2.3; and 2.2.4 are still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> Final HCS reports, each for PT Sukajadi Sawit Mekar and PT Musim Mas. Peer review (for HCS) reports each for PT Sukajadi Sawit Mekar and PT Musim Mas. 	<p>Non-conformities with indicator <u>2.2.2</u>; 2.2.3; and 2.2.4 are closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>The non-conformities with indicators <u>2.2.2</u>; 2.2.3; and 2.2.4 as identified in POIG verification audit 2018 have similar causes and have been handled in the same way as in</p>

		<ul style="list-style-type: none"> • Integrated Conservation and Land Use Planning (ICLUP) reports each for PT Sukajadi Sawit Mekar and PT Musim Mas. • PT. Agrowiratama Land Tenure Assessment report. <p>HCS assessments, each for PT Sukajadi Sawit Mekar (covers Sukajadi Sawit Mekar 1 and Sukajadi Sawit Mekar 2) and PT Musim Mas (covers PT Musim Mas – Batang Kulim) have been completed according to the applicable HCSA toolkits where food security issues are included in them.</p> <p>The participatory mapping ensured that areas meeting food security needs are identified and excluded from HCS. ICLUP includes measures to maintain or enhance local food security.</p> <p>HCS assessment is not required for PT Agrowiratama (see the verification finding for HCS in 1.1.1 above), however, participatory mapping has been conducted by integrating the participatory land use planning in it as seen in the land tenure assessment (finalized on 29 October 2018). Measures to maintain or enhance local food security are also included in the land use planning.</p> <p>ICLUP and participatory land use planning have just been recently developed in December 2018, thus the implementation of measures to maintain or enhance local food security cannot yet be verified. This implementation can be verified in annual POIG verification audit and not necessarily through this Action Plan verification. Thus overall, this verification concludes that Musim Mas has complied with indicators <u>2.2.2</u>; 2.2.3; and 2.2.4.</p>	<p>this Action Plan for POIG verification audit 2016 – 2017.</p> <p>HCS assessments, each for PT Maju Aneka Sawit and PT Unggul Lestari have been completed according to the applicable HCSA toolkits where food security issues are included in them.</p> <p>There is no HCS assessment required for PT Berkat Sawit Sejati and PT Siringo Ringo. The same applies for PT Agrowiratama as both companies have conducted participatory mapping integrated with land use planning and included measures to maintain or enhance local food security.</p> <p>It is concluded that during this Action Plan verification, non-conformities with indicators <u>2.2.2</u>; 2.2.3; and 2.2.4 as identified in POIG verification audit 2018 can be closed.</p>
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>Previous Verification March 2018</p> <p>Non-conformity with indicator 2.6.2 is still open.</p>	<p>Non-conformity with indicator 2.6.2 is closed.</p>

		<p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Musim Mas Sustainability Report 2017 v.1.3. <p>Musim Mas Report on its support to smallholders, both scheme smallholders and independent smallholders are available in Musim Mas Sustainability Report 2017 v.1.3 which is available to the public.</p> <p>This verification concludes that Musim Mas has complied with indicator 2.6.2.</p>	
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>Previous Verification March 2018</p> <p>Non-conformity with indicator 3.1.2 is closed.</p> <p>Current Verification January 2019</p> <p>No further verification made.</p>	Non-conformity with indicator 3.1.2 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>Previous Verification March 2018</p> <p>Non-conformities with indicators <u>3.3.1</u> and 3.3.2 are still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Musim Mas Sustainability Report 2017 v.1.3. <p>Musim Mas has released its Sustainability Report 2017 v.1.3 on its website, which is available to the public. The report will be updated and released every two years. All issues relevant to compliance with this Charter (RSPO and POIG indicators) are available in the report.</p> <p>Musim Mas Sustainability Report has been prepared in accordance with the GRI Standards: Core option.</p>	<p>Non-conformities with indicator <u>3.3.1</u> and 3.3.2 are closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>POIG indicators <u>3.3.1</u> and 3.3.2 are applicable for the whole Musim Mas as a group.</p> <p>It is concluded that during this Action Plan verification, non-conformities with indicators <u>3.3.1</u> and 3.3.2 as identified in POIG verification audit 2018 can be closed.</p>

		<p>Details relating to the company's governance of its sustainability systems are available in this format.</p> <p>This verification concludes that Musim Mas has complied with indicators <u>3.3.1</u> and 3.3.2.</p>	
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>Previous Verification March 2018</p> <p>Non-conformity with indicator 3.4.4 is still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Letter from POIG Organizing Committee (POIG OC) on clarifications and decisions on Musim Mas compliance with POIG indicators (v. March 2016), dated 20 December 2018. • Musim Mas Policy on its commitment for purchasing 100% RSPO certified FFB with exception for the FFB supply from independent smallholders, signed in April 2018. <p>In actual implementation, it is confirmed that all Musim Mas mills only purchased 100% RSPO certified FFB with exception for the FFB supply from independent smallholders in one of the visited mills since even before its commitment to POIG Charter in November 2015.</p> <p>As stated in the letter from POIG OC: <i>"Indicator 3.4.4 requires that a policy for purchasing 100% RSPO certified FFB within 24 months of signing the POIG Charter is developed, implemented and monitored for progress. At the time of the verification by Rainforest Alliance, the policy was not yet finalised, and thus Musim Mas was found not to be in compliance with</i></p>	<p>Non-conformity with indicator 3.4.4 is closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>POIG indicator 3.4.4 is applicable for the whole Musim Mas as a group.</p> <p>It is concluded that during this Action Plan verification, non-conformity with indicator 3.4.4 as identified in POIG verification audit 2018 can be closed.</p>

		<p><i>this indicator. Although Musim Mas did not achieve compliance within the given timeline stated under 3.4.4, the OC confirms that if the action was completed after the cut-off date, the non-conformance can be considered corrected and closed.”</i></p> <p>Based on this statement, it is concluded that Musim Mas has complied with indicator 3.4.4.</p>	
3.5.1	<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 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.</p>	<p>Previous Verification March 2018</p> <p>Non-conformity with indicator 3.5.1 is still open.</p> <p>Current Verification January 2019</p> <p>Reviewed documents:</p> <ul style="list-style-type: none"> • Letter from POIG Organizing Committee (POIG OC) on clarifications and decisions on Musim Mas compliance with POIG indicators (v. March 2016), dated 20 December 2018. <p>As stated in the letter from POIG OC: <i>“Indicator 3.5.1 stipulates that compliance with the requirements of the Charter, including the POIG indicators, is independently verified⁴ within 12 months after signing the commitment to POIG. However, as part of the conditions of membership, Musim Mas was also required to undergo a comprehensive labour assessment in their first year, which was considered to be a critical step in preparing for verification. Musim Mas undertook this assessment in 2016 and, as a result, was only able to schedule their first set of POIG verification audits in December 2016, 13 months following their membership approval date. Given this and other circumstances, which are specific to the case</i></p>	<p>Non-conformity with indicator <u>3.5.1</u> is closed.</p> <p>Additional notes on POIG verification audit 2018</p> <p>POIG indicator <u>3.5.1</u> is applicable for the whole Musim Mas as a group.</p> <p>It is concluded that during this Action Plan verification, non-conformity with indicator <u>3.5.1</u> as identified in POIG verification audit 2018 can be closed.</p>

⁴ Confirmed by the OC that 3.5.1 refers to undergoing the first verification audit within 12 months of signing the commitment to the Charter, and not successful completion of verification. Please view the POIG Verification Audit Requirements for further information.

		<p><i>of Musim Mas, the OC made the decision to grant a retroactive extension of the timeline for compliance with POIG indicator 3.5.1 in June 2018.”</i></p> <p>Based on this statement, it is concluded that Musim Mas has complied with indicator <u>3.5.1</u>.</p>	
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