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## Musim Mas Action Plan to Address POIG Audit Compliance

### Verification Report for:

Musim Mas Group  
in  
Indonesia

Report Finalized : 10 January 2020  
Verification Dates : 27 – 28 June 2019 and 17 July 2019  
Verification Team : Iwan Kurniawan  
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## 1. BACKGROUND

Musim Mas has engaged Rainforest Alliance to carry out the second-year audit to verify level of compliance of Musim Mas operations with the POIG Verification Indicators since its POIG membership in November 2015. The second-year audit was carried out during a range of time on 6 – 8 February 2018, 6 – 8 March 2018, 19 – 22 March 2018, and 17 – 20 April 2018. The audit report was finalized in January 2019 and several key findings were identified as listed below:

- Similar to the finding of the first-year audit in 2017, the HCS identification equal to HCS approach, identification of critical peatland ecosystems, and participatory land use planning addressing food security issue were not yet completed. This finding has led to non-conformities with indicators<sup>1</sup>: 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.2.3, 1.2.4, 2.2.2, 2.2.3 and 2.2.4.
- Musim Mas will include all information for public as required by POIG in its Sustainability Report. However, the report has not been published. This has led to non-conformities with indicators: 1.1.6, 1.2.7, 1.3.3, 1.5.3, 1.7.3, 3.3.1, and 3.3.2.
- Adjustment on practices on the pesticides application, surface water analysis, water stewardship for water equity, and the development of policies were still on progress. These were indicated as non-conformities with indicators: 1.4.1, 1.4.3, 1.5.2, 1.7.4, and 3.4.4.
- Due to the specification of timeline in several POIG indicators, non-conformities with indicators 3.5.1 and 3.5.3 were identified. It is expected for POIG to decide Musim Mas compliance with these indicators.
- Different characteristic of supply bases of mills selected for the second-year verification has led to non-conformities with indicators 2.5.14, 2.6.4, 3.2.1, 3.2.2, and 3.2.3.

The Action Plan outlining the actions and timelines to close the non-conformities from the second-year audit was developed by Musim Mas management and finalized in May 2019.

On 1st October 2018, Rainforest Alliance certification and auditing services which were managed and implemented within its RA-Cert Division were acquired by NEPCon. This verification of Action Plan was then conducted by NEPCon on 27-28 June 2019 and 17 July 2019 to verify the implementation of Action Plan to close the non-conformities identified in the second-year audit.

## 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 – May 2019

### 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

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

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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 sample for the second-year audit in 2018. Those four mills are: Berkat Sawit Sejati (BSS), Unggul Lestari (UL), Maju Aneka Sawit (MAS), and Siringo Ringo (SRR). The detail of the scope presented in section below is based on the condition during the second-year audit in 2018.

#### 1.3.1 Detail of the Scope

Palm Oil Mill	Address	Location		Supply Base
		Longitude	Latitude	
Berkat Sawit Sejati	Desa Tampang Baru, Kecamatan Bayung Lencir, Kabupaten Musi Banyuasin, Propinsi Sumatera Selatan, Indonesia.	E 103° 42' 41.9"	S 2° 19' 9.4"	Sei Tungkal Estate
				Sei Berau Estate
				Kas Desa Pangkalan Tungkal
				Independent smallholders <sup>2</sup>
Unggul Lestari	Desa Tumbang Sepayang, Kecamatan Antang Kalang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, Indonesia.	E 112° 35' 55.79"	S 01° 35' 45.04"	Estate I - PT.UL
				Estate II - PT.UL
				Kas Desa Tribuana
				Kas Desa Bukit Indah
Maju Aneka Sawit	Desa Tanah Putih, Kecamatan Telawang, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah, Indonesia	E 112° 38' 51.4"	S 2° 28' 41.4"	Tanah Mas Estate
				Alam Sahara Estate
				Kas Desa Tanah Putih
				Kas Desa Penyang
Siringo Ringo	Jl. Siringo Ringo, Desa Bandar Kumbul, Kecamatan Bilah Barat, Kabupaten Labuhan Batu, Rantau Prapat, Propinsi Sumatera Utara, Indonesia	E 99° 45' 57.9"	N 02° 05' 47.8"	Siringo Ringo Estate
				Independent smallholders <sup>3</sup>

## 3. VERIFICATION PROCESS

### 3.1 Inspection Body – NEPCon

NEPCon is a non-profit organization that builds commitment and capacity for mainstreaming sustainability. NEPCon foster 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

<sup>2</sup> The "List of Musim Mas mills and supply bases" submitted by Musim Mas in 2016 and 2018 are according to the list of supply bases in the RSPO certificate, which does not include independent smallholders. The availability of this supply base is observed during the visit to this mill. This supply base is no longer supplying FFB to the mill since February 2018.

<sup>3</sup> The "List of Musim Mas mills and supply bases" submitted by Musim Mas in 2016 and 2018 are according to the list of supply bases in the RSPO certificate, which does not include independent smallholders. The availability of this supply base is observed during the visit to this mill.

a leap forward, following signing of the formal agreement covering all necessary terms for a successful transition by 1st October 2018.

This will result in unifying resources between NEPCon and RA-Cert’s sustainable certification services and leveraging NEPCon 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 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. Currently, he is the Agriculture Auditing Services Associates of NEPCon.

**3.3 Method**

The verification of Action Plan is conducted through documents review and interviews with relevant staff. Site visit and interview with smallholders were also conducted at SRR to verify non-conformities related to the supply bases of this mill.

## 4. VERIFICATION RESULT

**4.1 Summary**

The Action Plan addresses all the non-conformities identified in the second-year audit. This verification concludes that all identified non-conformities are closed.

The completion of HCS identification equal to HCS approach in UL and MAS, and the completion of participatory land use planning in SRR and BSS are evidences that non-conformities with indicators under requirement 1.1 and indicators 2.2.2, 2.2.3 and 2.2.4 on food security are closed. The work to meet compliance with indicators 1.2.3 and 1.2.4 on the identification of critical peatland ecosystem involves the government. It is verified that Musim Mas has fulfilled its responsibilities for this work and thus non-conformities with these indicators are also closed.

Musim Mas has published its Sustainability Report in November 2018. With this, non-conformities with indicators 1.1.6, 1.2.7, 1.3.3, 1.5.3, 1.7.3, 3.3.1, and 3.3.2 which are related to the requirement for the availability of information for public are closed. Compliance with indicators 3.5.1 and 3.5.3 is also met based on POIG decision described in a letter from POIG dated 20 December 2018 for Musim Mas.

#### 4.2 Detail of the finding

Non-Compliance:	Major: 1 (indicator 1.1.3)	Minor: 5
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Indicator:	<p>1.1 High Carbon Stock and High Conservation Values</p> <p>The link between oil palm expansion and deforestation will be broken through undertaking a High Carbon Stock (HCS) approach in addition to a High Conservation Value (HCV) assessment, and a process of obtaining Free, Prior and Informed Consent to use land. The approach combines biodiversity and carbon conservation, as well as social considerations (including community needs).</p> <p>Partial Compliance to :</p> <p>1.1.1 Prior to establishing new plantations or expanding existing ones,<sup>4</sup> in addition to or integrated with a HCV assessment,<sup>5</sup> a HCS approach<sup>6</sup> which combines biodiversity, carbon conservation and social considerations (including community needs) has been conducted.</p> <p>1.1.2 HCS forest areas are identified and mapped.</p> <p>1.1.3 After March 2014 no new plantings take place in HCS forest areas identified for conservation.</p> <p>1.1.4 Community participatory mapping has identified and mapped garden and future farmlands<sup>7</sup> that are fundamental to meeting their basic food needs over the license period of the plantation, and excluded them from being considered HCS forest.</p> <p>1.1.5 HCS forest areas are actively conserved as part of a community participatory land use plan including FPIC,<sup>8</sup> and an integrated conservation and land use plan (that includes HCV areas, riparian zones, and peatland areas).</p> <p>1.1.6 A summary report of the HCS assessment including maps is made public.</p>
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<sup>4</sup> Does not apply to infill areas less than 2 hectares, provided this is not encroaching on protected lands (e.g. riparian zones, HCV, etc.). Where the previous HCS assessments are older than 3 years, a new assessment would need to be conducted.

## Description of Non-Compliance

Each of the visited mills is subjected to Musim Mas Sustainability Policy (December 2014) that states Musim Mas commitment to protect HCS forest. However, new planting has been conducted after November 2015 (the time when Musim Mas signed the commitment to the Charter) in supply bases of two visited mills while the HCS assessments that cover these supply bases are still in progress.

One mill was not required to conduct HCS assessment because based on document review and field visit, there was no area of native vegetation found in this mill and its supply bases. HCS assessment of three visited mills are still in progress, thus the final HCS forest identification and map is not available yet.

It is noted that based on the field observation and land cover changes analysis, there is no area of potential as HCS forest being converted for plantation during those periods. However, since the HCS assessment is still in progress, there is still risk for HCS forest being converted.

One mill was not required to conduct participatory mapping to identify and map garden and future farmlands since based on document review and field visit, there was no area where communities have legal, customary or user rights to the land on the HGU of this mill and its supply bases. Three visited mills are still required to conduct participatory mapping and at the time of this verification, participatory mapping has been conducted for each affected village of only two out of three mills. Each participatory mapping identified and mapped garden and future farmlands that are fundamental for the community of the relevant village to meet their basic food needs.

Each of the visited mills have the conservation plan of HCV areas (or other conservation areas such as riparian zones and peatland) with the participation of the surrounding communities. MOU regarding the participation of communities to conserve these areas was available. It was also clarified during the stakeholder consultation that the communities were aware of this MOU and its content. However, the whole process is not in accordance yet with the participatory land use planning as required by this indicator. At the time of this verification, participatory land use planning has not been conducted yet at each of the visited mills.

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<sup>5</sup> This must be carried out by a licensed assessor under the HCVRN scheme.

<sup>6</sup> Currently the [HCS Approach](#) and definitions are the only practical approach available. An HCS assessment is not required for areas entirely composed of non-native vegetation.

<sup>7</sup> Applies to lands where communities have legal, customary or user rights to the land.

<sup>8</sup> Applies to lands where communities have legal, customary or user rights to the land.



The HCS assessment following or equivalent to HCS approach has not been completed yet.	
Corrective Action:	<p>The HCS assessment for the two mills has been submitted to HCSA and completed the peer review process. The summary report for the assessment are available at <a href="http://highcarbonstock.org/wp-content/uploads/2018/11/HCSA-Report-PT.-MAS-131118.pdf">http://highcarbonstock.org/wp-content/uploads/2018/11/HCSA-Report-PT.-MAS-131118.pdf</a> and <a href="http://highcarbonstock.org/wp-content/uploads/2018/10/HCSA-Report-PT.-Unggul-Lestari-221018.pdf">http://highcarbonstock.org/wp-content/uploads/2018/10/HCSA-Report-PT.-Unggul-Lestari-221018.pdf</a></p> <p>The participatory mapping report and Integrated Conservation Land Use Planning (ICLUP) for both sites are completed and formed part of the peer review submission (see above).</p> <p>Participatory mapping of the remaining mill has been completed which showed the area consist of non-native vegetation and evidence that no future development due to the communities' unwillingness to relinquish their rights on the land are available (PT BSS).</p> <p>All the records will be verified by the CB in Q3 2019.</p>
Timeline for Compliance:	July 2019 for indicator 1.1.3 and February 2021 for indicators 1.1.1, 1.1.2, 1.1.4, 1.1.5, and 1.1.6.

#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung
Evaluation Findings:	The HCS assessments each for UL and MAS have been conducted in accordance with HCSA. The report review was completed on 22 October 2018 for UL and 19 November 2018 for MAS. In compliance with criteria 1.1.3, the assessments conclude that there is no area potential as HCS being planted after March 2014. Garden and future farmlands as indicated in indicator 1.1.4 are identified and mapped through PM process that was completed for eight villages in April 2018 for

	<p>UL and seven villages in May 2018 for MAS. All PMs also include the process and result of the community participatory land use plan. The identified HCS forest maps (indicator 1.1.2), integrated conservation and land use plan (indicator 1.1.5) are available in each report. Both reports, including their summary and review process, are available for public at HCSA website which prove compliance with indicator 1.1.6.</p> <p>HCS assessment for SRR, as mentioned in the POIG verification report 2018, is not required. While for BSS, based on the provided evidences, it is also concluded that HCS assessment is not required. The evidences show that there is no land available for new development at BSS since the communities have decided to say no for future development. This decision is made in accordance with proper FPIC procedures. In addition, there is evidence that shows no new planting has been conducted at BSS since March 2014.</p> <p>In compliance with indicator 1.1.5, PM which includes community participatory land use plan was conducted for two villages in December 2018 for SRR and for seven villages in June 2019 for BSS. Based on these results, integrated conservation and land use plans for HCV areas and riparian zones were developed in both SRR and BSS.</p>		
Status:	Non-compliances with indicators 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5, and 1.1.6 are closed.		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: None	Minor: 3
Indicator:	<p>1.2 Peatland</p> <ul style="list-style-type: none"> <li>- No peat clearance: All areas of undeveloped peatlands (peat of any depth) are protected and all drainage, fires or road building on peat soils is prohibited.</li> <li>- Maintenance of peatlands: Water tables are managed in existing plantations on peat in order to minimise both the subsidence of the peat and the release of GHG emissions. Strategies are employed to progressively restore critical peatland ecosystems, with a preference for replanting on mineral soils, including via 'land swaps'.</li> </ul> <p>Partial compliance to:</p> <p>1.2.3 Where there is existing planting on peat, critical peatland ecosystems are identified and assessed for restoration opportunities.</p> <p>1.2.4 Based on the results of the assessment above (1.2.3), peatland restoration strategies that are time-bound and expert reviewed are developed and implemented, including those to replant on mineral soils using 'land swaps'.</p> <p>Non compliance to:</p> <p>1.2.7 A report will be made public that includes assessments and maps of all peatlands (of any depth) within the company land bank, critical peatland ecosystems, planted peatlands, and degraded or planted areas identified for peatland restoration.</p>		
Description of Non-Compliance			

Musim Mas has engaged the Indonesian Environmental and Forestry Ministry or Kementerian Lingkungan Hidup dan Kehutanan (KLHK) at the end of 2017 for the critical peatland ecosystems assessment in its operations. This includes the critical peatland ecosystems assessment in supply bases of one of the visited mills.

At the time of this verification, the assessment for the supply bases of one of the visited mills is still in progress. The company mapped the peatland based on government decision letter or SK. 130/MENLHK/SEKJEN/PKL.0/2/2017 about National Peatland Ecosystem Function Map or Penetapan Peta Fungsi Ekosistem Gambut Nasional, which indicates peatland for protection or restoration. Based on the map, water level and rainfall monitoring plots were set by the government. The company established these monitoring plots on the ground. They also monitored biweekly the water level and rainfall in the relevant monitoring plots. The monitoring records between January 2018 and March 2018 were available. These records will be submitted to KLHK every six months to be reviewed and used by the government as basis for the identification of critical peatland ecosystems and its restoration plan.

The map of peatland (of any depth) and planted peatland is available for the supply bases where the peatland exists. However, this map is not available yet for public. In addition, the critical peatland ecosystems assessment is still in progress, thus the map of critical peatland ecosystem and areas for peatland restoration is not available yet.

<p>Corrective Action:</p>	<p>The progress with KLHK is still ongoing and Musim Mas has reported the progress to KLHK regularly. The critical peat identification process is dependent on third party (KLHK).</p> <p>Peat maps have been published in Musim Mas Sustainability Report. The report is available at <a href="http://www.musimmas.com/news/resources">http://www.musimmas.com/news/resources</a>.</p> <p>All the progress records will be verified by the CB in Q3 2019.</p> <p>This non-conformance is similiar to the non-conformance identified in Musim Mas first POIG verification audit. In the 2018 action verification report conducted by the CB on 8 January 2019, the CB has verified that Musim Mas has carried out its responsibilities, and publish the peat maps, therefore it is concluded Musim Mas has complied with indicators 1.2.3, 1.2.4 and 1.2.7.</p>
<p>Timeline for Compliance:</p>	<p>February 2021</p>

## Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung		
Evaluation Findings:	<p>Existing plantations on peat are available at estates under MAS and GAP (Globalindo Alam Perkasa, one of MAS supply bases, Alam Sahara Estate belongs to this company). FFB from those plantations is processed at MAS mill. Surface water monitoring and rainfall monitoring plots is established in the field based on government decision letter SK 89/PPKL/PK6/PKL.0/12/2017 for MAS and SK 44/PPKL/PKG/PKL.0/11/2017 for GAP. The monitoring result for the first three months (January to March 2018) was reported to the local government on 17 April 2018. The latest monitoring result (January to March 2019) was reported on 27 May 2019. The government will evaluate the result of the monitoring and later make the decision on the peatland status. There is no specific time stated by the government for this evaluation.</p> <p>Musim Mas has carried out its responsibilities in critical peatland ecosystem identification involving the government (indicators 1.2.3 and 1.2.4). Information related to peat areas in its plantations and progress of this critical peatland ecosystem identification are available in Musim Mas Sustainability Report 2018 (indicator 1.2.7).</p>		
Status:	Non-compliances with indicators 1.2.3, 1.2.4, and 1.2.7 are closed.		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: 1 (1.3.3)	Minor: None
Indicator:	<p>1.3 Greenhouse Gas (GHG) Accountability</p> <p>Partial compliance to :</p> <p>1.3.3 Annual GHG emissions from all sources and progress towards the targets documented in 1.3.2 are publicly reported.</p>		
Description of Non-Compliance			
<p>The result of GHG emissions identification and monitoring for each of the visited mills is available in its RSPO audit report, which is available to the public. However, the progress toward the target is not available yet to the public.</p>			
Corrective Action:	<p>The target and progress toward target regarding GHG are reported in Musim Mas Sustainability Report. The report is available at <a href="http://www.musimmas.com/news/resources">http://www.musimmas.com/news/resources</a>.</p> <p>The compliance for this indicator has been verified by the CB during action plan verification of the first report on 8 January 2019. Auditor has noted full compliance for this indicator.</p>		
Timeline for Compliance:	July 2019		

#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung
Evaluation Findings:	Target of GHG reduction and progress towards achieving the target is set at group level to include all Musim Mas operations. In compliance with indicator 1.3.3, this information is available in Musim Mas Sustainability Report 2018.

	Musim Mas is committed to reach 55% GHG reduction (per ton of CPO) in 2025 in comparison to its GHG emission in 2006 (5.96 tCO <sub>2</sub> e/tCPO). Based on 2018 GHG emission, Musim Mas has already reached 2.8 tCO <sub>2</sub> e/tCPO or 53% GHG reduction which is close to achieving its target.		
Status:	Non-compliance with indicator 1.3.3 is closed.		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:	Major: 1 (1.4.1)	Minor: 1 (1.4.3)
Indicator:	<p>1.4 Pesticide use minimization</p> <p>Partial compliance to :</p> <p>1.4.1 Highly toxic, bio-accumulative and persistent pesticides (PBT) are prohibited. This includes chemicals listed by the following: a) World Health Organization Class 1A or 1B, Stockholm or Rotterdam Conventions, b) FSC 'Highly Hazardous' list, c) SAN prohibited pesticide list and d) Paraquat.</p> <p>1.4.3 Emergency use of listed pesticides is permitted subject to POIG Organising Committee approval.</p>	
Description of Non-Compliance		

Each of the visited mills is subjected to Musim Mas's policy to stop the use of paraquat on all of its plantations (2011). Based on document review, interview and field visit, there was no use of paraquat observed at each of the visited mills.

However, based on review of pesticides application records (2017 and early 2018) and visits to the chemical storage, each of the visited mills applied coumatetralyl for rat control. Warfarin was also used in some mills as substitute for coumatetralyl. Both pesticides are categorized as WHO Class 1B and Globally Harmonized System GHS Class 1 reproductive toxicity. The current SAN prohibited pesticides list (2017) also refers to WHO and GHS, thus these pesticides are also included in the list.

The approval from POIG Organizing Committee is not available yet for the emergency use of prohibited pesticides.

Corrective Action:	<p>Musim Mas has obtained the approval from POIG for the use and phase out plan of the listed pesticides.</p> <p>The compliance for this indicator has been verified by the CB during action plan verification of the first report on 8 January 2019. Auditor has noted full compliance for this indicator.</p> <p>The use of pesticides and progress of phase out plan will be evaluated by the CB in Q3 2019.</p>
Timeline for Compliance:	July 2019 for indicator 1.4.1 and February 2021 for indicator 1.4.3

#### Evaluation of Corrective Actions

Compliance Evaluation:	27 June 2019 at Siringo Ringo and 17 July 2019 at PT. Musim Mas - Pangkalan Lesung
Evaluation Findings:	<p>Based on review on pesticides stock and application for UL, MAS, BSS, and SRR, there is no application of Brodifacoum and Permethrin have been phased out in December 2018), and Carbosulfan (shall be used with POIG approval) since 20 December 2018. Visit to chemical storage at SRR has also confirmed this information.</p> <p>There is no violation of POIG OC decision on pesticides usage by Musim Mas.</p>



Status:	Non-compliances with indicators 1.4.1 and 1.4.3 are closed.		
Evaluation Method:	On-site observation and desk review	Level of Effort:	4 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:	Major: None	Minor: 2
Indicator:	<p>1.5 Chemical Fertilizer</p> <p>Partial Compliance to :</p> <p>1.5.2 Phosphorus and nitrogen levels in relevant watercourses are monitored and when the results of monitoring indicate an increased level of such elements in water due to fertiliser application, company will adjust fertiliser rates and procedures.</p> <p>1.5.3 Results of phosphorous and nitrogen monitoring in water courses are included in public reporting.</p>	
Description of Non-Compliance		
<p>At one of the visited mills, the location of all sampling points has been designated and they represented the inlet and outlet position of all available watercourse. However, the monitoring has only been conducted to several of these sampling points (11 out of 19 sampling points). The management clarified that they were not able to complete the analysis prior the submission of environmental reporting in the second semester of 2017, thus it is postponed for the second semester of 2018 reporting.</p> <p>The other three mills have monitored phosphorus and nitrogen levels at all sampling points that represent the inlet and outlet position of each available watercourse. Map that indicates the watercourses and the location of the sampling points and the result of the monitoring for the second semester of 2017 are available and have been reviewed. The result showed that there is no increase of phosphorus and nitrogen levels</p>		

along the presented watercourses. Phosphorus and nitrogen levels in relevant watercourses will be monitored annually, in which the next monitoring is going to be conducted in the second semester of 2018.

Musim Mas also has 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.

The results of phosphorous and nitrogen monitoring has not been published yet.

Corrective Action:	<p>Additional 8 sampling points have been taken into account when the company take water sample for water quality monitoring.</p> <p>The records will be verified by the CB in Q3 2019.</p> <p>The result of Phosphorous and Nitrogen have been published in Musim Mas Sustainability Report. The report is available at <a href="http://www.musimmas.com/news/resources">http://www.musimmas.com/news/resources</a>. The compliance for this indicator has been verified by the CB during action plan verification of the first report on 8 January 2019. Auditor has noted full compliance for this indicator.</p>
Timeline for Compliance:	February 2021

#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung
Evaluation Findings:	Incompliance with indicator 1.5.2, additional water analysis for eight sampling points at BSS has been conducted. Overall, the available sampling points are sufficient for phosphorus and nitrogen monitoring (inlet and outlet) of seven rivers passing through BSS areas. Monitoring result is included in December 2018 report which shows no increase of phosphorus and nitrogen from inlet to outlet.

	<p>Procedures to deal with the result of the monitoring is available and implemented to all Musim Mas operations. This include the adjustment of fertilizer input if the increase of phosphorus and nitrogen is detected.</p> <p>The result of water analysis, including the phosphorus and nitrogen level analysis is available in Musim Mas Sustainability Report 2018 (indicator 1.5.3).</p>		
Status:	Non-compliances with indicators 1.5.2 and 1.5.3 are closed.		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: None	Minor: 2
Indicator:	<p>1.7 Water Accountability</p> <p>Partial Compliance to :</p> <p>1.7.3 Water use, consumption and pollution by plantations and mills are included in public reporting.</p> <p>1.7.4 A water stewardship assessment is undertaken involving relevant stakeholders to address water equity issues.<sup>9</sup></p>		
Description of Non-Compliance			
<p>The information on water use, consumption and pollution by mills and plantations have yet to be included in public reporting.</p> <p>Three of the visited mills have been rewarded “Proper Biru” from the government while one mill is still in progress to obtain it. Part of the qualifications for this award is the national laws and regulations’ full compliance for water management and for wastewater management, which is aligned with the requirement for water stewardship assessment. However, the process to obtain this award has yet to include the involvement of all relevant stakeholders to address water equity issue which is required by this indicator.</p> <p>Each of the visited mills expects to engage the communities and other relevant stakeholders at its vicinity to address the water equity issues in the second semester of 2018.</p>			
Corrective Action:	<p>The information on water use, consumption and pollution by mills and plantations have been reported in Musim Mas Sustainability Report. The report is available at <a href="http://www.musimmas.com/news/resources">http://www.musimmas.com/news/resources</a>. The compliance for this indicator has been verified</p>		

<sup>9</sup> A plan to engage relevant stakeholders is available, which entails steps towards their engagement to arrive at an equitable and sustainable use of shared water resources.

	<p>by the CB during action plan verification of the first report on 8 January 2019. Auditor has noted full compliance for indicator 1.7.3.</p> <p>Musim Mas has engaged the surrounding communities and relevant stakeholders on water equity issues.</p> <p>The records will be verified by the CB in Q3 2019.</p>
Timeline for Compliance:	February 2021

#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung		
Evaluation Findings:	<p>The information on water use, consumption and pollution by Musim Mas mills and plantations is available in Musim Mas Sustainability Report 2018 (indicator 1.7.3).</p> <p>Incompliance with indicator 1.7.4, stakeholder consultation to address water equity issue has been conducted in April 2018 for UL, in March 2018 for MAS, in July 2018 for SRR, and in October 2018 for BSS.</p>		
Status:	Non-compliances with indicators 1.7.3 and 1.7.4 are closed		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: 1 (2.2.2)	Minor: 2
Indicator:	<p>2.2 Food security</p> <p>As part of the Free, Prior and Informed Consent process, participatory Social Impact Assessments and participatory land use planning with indigenous and local communities, food security is maintained or strengthened in order to maintain their land use choice and future food security options. This will include not undermining local control of and diversity of food production systems. There is transparency of the land allocation process.</p> <p>Partial compliance to :</p> <p>2.2.2 After March 2014, in new plantations or expansion of existing plantations, a minimum of 0.5 ha<sup>10</sup> of garden or farmland per person is identified via participatory mapping, and enclaved for meeting food security needs.</p> <p>2.2.3 Measures designed to maintain or enhance local food security are included in participatory land use planning, including transparency in any land allocation process.</p> <p>Non compliance to:</p> <p>2.2.4 Evidence that measures identified in assessments and planning are being implemented and are effective.</p>		

<sup>10</sup> The area may be outside the concession, and it may exceed the minimum of 0.5 ha per person (in a family unit of indigenous or local communities) depending on fallow periods, garden and farming systems, soil fertility etc.

Description of Non-Compliance	
<p>As stated in 1.1.3, new planting has been conducted after March 2014 in supply bases of two visited mills. These two mills have conducted participatory mapping for each affected village in early 2018. Each participatory mapping identified and mapped garden and future farmlands that are fundamental for the community of the relevant village to meet their basic food needs. However, the garden and farmland for each individual have not been identified as required by this indicator, thus it cannot show that a minimum of 0.5 ha of garden or farmland per person has been enclaved to meet food security needs during the new planting after March 2014.</p> <p>Each of the visited mills does have programme to maintain or enhance local food security as stated in 2.2.1. However, it has not been included in participatory land use planning as required by this indicator. At the time of this verification, participatory land use planning has not yet been conducted at each of the visited mills.</p> <p>Participatory land use planning is not available yet at each of the visited mills.</p>	
<p>Corrective Action:</p>	<p>The HCS assessment following HCSA for the two mills have been completed. The summary report for the assessment are available at <a href="http://highcarbonstock.org/wp-content/uploads/2018/11/HCSA-Report-PT.-MAS-131118.pdf">http://highcarbonstock.org/wp-content/uploads/2018/11/HCSA-Report-PT.-MAS-131118.pdf</a> and <a href="http://highcarbonstock.org/wp-content/uploads/2018/10/HCSA-Report-PT.-Unggul-Lestari-221018.pdf">http://highcarbonstock.org/wp-content/uploads/2018/10/HCSA-Report-PT.-Unggul-Lestari-221018.pdf</a></p> <p>The peer review reports for both assessments has indicated there is no issue of food security.</p> <p>The participatory mapping report and Integrated Conservation Land Use Planning (ICLUP) for both sites are completed.</p> <p>A report to show the remaining area in PT BSS are consist of non native vegetation and evidence that PT BSS has no future development due to the communities' unwillingness to relinquish their rights on the land are available.</p> <p>All the records will be verified by the CB in Q3 2019.</p>

Timeline for Compliance:	July 2019 for indicator 2.2.2 and February 2021 for indicators 2.2.3 and 2.2.4.
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#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung		
Evaluation Findings:	<p>As mentioned in description for requirement 1.1 above, participatory land use planning has been conducted for UL and MAS as part of the HCS assessment., While for BSS and SRR, participatory land use planning has been conducted as part of the participatory mapping process.</p> <p>The availability of garden or farmland is clearly identified in the participatory land use planning. In all villages affected by each mill, there is more than 0.5 ha of land suitable for garden and farmland available per person (in family unit of local communities).</p> <p>The available program to maintain or enhance local food security has been included in the participatory land use planning for all mills. Its implementation is ongoing. The development of Kas Desa and donation for fisheries and cattle for the communities are some of the program in which the evidences for their implementation and effectiveness are available.</p>		
Status:	Non-compliances with indicators 2.2.2, 2.2.3, and 2.2.4 are closed.		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		



Non-Compliance:		Major: None	Minor: 1
Indicator:	<p>2.5. Workers' rights</p> <p>Palm oil producers shall respect worker's rights including the International Labour Organization (ILO) requirements for 'decent work' and core conventions on child labour, forced or compulsory labour, freedom of association, and elimination of discrimination.</p> <p>Non compliance to :</p> <p>2.5.14 Growers and millers conduct a risk assessment of their Fresh Fruit Bunches (FFB) supply chain to identify and take steps to address risk of forced labour, human trafficking and child labour.</p>		
Description of Non-Compliance			
<p>All of the supply bases for three of the visited mills are under direct management of the respective mill, thus the risk assessment as requested by this indicator is not necessary. However, one of the visited mills, at the time of this verification, has independent smallholders in its supply bases. The mill did not conduct risk assessment addressing risk of force labour, human trafficking and child labour for these independent smallholders.</p>			
Corrective Action:	<p>Musim Mas has started to conduct risk assessment for force labour, human trafficking and child labour for independent smallholders.</p> <p>The progress can be verified by the CB in Q3 2019.</p>		
Timeline for Compliance:	February 2021		

## Evaluation of Corrective Actions

Compliance Evaluation:	27 - 28 June 2019 at Siringo Ringo		
Evaluation Findings:	Risk assessment to address risk of force labor, human trafficking and child labor has been conducted for independent smallholders supplying FFB to SRR in May 2019. The procedures indicating sampling method and frequency of the assessment is available. The sampling method is based on RSPO that is $x = (0.8\sqrt{y}) \times (z)$ where x is the number of sample, y is the total number or population, and z is multiplier based on the risk (Musim Mas uses 1.4 which is multiplier value for high risk). This assessment will be conducted annually. This first risk assessment was conducted based on sample consisted of 124 farmers (the minimum requirement based on the sampling method is 71 of 4,000 suppliers) with 420 workers and conclude that there is no risk of force labor, human trafficking and child labor available.		
Status:	Non-compliance with indicator 2.5.14 is closed.		
Evaluation Method:	On site interview/observation and desk review.	Level of Effort:	1 day and 2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: None	Minor: 1
Indicator:	<p>2.6 Support to smallholder</p> <p>Contracts with smallholders are based on a fair, transparent and accountable partnership. Smallholders are supported to improve economic, social and environmental outcomes including: increase productivity to a comparable benchmark of productivity for the region and a target of having the same productivity as the company nucleus plantation. The productivity gains shall be achieved without expansion that threatens local community food security or additional environmental impact, and support should include financial management and budgeting, logistics and FFB processing, and improved market access such as through group certification. Companies shall report on the support they have provided to smallholders.</p> <p>Partial compliance to :</p> <p>2.6.4 Develop a group certification plan for independent smallholder identified in the supply base of each mill within three years of the mill obtaining its own certificate and support the independent smallholders to achieve certification and progress towards POIG verification.</p>		
Description of Non-Compliance			
<p>Observation was made for one of the mills that at the time of this verification, the mill is still purchasing FFB from independent smallholders. Three of the visited mills, at the time of this verification did not have smallholders in their supply bases.</p> <p>As stated in 2.6.1, Musim Mas has a collaboration programme with IFC namely IPODS. The programme has also developed group certification plan (RSPO certification) for smallholders joining the programme. The plan included all activities i.e. socialisation of RSPO to the smallholders, internal audit, and the assessment of SEIA and HCV. For the first stage, it is expected to have a minimum of 500 independent smallholders to be included in RSPO certification audit in Q2 of 2019.</p>			

<p>The plan was developed by the time IPODS programme started in June 2015, which is within three years since the respective mill obtained its own certification in 2014. However, the plan did not specifically mention the progress towards POIG verification.</p>	
<p>Corrective Action:</p>	<p>Musim Mas has developed program (IPODS program) to assist independent smallholders to achieve RSPO certification. The program was started in 2015 with following steps:</p> <ol style="list-style-type: none"> <li>1. Awareness training program on GAP to the smallholders</li> <li>2. Engagement for interest in RSPO certification</li> <li>3. Socialization of RSPO Smallholder Standard to smallholders</li> <li>4. Conduct HCV, SIA, internal audit for gap assessment</li> <li>5. Apply for RSPO membership</li> <li>6. Undergo RSPO certification audit</li> </ol> <p>Currently Musim Mas has engaged up to 20,000 independent smallholders in this program and about 400 independent smallholders have expressed their interest for RSPO certification. Musim Mas in collaboration with IFC is preparing the smallholders group for the audit by end of 2019.</p> <p>Musim Mas will continue to engage and train the smallholders group towards POIG verification.</p>
<p>Timeline for Compliance:</p>	<p>February 2021</p>

#### Evaluation of Corrective Actions

<p>Compliance Evaluation:</p>	<p>27 - 28 June 2019 at Siringo Ringo</p>
<p>Evaluation Findings:</p>	<p>SRR has developed plan for the inclusion of independent smallholders into RSPO certification. The first batch of certification for 500 farmers (from total 6.000 farmers), will be conducted in Q3</p>

	<p>2019. The inclusion of smallholders in RSPO membership (in Q1 2019), the selection of CB for certification audit (in Q2 2019), and the training for the first batch of certification (in 2018 and 2019) have been conducted as planned.</p> <p>SRR has further developed the plan for the smallholders to reach compliance with POIG after they are RSPO certified. For the first batch of certification, the training and POIG assessment will be conducted in Q1 2021 and it is expected for the compliance to be reached in Q4 2023. For all batches, the POIG compliance is expected to be reached in Q4 2030.</p>		
Status:	Non-compliance with indicator 2.6.4 is closed.		
Evaluation Method:	On site interview/observation and desk review.	Level of Effort:	1 day and 2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: 1 (3.2.1)	Minor: 2
Indicator:	<p>3.2. Traceability</p> <p>Within 12 months of commitment to the Charter, all supply is fully traceable from company plantation and other suppliers' fields to their mills. Each party shall take responsibility for traceability in the components of the supply chain under their control and transparency with their supply chain partners.</p> <p>Non compliance to:</p> <p>3.2.1 Within 12 months of commitment to the Charter all mills under the management of the grower member have a traceability system in place to identify the location (at least GPS coordinates) of FFB production.</p> <p>3.2.2 Within 24 months of commitment to the Charter the mills under the management of the grower member will only source FFB from known and identified sources and not from illegal sources.</p> <p>3.2.3 Within 24 months of commitment to the Charter the company will have a time-bound plan to bring all FFB sourced into compliance with the POIG indicators and efforts to bring non-compliant smallholders into compliance are documented.</p>		
Description of Non-Compliance			
Each of the visited mills has traceability system in place to identify the location of its plantations and kas desa as its FFB source.			

However, two of the visited mills have purchased FFB from independent smallholders after November 2016 (12 months after Musim Mas signed the commitment to the Charter). At the time of this verification, these two mills have not completely identified the location (at least GPS coordinate) of these independent smallholders.

The plantations and kas desa are known and identified sources of FFB for each of the visited mills.

However, two of the visited mills have purchased FFB from independent smallholders after November 2017 (24 months after Musim Mas signed the commitment to the Charter). At the time of this verification, these two mills have not identified these independent smallholders completely and have not ensured that they are illegal sources.

The plantations and kas desa are included in the scope of this verification. While for smallholders, there is yet to have a time-bound plan to bring them into compliance with the POIG indicators.

<p>Corrective Action:</p>	<p>Musim Mas has completed traceability to plantation and obtain all GPS coordinates and relevant information to show they are not from illegal area for all FFB suppliers of PT Siringo Ringo in 2018. Detail records for the FFB suppliers can be verified by the CB in Q3 2019.</p> <p>Musim Mas has developed program (IPODS program) to assist independent smallholders to achieve RSPO certification (see above). The program was started in 2015 and currently Musim Mas has engaged up to 20,000 independent smallholders in this program and about 400 independent smallholders have expressed their interest for RSPO certification. Musim Mas in collaboration with IFC is preparing the smallholders group for the audit by end of 2019.</p> <p>Musim Mas will continue to engage and train the smallholders group towards POIG verification.</p>
<p>Timeline for Compliance:</p>	<p>July 2019 for indicator 3.2.1 and February 2021 for indicators 3.2.2 and 3.2.3.</p>

## Evaluation of Corrective Actions

Compliance Evaluation:	27 - 28 June 2019 at Siringo Ringo		
Evaluation Findings:	<p>The identification of all third-party suppliers was completed in January 2019. There are 3.399 smallholders and one big holder identified. GPS coordinate, sketched map, and the type of land right for each farm are available. This information is further clarified that FFB from third-party suppliers are from known and identified sources and not from illegal sources. Procedures for the initial identification of third-party supplier, and the evaluation and mapping of new inclusion is available.</p> <p>During this verification, field visit in two villages and interview with farmers and sub-traders were conducted. It is confirmed that farmers supplying FFB to SRR has been identified. The information captured in the evaluation form (GPS coordinate, sketch map, land right, etc.) is consistent with the actual condition. It is also confirmed that farmers who are not identified as third-party suppliers have never sold FFB to SRR. Sub-traders have been well informed on the requirements of SRR supply chain. They are aware that only FFB from the identified farmers can be supplied to SRR. The inclusion of new farmers must be informed to SRR prior to supplying FFB. SRR has developed capacity for the evaluation and mapping of smallholders.</p> <p>As mentioned in description for requirement 2.6 above, plan for POIG compliance is available.</p>		
Status:	Non-compliances with indicators 3.2.1, 3.2.2, and 3.2.3 are closed.		
Evaluation Method:	On-site interviews/observation and desk review.	Level of Effort:	1 day and 2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		



Non-Compliance:		Major: 1 (3.3.1)	Minor: 1
Indicator:	<p>3.3 Report on social, labour and environmental performance</p> <p>Disclose the company’s social, labour and environmental performance including the elements of the POIG Charter, and how the organisation demonstrates good governance of its sustainability system using the guidance of the Global Reporting Initiative (GRI) or equivalent approach.</p> <p>Partial compliance to :</p> <p>3.3.1 A publicly available sustainability report is prepared at a minimum every two years, covering as a minimum all issues relevant to compliance with this Charter. This includes relevant RSPO indicators and the additional POIG indicators.</p> <p>Non compliance to :</p> <p>3.3.2 The public sustainability report includes details relating to the company’s governance of its sustainability systems, consistent with the GRI Sustainability Reporting Guidelines (or equivalent approach).</p>		
Description of Non-Compliance			
<p>Musim Mas has a Sustainability Policy Progress Report that is available for public (most recent report for January 2017 – December 2017). The report covers several issues related to POIG including Musim Mas smallholder support programme and traceability. However, this report has yet to include all issues requested by this indicator.</p> <p>Report consistent with GRI Sustainability Reporting Guidelines or equivalent approach was not yet available.</p>			

Corrective Action:	Musim Mas has published Sustainability Report in November 2018. The report is available at <a href="http://www.musimmas.com/news/resources">http://www.musimmas.com/news/resources</a> . The compliance for this indicator has verified by the CB during action plan verification of the first report on 8 January 2019. Auditor has noted full compliance for this indicator.
Timeline for Compliance:	July 2019 for indicator 3.3.1 and February 2021 for indicator 3.3.2

#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung		
Evaluation Findings:	Musim Mas Sustainability Report 2018 has been published. The report will be developed and published every two years. The report is consistent with GRI Sustainability Reporting Guidelines.		
Status:	Non-compliances with indicators 3.3.1 and 3.3.2 are closed.		
Evaluation Method:	Desk review	Level of Effort:	2 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:		Major: None	Minor: 1
Indicator:	<p>3.4 RSPO certification and company operations</p> <p>Producers shall meet a minimum of 50% of their plantations being RSPO certified upon commitment to the Charter, and a commitment to achieve 100% by within 2 years. This shall cover all palm oil operations, subsidiaries, acquisitions of existing plantation and fresh fruit bunch purchases from third parties, with possible alternatives to full RSPO certification for small independent producers.</p> <p>Non compliance to :</p> <p>3.4.4 A policy for purchasing 100% RSPO certified FFB within 24 months of signing the POIG Charter is developed, implemented and monitored for progress. Acceptable alternatives may be defined for independent smallholders.</p>		
Description of Non-Compliance			
Musim Mas has a policy stating its commitment for purchasing 100% RSPO certified FFB with the exception for FFB supply from independent smallholders. However, the policy was signed in April 2018 (prior to the visit of the last sampled mill) which has passed 24 months after Musim Mas signed the commitment to the charter.			
Corrective Action:	POIG has given clarification for the compliance to this indicator through its letter dated 20 December 2018.		
Timeline for Compliance:	February 2021		

## Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung		
Evaluation Findings:	In accordance with POIG decision as stated in its letter for Musim Mas dated 20 December 2018.		
Status:	Non-compliance with indicator 3.4.4 is closed.		
Evaluation Method:	Desk review	Level of Effort:	0.5 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

Non-Compliance:	Major: 1 (3.5.1)	Minor: 1
Indicator:	<p>3.5 Responsible supply chain</p> <p>Producers shall independently verify and report on compliance with this Charter within 12 months of commitment to the Charter, across their operations, subsidiaries and acquisitions of existing plantation including FFB from 3rd party suppliers.</p> <p>Non compliance to</p> <p>3.5.1 Compliance with the requirements of the Charter, including the POIG indicators, is independently verified within 12 months after signing the commitment to this Charter.<sup>11</sup></p> <p>3.5.3 Audit reports are made publicly available on the POIG website.<sup>12</sup></p>	

<sup>11</sup> The POIG Secretariat will monitor compliance with this indicator.

<sup>12</sup> The POIG Secretariat will monitor compliance with this indicator.

Description of Non-Compliance	
<p>Musim Mas signed the commitment to the Charter in November 2015. Following the approval, Musim Mas undertook labour assessment in August 2016 which is a pre-requisite by POIG before the initial POIG verification audit. The length of time required for the labour assessment and for the arrangement for POIG approved assessor has caused the delay for conducting the first verification up to December 2016 (the start of the verification) which is more than 12 months after the signing date.</p> <p>At the time of this second year of POIG verification, the report for the first POIG verification for 2016/2017 period was not publicly available yet on the POIG website. The report was finalised on 3 November 2017. Musim Mas is in discussion with POIG about the publication of the report.</p>	
Corrective Action:	<p>POIG has given clarification for the compliance to this indicator through its letter dated 20 December 2018.</p> <p>POIG verification audit report for Musim Mas is publicly available at POIG website <a href="http://poig.org/the-poig-charter/poig-verification-assessments-reports-2/">http://poig.org/the-poig-charter/poig-verification-assessments-reports-2/</a></p>
Timeline for Compliance:	July 2019 for indicator 3.5.1 and February 2021 for indicator 3.5.3

#### Evaluation of Corrective Actions

Compliance Evaluation:	17 July 2019 at PT. Musim Mas - Pangkalan Lesung		
Evaluation Findings:	In accordance with POIG decision as stated in its letter for Musim Mas dated 20 December 2018.		
Status:	Non-compliances with indicators 3.5.1 and 3.5.3 are closed.		
Evaluation Method:	Desk review	Level of Effort:	0.5 hours
Assessor(s):	Iwan Kurniawan, sustainable agriculture practices inspector		

