



Palm Oil Innovation Group Verification Report
For
Musim Mas Group
In
Indonesia

Certification Body: NEPCon

Verification Dates: 17 – 19 July 2019, 22 – 26 July 2019, and 27 – 29 August 2019

Verification Type: Surveillance 2

Draft Report Date: 3 December 2019

Final Report Date: 10 January 2020

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Executive Summary

Musim Mas Group signed the commitment to the Palm Oil Innovation Group (POIG) Charter in November 2015. This is the third-year audit or surveillance 2 audit for Musim Mas Group. The audit was conducted with a field visit to four mills managed by Musim Mas Group and their supply bases during a range of time on 17 – 19 July 2019, 22 – 26 July 2019, and 27 – 29 August 2019. These four mills have never been visited in the previous audits.

PT Musim Mas – Pangkalan Lesung is located in Riau Province, Sumatera – Indonesia and visited on 17 – 19 July 2019. Guntung Idamannusa 1 and Guntung Idamannusa 2 are located in Riau Province, Sumatera – Indonesia and visited on 22 – 26 July 2019. Multipersada Gatramegah is located in Central Kalimantan Province, Kalimantan – Indonesia and visited on 27 – 29 August 2019. The scope of the audit includes the mills supply bases which consist of company’s own managed plantations or estates, scheme smallholders in form of “KKPA”, Village Oil Palm Development Smallholding or “Kas Desa”, third-party plantation, and independent smallholders. The mills, estates, KKPA and Kas Desa are RSPO certified while third party plantation and independent smallholders are not yet RSPO certified.

Musim Mas Group commitment for protection and conservation of forest and peatland, reduction of GHG emission, pesticide and chemical fertilizer management, prohibition of GMO, water accountability, RTE protection, implementation of FPIC and effective conflict resolution, food security, social responsibility, respecting workers’ right, support to smallholders, ethical business practices, and maintain product integrity and legality are observed as well implemented at the visited mills and their supply bases.

Verification Result

This Surveillance 2 audit concludes that Musim Mas Group complies with POIG Verification Indicators - March 2016. Based on documents review, interviews with workers, consultation with affected stakeholders, and observation during field visit, there was no non-conformities therefore no action plan is required.

Taking into consideration the result of this Surveillance 2 audit as well as Musim Mas Action Plan Verification in 2019, NEPCon recommends Musim Mas POIG verification status as completed.

List of Abbreviations

CPO:	Crude Palm Oil
CSR:	Corporate Social Responsibility
FFB:	Fresh Fruit Bunch

FPIC:	Free, Prior and Informed Consent
GHG:	Green House Gases
GHS:	Globally Harmonized System
GMO:	Genetically Modified Organism
GPS:	Global Positioning System
GRI:	Global Reporting Initiative
HCS:	High Carbon Stock
HCSA:	High Carbon Stock Approach
HCV:	High Conservation Value
HGU:	Hak Guna Usaha (The Right to Use Land Title)
ICLUP:	Integrated Conservation and Land Use Planning
ILO:	International Labor Organization
IPM:	Integrated Pest Management
ISCC:	International Sustainability and Carbon Certification
ISPO:	Indonesian Sustainable Palm Oil
LUCA:	Land Use Change Analysis
MOU:	Memorandum of Understanding
NGO:	Non-Government Organization
NPP:	New Planting Procedures
OHS:	Occupational Health and Safety
PLUP:	Participatory Land Use Planning
PM:	Participatory Mapping
POIG:	Palm Oil Innovation Group
RSPO:	Roundtable on Sustainable Palm Oil
RTE:	Rare, Threatened or Endangered species
SAN:	Sustainable Agriculture Network



SEIA: Social and Environmental Impact Assessment (AMDAL)
SIA: Social Impact Assessment

1. SCOPE OF THE VERIFICATION

1.1 Normative References

The Plantation and supply base are evaluated against the following documents:

- Roundtable on Sustainable Palm Oil [Version]
- Palm Oil Innovation Group Charter Verification Indicators – March 2016

1.2 Organisation 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
Telephone:	62 61 6615511
E-mail:	liantiong.gan@musimmas.com
Website:	http://www.musimmas.com/

1.3 Audit Type

Audit Date	17 – 19 July 2019, 22 – 26 July 2019, and 27 – 29 August 2019
Main Evaluation or ASA (1-4)	Surveillance 2

1.4 RSPO and other Certifications

RSPO membership number	2-0907-18-000-00
Other certifications held	ISCC, ISPO, RSPO SCCS, ITSNC

1.5 General Description of Supply Base

PT Musim Mas - Pangkalan Lesung (PKL)

PKL is located in Pelalawan District about three hours' drive from Pekanbaru. PKL has 60 metric tons FFB/hour processing capacity with palm kernel crushing plant. The mill supply bases are three company's own managed plantations or estates (Estate III, Estate IV, Estate V), one scheme smallholders in form of "KKPA" (KKPA Rawa Tengkuluk), and one Village Oil Palm Development Smallholding or "Kas Desa" (Kas Desa Pangkalan Lesung).

KKPA are group of smallholders represented by a cooperative that has contractual agreement with the company. The required cost for its establishment i.e. land-clearing, planting materials preparation, planting, and the maintenance of immature plantation was covered by the loan from the bank in which the company acted as the avalist in this process. All produced FFB are purchased by the company. The payment of the purchased FFB is deducted by the company for payment of the bank loan and maintenance cost before being paid to the cooperative. The cooperative is responsible for the distribution of payment of the purchased FFB to its relevant members. KKPA Rawa Tengkuluk consists of 401 smallholders.

Kas Desa is oil palm plantation owned by village. The process for its establishment, maintenance, harvesting and profit sharing is similar to that of KKPA except that instead of a cooperative, Kas Desa is represented by the village authority. In addition, the required cost for the establishment of the oil palm plantation is covered by loan without interest from the company itself as part of the company's Corporate Social Responsibility (CSR) program.

Guntung Idamannusa 1 (GIN 1)

GIN 1 is located in Indragiri Hilir District about four hours travel from Batam by boat. GIN 1 has 30 metric tons FFB/hour processing capacity with palm kernel crushing plant. The supply bases for GIN 1 are part of Estate I (Division A, B and E) and independent smallholders.

FFB collection and delivery from independent smallholders is handled by a trading company that has signed agreement with GIN 1. At the time of this audit, there are 1,319 smallholder plot/farms from 13 villages supplying FFB to GIN 1.

Guntung Idamannusa 2 (GIN 2)

GIN 2 can be reached in less than an hour from GIN 1 by boat. GIN 2 has 60 metric tons FFB/hour processing capacity without palm kernel crushing plant. The supply bases for GIN 2 are part of Estate I (Division C, D and F), Estate II, and Estate III.

Multipersada Gatramegah (MPG)

MPG is located in Barito Utara District about ten hours' drive from Palangka Raya. MPG has 45 metric tons FFB / hour processing capacity without palm kernel crushing plant. The mill supply bases are two company's own managed plantations or estates (Estate I and II), one third-party plantation (PT. Bangun Batara Raya), and independent smallholders. Estate II is not yet RSPO certified and excluded in the scope of this audit. The RSPO status of Estate II is described in the finding for indicator 3.4.3 of Verification Checklist section.

FFB collection and delivery from independent smallholders is handled by a trading company that has signed agreement with MPG. At the time of this audit, there are 262 smallholder plot/farms from 22 villages supplying FFB to MPG.

1.6 Location			
Mill/Estate	Physical Address	Longitude	Latitude
PKL Mill	Kelurahan Pangkalan Lesung, Kecamatan Pangkalan Lesung, Kabupaten Pelalawan, Propinsi Riau, Indonesia	102° 04' 30" E	0° 03' 00" S
PKL Estate III	Kelurahan Pangkalan Lesung, Kecamatan Pangkalan Lesung, Kabupaten Pelalawan, Propinsi Riau, Indonesia	102° 5' 29.07" E	0° 2' 44.91" S
PKL Estate IV	Kelurahan Pangkalan Lesung, Kecamatan Pangkalan Lesung, Kabupaten Pelalawan, Propinsi Riau, Indonesia	102° 5' 28.34" E	0° 5' 59.31" S
PKL Estate V	Desa Tanjung Beringin, Kecamatan Pangkalan Kuras, Kabupaten Pelalawan, Propinsi Riau, Indonesia	102°2'16.20" E	0° 0' 51.01" N
KKPA Rawa Tengkuluk	Jl. Lintas Timur, Kelurahan Pangkalan Lesung, Kecamatan Pangkalan Lesung, Kabupaten Pelalawan, Propinsi Riau, Indonesia	102° 6' 27.82" E	0° 1' 14.42" S
Kas Desa – Pangkalan Lesung	Kelurahan Pangkalan Lesung, Kecamatan Pangkalan Lesung, Kabupaten Pelalawan, Propinsi Riau, Indonesia	102° 7' 14.23" E	0°2'12.82" S
GIN 1 Mill	Desa Tanjung Simpang, Kecamatan Pelangiran, Kabupaten Indragiri Hilir, Propinsi Riau, Indonesia	103° 17' 12.19" E	0° 9' 32" N
GIN Estate I	Desa Tanjung Simpang, Kecamatan Pelangiran, Kabupaten Indragiri Hilir, Propinsi Riau, Indonesia.	103° 17' 19.55" E	0° 6' 39.66" N
GIN 1 Independent Smallholders	Distributed in 13 villages		
GIN 2 Mill	Desa Teluk Merbau, Kecamatan Gaung, Kabupaten Indragiri Hilir, Provinsi Riau, Indonesia.	103° 12' 27.43" E	0° 03' 10.96" N
GIN Estate II	Desa Bantayan, Kecamatan Mandah, Kabupaten Indragiri Hilir, Propinsi Riau, Indonesia.	103° 13' 31.50" E	0° 3' 27.23" N
GIN Estate III	Desa Lahang Hulu, Kecamatan Gaung, Kabupaten Indragiri Hilir, Propinsi Riau, Indonesia	103° 10' 29.49" E	0° 0' 29.28" N

MPG Mill	Jalan Negara Muara Teweh-Puruk Cahu Km.32, Desa Karamuan, Kecamatan Lahei Barat, Kabupaten Barito Utara, Propinsi Kalimantan Tengah, Indonesia	114° 44' 28.4" E	0° 46' 15.0" S
MPG Estate I	Jalan Negara Muara Teweh – Puruk Cahu Km 32, Desa Karamuan, Kecamatan Lahei Barat, Kabupaten Barito Utara, Propinsi Kalimantan Tengah, Indonesia.	114° 44' 38.1" E	0° 46' 15.9" S
PT Bangun Batara Raya	Desa Sabuh, Kecamatan Teweh Baru, Kabupaten Barito Utara, Kalimantan Tengah		
MPG Independent smallholders	Distributed in 22 villages		

1.7 Supply Base Statistics

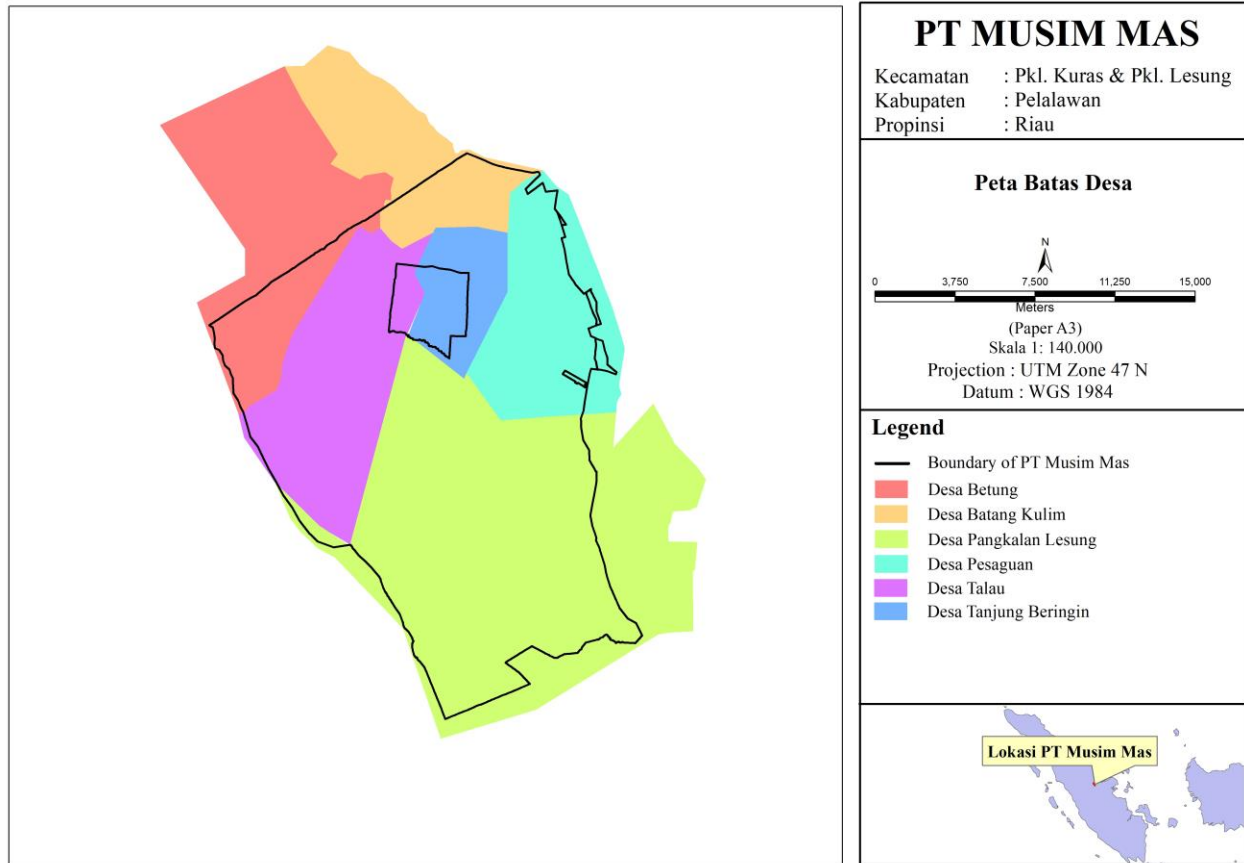
Name	Plantation Area (Ha)		Annual FFB yield (tonnes/Ha)	Year(s) Planted	Date of Next Planting
	Total	Planted			
PKL Estate III	5,071.69	4,388.18	33.50	1996 – 2018	2021 – 2043
PKL Estate IV	4,989.70	4,392.25	26.58	1996 – 2018	2021 – 2043
PKL Estate V	4,159.25	3,546.04	34.33	1998 – 2017	2023 – 2042
KKPA Rawa Tengkuluk	802	802	25.00	2003	2028
Kas Desa – Pangkalan Lesung	5	5	27.00	2010	2035
GIN Estate I	3,906.60	3,650.95	25.07	2002 – 2007	2027 – 2032
GIN 1 Independent Smallholders					
GIN Estate II	5,150.22	4,412.80	22.66	2004 – 2007	2029 – 2032
GIN Estate III	4,491.36	4,032.99	21.71	2005 – 2007	2030 – 2032
MPG Estate I	9,278.00	4,577.56	17.26	2008 – 2018	2033 – 2043
PT Bangun Batara Raya					
MPG Independent smallholders					

1.8 HCV & HCS Areas				
Plantation	HCV Area		HCS Forest ¹	Total Conservation ²
Name	HCV category	Area	Area	Area
PKL Estate III	1, 3, 4, HCV MA	120.47	102.60	340.07
PKL Estate IV	1, 3, 4	90.21	0	275.37
PKL Estate V	1, 3, 4	153.64	129.61	316.40
KKPA Rawa Tengkuluk	-	0	0	0
Kas Desa – Pangkalan Lesung	-	0	0	0
GIN Estate I	-	0	0	0
GIN 1 Independent smallholders	-	0	0	0
GIN Estate II	-	0	0	0
GIN Estate III	1, 3, 4	202	0	202
MPG Estate I	1, 4	1,240.03	1,090.16	2,736.86
PT Bangun Batara Raya	-	0	0	0
MPG Independent smallholders	-	0	0	0

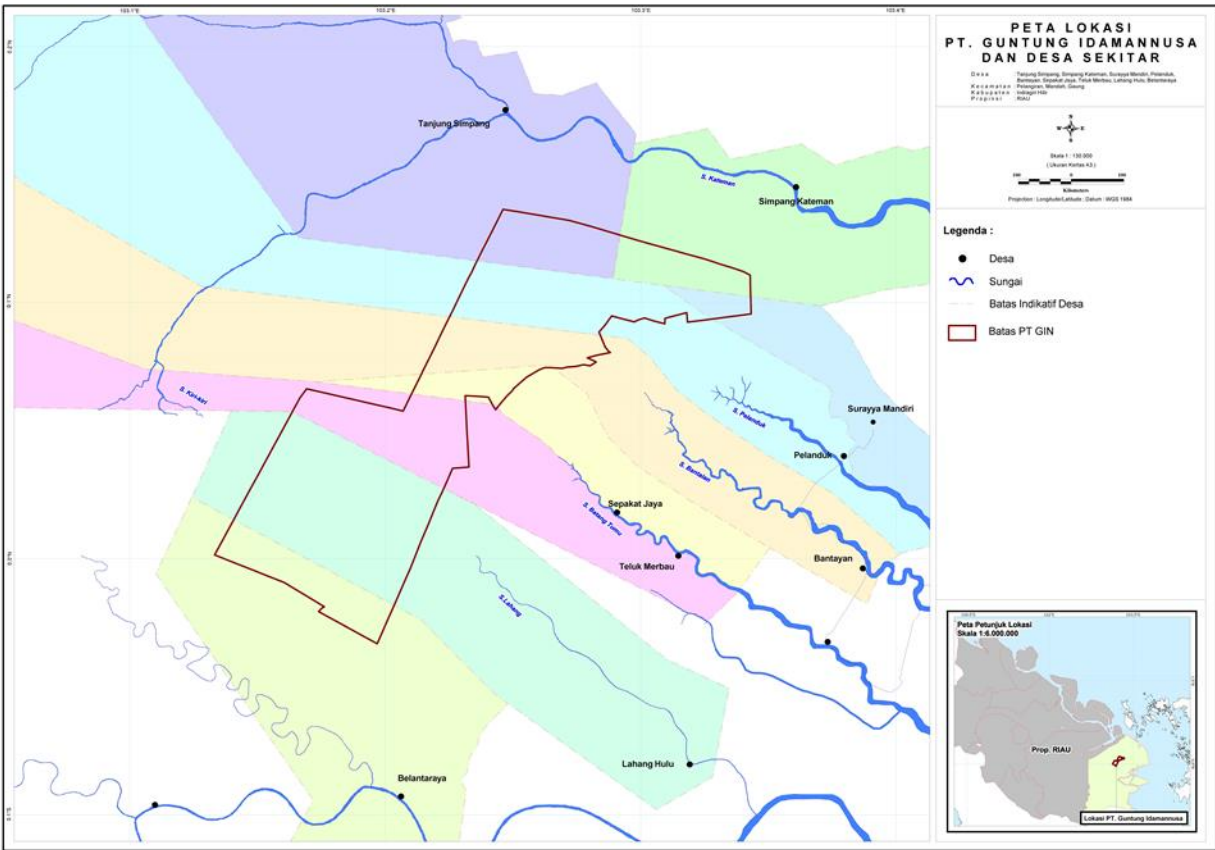
¹ Not Applicable if prior to 2014

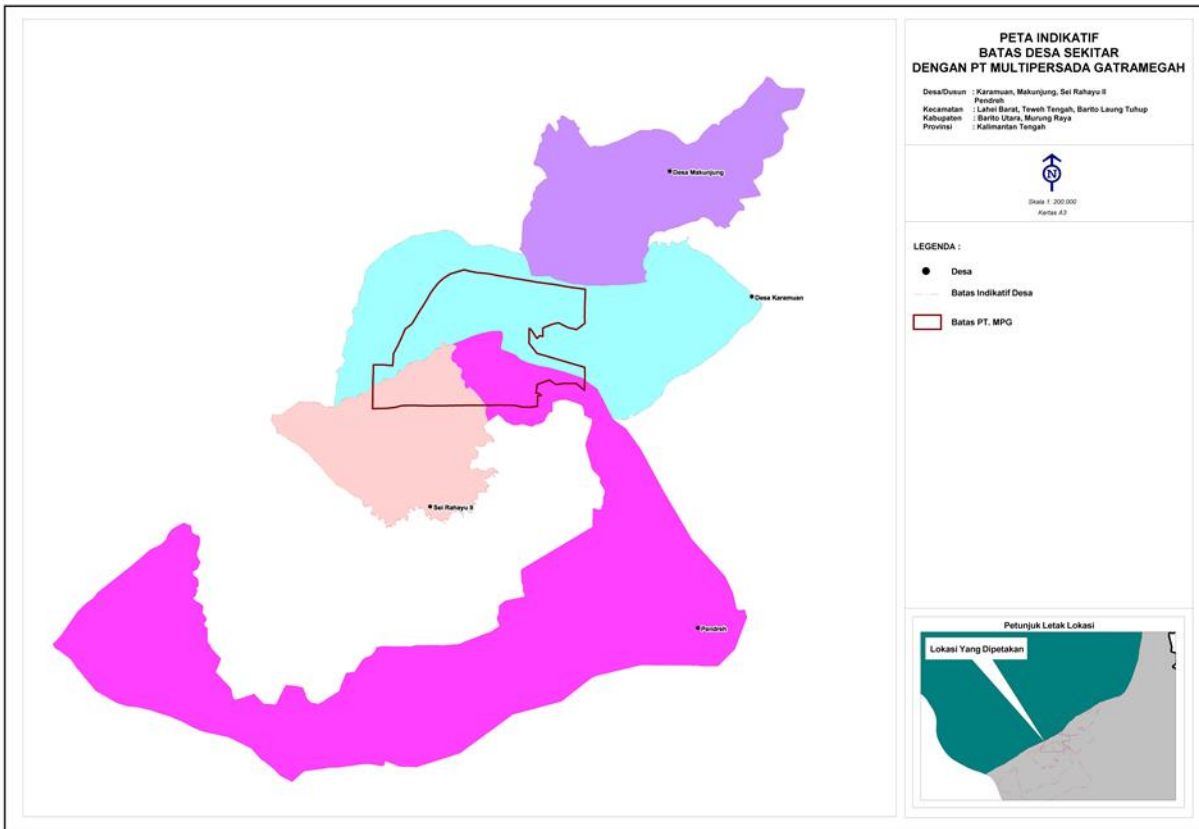
² The total conservation is not necessarily equal to the sum of HCV and HCS forest since there is other conservation areas that may not be categorized as HCV and/or HCS forest.

1.9 Neighbouring Communities Map³



³ The map would show communities bordering, and/or directly affected by, the plantation operations





1.10 Land Tenure System⁴

The PKL mill, GIN 2 mill, MPG mill, and all estates are located on land under HGU for plantation. GIN 1 mill I is located on land under Building Right (HGB). KKPA Rawa Tengkuluk consists of 401 smallholder plantations that are located on land with private land ownership right e.g. Surat Keterangan Ganti Rugi, Surat Keterangan Tanah or Surat Hak Milik. Kas Desa Pangkalan Lesung plantation is located on land owned by village under communal land right.

Independent smallholder plantations of GIN 1 and MPG are located on land with private land ownership right e.g. Surat Keterangan Ganti Rugi, Surat Keterangan Tanah or Surat Hak Milik. PT Bangun Batara Raya is still in process of obtaining HGU. Currently, the company is operating based on the Location Permit and Plantation Business Permit.

⁴ Brief explanation of land use and ownership rights of the plantations

2. VERIFICATION PROCESS

2.1 Certification Body

Name	Accreditation Body	Accreditation Code	Expiration Date
NEPCon OÜ	ASI (RSPO SCCS, FSC COC and FSC FM)	ASI-ACC-066	March 30, 2022 (RSPO SCCS), October 25, 2024 (FSC COC and FSC FM)

Description:

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

2.2 Verification Team

Name & Position	Qualification
Iwan Kurniawan (IK) – Lead Auditor	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.
Taryanto Wijaya (TW) – Auditor	Specialist in social issues analysis and handling and has experienced in auditing the sustainable forest management with LEI, IFCC, FSC standards, auditing the sustainable palm oil and peer reviewer in the RSPO assessment for Asia and Africa, and a Corporate Policy Evaluator.
Trusti Y Widiastuti (TYW) – Auditor	Trusti graduated from Gadjah Mada University, majoring in Forest Technology. She is a qualified Rainforest Alliance Sustainable Agriculture Standard (RA-SAS) lead auditor and accomplished RSPO P&C lead auditor course in 2019. She has participated in 40+ audits under RA-SAS Farm, RA-SAS CoC audits, Palm Oil Innovation Group (POIG) audits and forestry due diligences assessments. In her current position as NEPCon Associate, she continues to maintain her qualification as a RA-SAS lead auditor.

Diantur Jatmiko (DJ) – Auditor	Jatmiko graduated from Indiana University and Loyola University Chicago in Business and Management subject. Prior to joining Rainforest Alliance, Jatmiko has seven years working experience in oil palm company and one-year experience in an International NGO for palm oil assurance project. In the Rainforest Alliance Jatmiko has developed a self-assessment tool to transform practices towards sustainable palm oil and has been engaged on Palm Oil site evaluations. He received SAN auditor training in 2017.
Gusti Ayu Fransiska Dewi (FD) – Auditor	Gusti Ayu Fransiska Dewi or Siska graduated from Faculty of Agriculture Udayana University and Environmental Science Department of State University of New York College of Environmental Science and Forestry. Her working experiences include climate change adaptation (climate-smart adaptation approach) and mitigation to smallholders and climate change policy and advocacy involving youths and indigenous people groups. She has been working in Rainforest Alliance since 2015 in Landscape and Livelihood division and currently she is a Responsible Sourcing Specialist in NEPCon Solutions. She attained Rainforest Alliance’s Sustainable Agricultural Standard training certificate in 2017.
Yudi Iskandarsyah (YI) – Auditor	Yudi earned his forestry degree from Bogor Agricultural University in 1997 and his master’s degree in environmental management from Yale University in 2003. He has experiences as an auditor in forestry, forest products industry and palm oil plantation in environmental and social aspects.
Lita Natasastra (LN) – Auditor	Lita earned her Bachelor of Science degree from University of New South Wales, Australia and Master of Accounting degree from University of Tarumanagara. She has experience in auditing and business process development. She has completed auditor training for FSC Chain of Custody (FSC CoC), Sustainable Agriculture Network (SAN) Farm, SAN CoC, Roundtable on Sustainable Palm Oil (RSPO) Principle and Criteria, Palm Oil Innovation Group (POIG) and has participated in field assessments across palm oil, timber and other sectors.

2.3 Verification Schedule				
Date	Time	Location	Activity	Auditors
17 Jul	08.00 – 08.30	PKL office	Opening Meeting	IK, TYW, TW
17 Jul	08.30 – 12.00	PKL office	Documents review	TYW, TW
17 Jul	13.30 – 17.00	HCV and peat areas	Field visit	IK
17 Jul	13.30 – 17.00	Mill, wastewater treatment, chemical	Field visit	TYW, TW

		storages, and workers housing		
18 Jul	08.00 – 10.00	PKL office	Documents review	IK, TYW, TW
18 Jul	10.00 – 11.00	PKL office 1 (workers)	Stakeholder meeting	TYW, TW
18 Jul	11.00 – 12.30	PKL office 2 (external)	Stakeholder meeting	IK, TYW, TW
18 Jul	14.00 – 17.00	KKPA and Kas Desa	Field visit	IK, TYW, TW
19 Jul	08.00 – 12.00	Housing	Field visit	TYW
19 Jul	08.00 – 12.00	PKL office	Documents review	IK, TW
19 Jul	14.00 – 15.00	PKL office	Closing meeting	IK, TYW, TW
22 Jul	08.00 – 08.30	GIN1 office	Opening meeting	IK, DJ, FD
22 Jul	08.30 – 12.00	GIN1 office	Documents review (GIN1)	IK, DJ, FD
22 Jul	13.00 – 17.00	Estates: Peat and water management	Field visit	IK
22 Jul	13.00 – 17.00	GIN1: Mill and housing	Field visit	DJ and FD
23 Jul	08.00 – 17.00	Smallholders and communities	Field visit	IK, DJ, FD
24 Jul	08.00 – 10.00	GIN1 office	Documents review (GIN2)	IK, DJ, FD
24 Jul	10.00 – 12.00	GIN1 hall (external)	Stakeholder meeting	IK and DJ
24 Jul	10.00 – 12.00	GIN1 office (labor)	Stakeholder meeting	FD
24 Jul	13.00 – 17.00	Estates: Offices and housing	Field visit	DJ and FD
24 Jul	13.00 – 17.00	Estates: Peat and water management	Field visit	IK
25 Jul	08.00 – 12.00	Estates: Conservation areas and communities	Field visit	IK, DJ, FD
25 Jul	13.00 – 17.00	GIN2: Mill and housing	Field visit	IK, DJ, FD
26 Jul	08.00 – 11.00	GIN1 office	Documents review (GIN1&2)	IK, DJ, FD
26 Jul	14.00 – 15.00	GIN1 office	Closing meeting	IK, DJ, FD
27 Aug	08.00 – 08.30	MPG office	Opening meeting	IK, YI, LN
27 Aug	08.30 – 12.00	MPG office	Documents review	IK, YI, LN
27 Aug	13.30 – 17.00	HCV, rivers and other conservation areas	Field visit	YI
27 Aug	13.30 – 17.00	Mill, wastewater treatment, mill and estate workers	Field visit	IK, LN

		housing, chemical storage		
28 Aug	08.00 – 10.00	MPG office	Documents review	IK, YI, LN
28 Aug	10.00 – 12.00	MPG office 1 (external)	Stakeholder meeting	IK and YI
28 Aug	10.00 – 12.00	MPG office 2 (labor)	Stakeholder meeting	LN
28 Aug	13.30 – 17.00	Smallholders	Field visit	IK
28 Aug	13.30 – 17.00	Enclave and field operation	Field visit	YI, LN
29 Aug	08.00 – 15.00	MPG office	Documents review and preparation	IK, YI, LN
29 Aug	15.00 – 17.00	MPG office	Closing meeting	IK, YI, LN

2.4 Stakeholder Consultation Overview

In each visited mill, the stakeholders were consulted in-person and in group meeting. Phone number was also exchanged between the stakeholder and auditor in case further consultation is needed.

Workers were selected for consultation to represent different type of workers (permanent, temporary and sub-contractor), type of work (workshop, chemical, driver, security, harvesting, farm maintenance, processing, traceability, OHS, supervisor and manager), gender, wage base (monthly, daily and piece rate), their membership in labor union, and those living in and outside the farm. For this audit, the labor union representatives were consulted in a group meeting while other workers were consulted in-person at their workplace. In addition, the worker families who live in the farm were also consulted in-person during the visit to the workers housing.

External stakeholders such as communities, government, and NGO representatives had been identified during the Environment and Social Impact Assessment, Social Impact Assessment, HCV assessment, HCS assessment, and Stakeholder Consultation that were conducted by the company. The auditor reviewed this list of stakeholders and make selection based on their relevancy with POIG Verification Indicators. The selected stakeholders represent community of the affected villages; government on environmental, conservation, agriculture, land right, and labor sectors; and NGO on environmental and social sectors. All external stakeholders were consulted in group meeting. In addition, community representatives were also consulted in-person during the visit to the villages.

2.5 Stakeholders Consulted (*Stakeholder identities are confidential*)

Stakeholder Type ⁵	# of Women	# of Men	Nationality	Role in community or job performed	Demographic
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⁵ Some stakeholder types may not be applicable

Workers	19	25	Indonesia	Plantation workers, mill workers, workers union, workers cooperative	North Sumatra, South Sumatra, Central Kalimantan
Indigenous People	0	2	Indonesia	Cultural leader	Pangkalan Lesung
Community members	1	38	Indonesia	Village official, KKPA, Kas Desa, smallholders, traders, and community member.	Pangkalan Lesung, Talang Simpang, Seraya Mandiri, Tanjung Simpang, Pelanduk, Lahang Hulu, Simpang Kateman, Teluk Merbau, Makunjung, Sei Rahayu, Karamuan, Pendreh
Contractors	0	3	Indonesia	Canal maintenance worker	Tanjung Simpang
Management and supervisor staff	5	12	Indonesia	Mill manager, estate manager, human resources, OHS, and sustainability staff.	North Sumatra, South Sumatra, Central Kalimantan
Local government	7	36	Indonesia	Environmental, labour, health, disaster mitigation, plantation, and agriculture.	Pelalawan, Indragiri Hilir, Barito Utara
Non-Governmental Organisations	1	2	Indonesia	Social, labour, and legal.	Pangkalan Lesung, Lahei Barat
Other	9	3	Indonesia	Nurse, doctor, and worker families.	Pangkalan Lesung, Tanjung Simpang, Karamuan

2.6 Selection of Sites (*Sampling methodology*)

Musim Mas Group has multiple operations or mills in different geographical areas, and each mill in one site has multiple supply bases. Back in the first and second year of audit, the total number of Musim Mas Group RSPO certified mills was ten. Based on the common practice in certification standard audits, the sample size is square root of the total number of operations, therefore four mills were selected as sample in each audit. Musim Mas Group has additional two RSPO certified mills after the second year of audit resulting in a total of 12 mills. However, this addition does not change the sample size. For this third year of audit, the sample size is still four mills.

In July 2018, POIG published the Verification Audit Requirements, which states an expectation that over a three-year period all sites/areas/concessions will be audited. Eight out of the 12 mills have been visited in the previous two years of audits. PT Musim Mas – Pangkalan Lesung, Guntung Idamannusa 1, Guntung Idamannusa 2, and Multipersada Gatramegah are the remaining four mills that have never been visited and therefore, to meet POIG Verification Audit Requirements, these four mills are selected as sample for this third year of audit.

In each visited mill, based on the result of documents review and interviews, whenever available, specific sites under direct management of the company and third party FFB suppliers such as conservation area, HCV area, HCS area, peatland, aquatic ecosystem, new planting area, replanting area, land clearing area, non-productive area, enclave area, bordering area, the nursery, waste water treatment facility, water treatment facility, workers housing, chemical storage, chemical mixing facility, and palm oil mill were visited.

2.7 Conformance Classification System

The findings from the evaluation are classified as follows:

- **Conformance:** when the evidence in the finding demonstrates that all the indicator requirements are fulfilled.
- **Partial Conformance:** when the evidence in the finding demonstrates partial compliance with the indicator requirements
- **Non-Conformance:** when the evidence in the finding indicates that compliance with the indicator has not been demonstrated
- **Not Applicable:** Some of the indicators can also be not applicable when the condition of the verified company during the verification does not meet the applicability of the indicator

When non-conformance or partial conformance with major POIG indicators occurs, the company cannot be considered POIG verified until the non-conformance(s) have been corrected.

VERIFICATION CHECKLIST

****NOTE: The major Indicators for each section are highlighted in red**

POIG Indicators	Verification Finding	Conformance
1. Environmental Responsibility		
1.1 High Carbon Stock and High Conservation Values 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).		
1.1.1 Prior to establishing new plantations or expanding existing ones, ⁶ in addition to or integrated with a HCV assessment, ⁷ a HCS approach ⁸ which combines biodiversity, carbon conservation and social considerations (including community needs) has been conducted.	<p>HCS assessment based on HCSA toolkit for PKL (covers Estate III, Estate IV, Estate V, KKPA Rawa Tengkuluk, and Kas Desa Pangkalan Lesung) has been completed on 27 July 2018, peer reviewed and published on 7 November 2018 which indicates the acceptance of the assessment report.</p> <p>HCS assessment based on HCSA toolkit for MPG (covers Estate I and II) has been completed on 24 July 2018, peer reviewed and published on 19 November 2018 which indicates the acceptance of the assessment report.</p>	Conformance

⁶ 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.

⁷ This must be carried out by a licensed assessor under the HCVRN scheme.

⁸ 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.

	<p>Both assessments have been completed according to the applicable HCSA toolkits which combine biodiversity, carbon conservation and social consideration.</p> <p>The latest planting year in GIN 1 and GIN 2 (Estate I, Estate II, and Estate III) h was in 2007. Based on the review of the plantation map and field visit, there is no area left for new plantation in all estates. HCS assessment is not conducted as it is not required for GIN 1 and GIN 2.</p>	
<p>1.1.2 HCS forest areas are identified and mapped.</p>	<p>The map of the identified HCS forest areas in PKL and MPG is available in their HCS assessment reports. In the field, sign for these areas are also available.</p> <p>As mentioned in the finding for indicator 1.1.1, HCS assessment is not conducted as it is not required for GIN 1 and GIN 2.</p>	<p>Conformance</p>
<p>1.1.3 After March 2014 no new plantings take place in HCS forest areas identified for conservation.</p>	<p>There has been no new planting conducted in PKL (Estate III, Estate IV, Estate V, KKPA Rawa Tengkuluk, and Kas Desa Pangkalan Lesung), in GIN 1 (Estate I), and in GIN 2 (Estate 1, Estate II, and Estate III) after March 2014. The latest planting year in PKL was conducted in 2006 while in GIN 1 and GIN 2 was conducted in 2007.</p> <p>New planting has been conducted in MPG (Estate I) after March 2014. As mentioned in the finding for indicator 1.1.1, the HCS assessment based on HCSA toolkit for MPG has been completed later in 2018. However, based on New Planting Procedures (NPP) document (approved in December 2012) and the HCV report (completed in September 2012), new planting took place in the area of about 124 ha in former farmland and rubber plantation. New planting did not take place in area potential as HCS.</p>	<p>Conformance</p>

<p>1.1.4 Community participatory mapping has identified and mapped garden and future farmlands⁹ 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>Participatory mapping processes for PKL, GIN 1 and GIN 2, and MPG were conducted in October 2017 – June 2018, July –October 2018, and in August 2015 – March 2016, respectively. Garden in form of rubber plantation and vegetable crops, and future farmlands that were indicated by the communities during the public consultation were identified. These areas were excluded from being considered as HCS forest in PKL and MPG.</p>	<p>Conformance</p>
<p>1.1.5 HCS forest areas are actively conserved as part of a community participatory land use plan including FPIC,¹⁰ and an integrated conservation and land use plan (that includes HCV areas, riparian zones, and peatland areas).</p>	<p>PKL and MPG have excluded HCS areas from development plans; raised awareness among the local communities such as to stop logging, hunting and burning in conservation areas; developed incentive program such as fire free village program; socialized and communicated the boundaries of conservation areas, their essential functions, and participatory management and monitoring; and developed collaborative efforts and cooperation with relevant stakeholders in order to conserve and protect conservation areas within concession and on landscape level.</p> <p>Agreement between PKL and the affected communities (Pangkalan Lesung and Pesaguan) was signed in January 2019 while agreement between MPG and the affected communities (Pendreh, Karamuan, and Makunjung) was signed in March 2019. The agreement states the commitment of companies and communities to collaboratively conserve and protect conservation areas. Based on consultation with the community representatives, they are aware of and committed to conserve and protect the designated conservation areas.</p>	<p>Conformance</p>

⁹ Applies to lands where communities have legal, customary or user rights to the land.

¹⁰ Applies to lands where communities have legal, customary or user rights to the land.

	As mentioned in the finding for indicator 1.1.1, HCS assessment is not conducted as it is not required for GIN 1 and GIN 2. It is noted that management and monitoring plans for conservation areas at landscape level is available for period 2019 – 2023 which include the participation of communities from the affected villages.	
1.1.6 A summary report of the HCS assessment including maps is made public.	The summary report of the HCS assessment that includes HCS map is available for public at HCSA website (http://highcarbonstock.org/registered-hcsa-assessments/).	Conformance
Recommendations:	None	
1.2 Peatland <ul style="list-style-type: none"> 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. 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’. 		
1.2.1 Undeveloped areas of peatland (of any depth) are not developed or drained.	<p>Based on soil map, peatland is available in PKL (Estate III, Estate IV and Estate V), GIN 1 (Estate I), and GIN 2 (Estate I, Estate II, and Estate III). Based on field visit and review of planting maps, there has been no new development on peatland (of any depth) after November 2015 (the time of Musim Mas Group commitment to the POIG Charter). The latest development on peatland was in 2006 for PKL and in 2007 for GIN 1 and GIN 2.</p> <p>In addition, PKL, GIN 1, and GIN 2 are subjected to Musim Mas Group commitment to protect peatland since the end of 2007 following Musim Mas Group participation in ISCC.</p>	Conformance

	Peatland (of any depth) is not available in MPG.	
1.2.2 Fires and road-building on peat soils are prohibited.	<p>Based on field visit and review of planting maps, there is no fires and road building on peatland (of any depth) in PKL, GIN 1, and GIN 2 after November 2015 (the time of Musim Mas Group commitment to the POIG Charter).</p> <p>In addition, PKL, GIN 1, and GIN 2 are subjected to Musim Mas Group commitment to protect peatland and zero burning policy since 2007.</p>	Conformance
1.2.3 Where there is existing planting on peat, critical peatland ecosystems are identified and assessed for restoration opportunities.	<p>Existing planting on peat is available in PKL (Estate III, Estate IV and Estate V), GIN 1 (Estate I), and GIN 2 (Estate I, Estate II, and Estate III). PKL and GIN (GIN 1 and GIN 2) have engaged the Indonesian Environmental and Forestry Ministry (<i>Kementerian Lingkungan Hidup dan Kehutanan - KLHK</i>) for the critical peatland ecosystems identification in the mid of 2018 and in end of 2017, respectively. The identification process includes the monitoring of surface water and the rainfall level in the assessed areas. The government will evaluate the monitoring result and later make the decision on the peatland status, including the restoration opportunities. The government has not indicated the specific time required for the monitoring until the decision can be made as it depends on the result of the monitoring over time. The number and distribution of surface water monitoring and rainfall monitoring plots is decided by the government based on their analysis on the available peatland areas indicated in SK. 130/MENLHK/SEKJEN/PKL.0/2/2017 about National Peatland Ecosystem Function Map (<i>Penetapan Peta Fungsi Ekosistem Gambut Nasional</i>).</p>	Conformance

	<p>For PKL, the number and distribution of the monitoring plots is indicated in government decision letter SK 93/PPKL/PKG/PKL.0/9/2018 in September 2018. For GIN, the number and distribution of the monitoring plots is indicated in government decision letter SK 117/PPKL/PK6/PKL.0/12/2017 in December 2017.</p> <p>The monitoring result from January 2019 to August 2019 for PKL and from January 2018 to August 2019 for GIN is available. The latest submission of the monitoring result to the government for both PKL and GIN has been conducted on 27 May 2019 for January – March 2019 monitoring. PKL, GIN 1, and GIN 2, until the time of this audit, have carried out its responsibilities in critical peatland ecosystem identification involving the government.</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>As mentioned in finding for indicator 1.2.3, the identification of critical peatland is still on going. There is no specific time indicated by the government on when the process will be completed. However, PKL, GIN 1, and GIN 2, until the time of this audit, have carried out its responsibilities in critical peatland ecosystem identification involving the government. PKL, GIN 1, and GIN 2 are also committed for restoration activities if it is required.</p>	<p>Conformance</p>
<p>1.2.5 For existing plantings on peat, records show that the water table is maintained (at an average of 50cm (between 40 - 60 cm) below ground surface measured with groundwater piezometer readings, or an average of 60 cm (between 50 - 70 cm) below ground surface as measured in water collection drains) through a network of</p>	<p>Based on the field visit to surface water monitoring plots and review of the monitoring report from January to August 2019 for PKL and report from January 2018 to August 2019 for GIN 1 and GIN 2, water table is maintained between 40 – 60 cm below ground surface. The water monitoring plots use groundwater piezometer for monitoring.</p>	<p>Conformance</p>

<p>appropriate water control structures e.g. weirs, sandbags, etc. in fields, and water gates at the discharge points of main drains (RSPO Criteria 4.4 and 7.4).</p>	<p>PKL utilizes weirs in the main and collection drains, and water gates at the discharge points to control the water level. GIN 1 and GIN 2 utilize canal for drainage and transportation. The canal is a close system with single discharge point to the river system outside of the plantation. Water gate is available at this discharge point for managing the overall water level in the estates. In addition, to maintain sufficient water table for peat without creating disturbance for transportation activity, guillotine type gates are installed at several places of the main canal. Constriction and blocking are also applied at several places of the secondary canal to reduce flow rate.</p>	
<p>1.2.6 Where drainability assessments have identified areas unsuitable for oil palm replanting, including the likely GHG emissions associated with continued cultivation, plans should be in place for appropriate rehabilitation or alternative use of such areas. If the assessment indicates high risk of GHG emissions, fires, flooding and/or saltwater intrusion, growers cease replanting and implement rehabilitation.</p>	<p>Drainability assessment is available only for PKL (Estate III, Estate IV and Estate V) that has been completed in 2012 before the replanting took place. The assessment concludes that the drainability as observed in six transects which channelled the water flow toward outside of the estate perimeters is classified as very good and suitable for replanting.</p> <p>The earliest replanting on peatland for GIN 1 and GIN 2 will be conducted in 2027. Drainability assessment is not conducted as it is not yet required. It is noted that rehabilitations of damaged or non-productive oil palm trees were conducted in several blocks within the estates. However, they were conducted selectively on small areas of less than 2 ha in which the drainability assessment is not required.</p>	<p>Conformance</p>
<p>1.2.7 A report will be made public that includes assessments and maps of all peatlands (of any depth) within the</p>	<p>Information related to peat areas in its plantations and progress of this critical peatland ecosystem identification is available in</p>	<p>Conformance</p>

<p>company land bank, critical peatland ecosystems, planted peatlands, and degraded or planted areas identified for peatland restoration.</p>	<p>Musim Mas Sustainability Report 2017 that has been made for public.</p>	
<p>Recommendations:</p>	<p>In addition to the publication of the identification of critical peatland ecosystem through Sustainability Report, which is made every two years, it is recommended for Musim Mas Group to have a more frequent report or update on the development of this process such as through specific page dedicated on this at Musim Mas Group website. PKL, GIN 1, and GIN 2 have stated their commitment for restoration activities if it is required. However, this is a verbal commitment. Since the identification of critical peatland ecosystem is still in progress, it is recommended for PKL, GIN 1 or Musim Mas Group to have written commitment for this.</p> <p>Further clarification, Musim Mas Group mentioned its decision to publish its Sustainability Report annually. This year report will be published in November 2019.</p>	
<p>1.3 Greenhouse gas (GHG) accountability Companies shall publicly report on annual GHG emissions from all sources and on the progress towards reaching targeted reductions of non-land use GHG emissions (per ton of CPO).</p>		
<p>1.3.1 All sources of GHG emissions, including those related to land use and non-land use activities, are identified and monitored using the RSPO PalmGHG</p>	<p>All sources of GHG emissions, including those related to land use and non-land use activities, are identified and monitored using the RSPO Palm GHG Calculator version 3. The result of GHG emissions identification and monitoring for PKL (2006 – 2018), GIN 1 (2013 – 2018), GIN 2 (2017 – 2018), and MPG (2016 – 2018) are available and reviewed. Other supporting documents such as</p>	<p>Conformance</p>

methodology or equivalent. ¹¹	records of production, planting, fertilizer application, fuel and diesel usage, and land use change analysis are also reviewed for cross references.	
1.3.2 Targeted reductions of non-land use related GHG emissions (per tonne of CPO) and/or targeted adoption of technologies or techniques which reduce global emissions of CO ₂ eq are defined and documented.	<p>Target of GHG reduction and progress towards achieving the target is set at group level to include all Musim Mas Group operations. Musim Mas Group is committed to reach 55% GHG reduction (per ton of CPO) in 2025 in comparison to its GHG emission in 2006 (5.96 tCO₂e/tCPO). Based on 2018 GHG emission, Musim Mas Group has already reached 2.8 tCO₂e/tCPO or 53% GHG reduction which is close to achieving its target.</p> <p>Musim Mas Group has also committed to reduce GHG emissions through adoption of technologies, in this case, the installation of methane capture and its biogas powered electrical generator facilities in all mills owned by Musim Mas Group. Methane captures were commissioned in 2011 for PKL and in 2018 for GIN 1. Methane captures are still under development for MPG.</p>	Conformance
1.3.3 Annual GHG emissions from all sources and progress towards the targets documented in 1.3.2 are publicly reported.	Annual GHG emissions and progress towards the target are available in Musim Mas Sustainability Report 2017 that has been made for public. In addition, the more detail annual GHG emission of each mill is part of its RSPO audit report which is available for public at RSPO website (https://rspo.org/certification/).	Conformance
Recommendations:	None	
1.4 Pesticide use minimisation		

¹¹ The latest version of the RSPO PalmGHG methodology must be used.

<p>Highly toxic, bio-accumulative and persistent pesticides shall not be used. These include chemicals on the FSC ‘Highly Hazardous’ list and SAN prohibited pesticide list. Producers shall preference practice natural weed and pest control and IPM, and strive to avoid the use of toxic pesticides, only using them as an absolute last resort. There shall be full transparency of any pesticide use.</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>Musim Mas Group has obtained the approval from POIG for the use and phase out plan of several prohibited pesticide as indicated in letter from POIG Organizing Committee (POIG OC) on Clarifications and decisions on Musim Mas Group request for exemption for the list of POIG prohibited pesticides currently used by the company dated 20 December 2018. This approval also applies for PKL, GIN 1, GIN 2, and MPG.</p> <p>Brodifacoum and Permethrin are two pesticides that shall be phased out in December 2018. The letter also stated that the use of Carbosulfan after 20 December 2018 shall have POIG approval prior to its application. Based on the review of pesticide application records in 2019, pesticides procurement in 2018 and 2019, and stock of pesticides in 2019, there has been no application of Brodifacoum, Permethrin, and Carbosulfan by PKL, GIN 1, GIN 2, and MPG. Visit to chemical storages also confirmed this finding, those chemicals were not available.</p>	<p>Conformance</p>
<p>1.4.2 The grower preferences natural weed and pest control and IPM.</p>	<p>Integrated Pest Management (IPM) is available in PKL, GIN1, GIN 2, and MPG. It indicates: the preferences of manual and other non-chemical control of pest; and the implementation of pest monitoring or early warning system for pesticide application.</p> <p>Non-chemical control, such as the use of beneficial plants <i>Antigonon leptopus</i>, <i>Turnera sumbulata</i> and <i>Cassia cobanensis</i> for caterpillar</p>	<p>Conformance</p>

	<p>and the use of natural predator <i>tyto alba</i> for rat were observed during this visit. Based on review of records of pest monitoring in 2019 and application of pesticides in 2019, pesticides application is made selectively based on the level of pest infestation. Manual control is conducted for pest infestation under certain level.</p>	
<p>1.4.3 Emergency use of listed pesticides is permitted subject to POIG Organising Committee approval.</p>	<p>Musim Mas Group has obtained the approval from POIG for the use and phase out plan of several prohibited pesticide as indicated in letter from POIG Organizing Committee (POIG OC) on Clarifications and decisions on Musim Mas Group request for exemption for the list of POIG prohibited pesticides currently used by the company dated 20 December 2018. This approval also applies for PKL, GIN 1, GIN 2, and MPG.</p> <p>At the time of this audit, PKL is still applying the following prohibited pesticides: Glufosinate-ammonium, Cypermethrin, Mancozeb, Chlorpyrifos, and Warfarin; GIN 1 and GIN 2 are still applying the following prohibited pesticides: Cypermethrin and Warfarin; while MPG is still applying the following prohibited pesticides: Glufosinate-ammonium, Cypermethrin, Mancozeb, and Warfarin. Based on the letter mentioned above, POIG has approved the use of these pesticides but shall be phased out in December 2019 for Glufosinate-ammonium, in December 2020 for Cypermethrin and Mancozeb, and in December 2021 for Chlorpyrifos and Warfarin.</p>	<p>Conformance</p>
<p>Recommendations:</p>	<p>In the next audit, the phase out for Glufosinate-ammonium shall be effective and therefore to be verified.</p>	
<p>1.5 Chemical fertiliser To reduce climate and environmental impacts producers shall strive to minimise chemical fertiliser use, and preferentially use 'precision</p>		

<p>agriculture’, organic fertilisers, and where possible use waste as a source of phosphorus. Phosphorus and nitrogen levels in water courses are monitored and disclosed.</p>		
<p>1.5.1 Use of chemical fertilisers is minimised through producers demonstrating preferential use of alternatives¹² to manage soil fertility.</p>	<p>Based on documents review, the fertilizer application in PKL, GIN 1, GIN 2, and MPG has followed the result of soil and foliar analysis to avoid unnecessary application of fertilizer. Organic materials that are Dried Decanter Solid (DDS) and boiler ash in addition to chemical fertilizer are applied in PKL and MPG.</p> <p>As verified from the field visit in PKL, GIN 1, GIN 2, and MPG, soil conservation practices such as maintaining the vegetative ground cover and reducing water run-off to maintain soil fertility and increase the effectiveness of fertilizer application are implemented.</p>	<p>Conformance</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>Sampling points that represent the inlet and outlet of watercourses in PKL and MPG have been identified. Map that indicates the watercourses and the location of the sampling points is available. GIN 1 and GIN 2 utilize canal for drainage and transportation. The canal is a close system with single discharge point to the river system outside of the plantation. Sampling points have been identified to represent the phosphorus and nitrogen level in the canal. Map that indicates the location of the sampling points is available.</p> <p>The analysis of phosphorus and nitrogen levels at these sampling points has been conducted in 2018. The result of the analysis and comparison between inlet and outlet is available for review. There is no increase of phosphorus and nitrogen levels along the</p>	<p>Conformance</p>

¹² Alternative methods include: ‘precision agriculture’, the use of organic fertilisers and the use of organic residues as a source of nutrients, including those resulting from the processing of oil palm bunches.

	<p>presented watercourses. Phosphorus and nitrogen levels in the canal are still below the threshold from the government regulation. This analysis is conducted annually. The analysis for 2019 is not yet conducted at the time of this audit.</p> <p>Musim Mas Group has procedure (2017) which also apply for PKL, GIN 1, GIN 2, and MPG, that shows measures to be taken if an increased level of phosphorus and nitrogen in the watercourses is identified. The measures include the adjustment of fertilizer rates and procedures.</p>	
1.5.3 Results of phosphorous and nitrogen monitoring in water courses are included in public reporting.	Results of phosphorous and nitrogen monitoring in water courses are available in Musim Mas Sustainability Report 2017 that has been made for public.	Conformance
Recommendations:	None	
<p>1.6 GMOs prohibition The cultivation of GMOs in the management area is prohibited.</p>		
1.6.1 The use of GMOs in the management area is prohibited.	There is no GMO use in PKL, GIN 1, GIN 2, and MPG. The evidence on the origin of the planted seeds is available.	Conformance
Recommendations:	None	
<p>1.7 Water accountability The quality and quantity of water is maintained with responsible water management adopted including minimisation and disclosure of water use, pollution elimination, equity with other users, and consideration of catchment level impacts of irrigation.</p>		

<p>1.7.1 Water use, consumption and pollution by plantation operations and mills are monitored.</p>	<p>Water use by the estates and mills has been monitored. Pollution by the mills is also monitored. The water monitoring is based on the measurement of water flow meter. Records of these monitoring are available and reviewed. The availability of water meter was also verified during the field visit to the mills, chemical mixing facilities, water treatment facilities, and workers' housing.</p> <p>In addition to the above monitoring, water footprint following the water footprint network methodology has been calculated. The water footprint shows water consumption based on water being used and returned by the mills and estates. This method also includes the calculation of pollution by the mills and estate that are palm oil mill effluent (POME) and water contaminated by pesticides and fertilizers. Monitoring data from POME flow meter and volume or doses of pesticides and fertilizers is used for the calculation. The calculation for 2018 shows that PKL, GIN 1, GIN 2, and MPG consumed less than the total water received from the rain in the area during that year.</p>	<p>Conformance</p>
<p>1.7.2 The water management plan includes targets and measures to minimise and/or reduce water use, consumption, and pollution, including in both plantations and mills.¹³</p>	<p>Water management plan for PKL, GIN 1, GIN 2, and MPG is available. It includes the target set for water use by the mill and the estates, the target for water pollution by the mill, and the target for water consumption. Based on the monitoring records mentioned in the finding for indicator 1.7.1, the water use,</p>	<p>Conformance</p>

¹³ The scope is the entire area under management. The plan distinguishes among water that is used and that is consumed (e.g. disappears in industrial processes). It includes specific reduction targets, as well as pollution abatement measures.

	<p>consumption, and pollution of the mills and estates are within the target.</p> <p>Measures to minimize the water use include: the regular monitoring for effective water management; socialization of water conservation for workers and communities; maintaining buffer zone along the watercourse to avoid contamination of chemical and fertilizer into the water; and the re-use of water, such as using the water from washing the spraying equipment for the chemical mixing.</p>	
1.7.3 Water use, consumption and pollution by plantations and mills are included in public reporting.	Information on the water use, consumption and pollution by the mills and estates is available in Musim Mas Sustainability Report 2017 that has been made for public.	Conformance
1.7.4 A water stewardship assessment is undertaken involving relevant stakeholders to address water equity issues. ¹⁴	Stakeholder consultations to address water equity issue have been conducted for PKL, GIN 1, GIN 2, and MPG. The consultation was participated by the representatives from the affected villages. All consultations concluded that adequate water is available for communities. PKL, GIN 1, GIN 2, and MPG will hold this consultation regularly and identify more relevant stakeholders to be included in the consultation.	Conformance
Recommendations:	None	
1.8 Protect and conserve wildlife		

¹⁴ 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>Following comprehensive biodiversity surveys to identify HCV 1-3, in addition to ensuring the protection and survival of all rare, threatened or endangered species (RTE) within their concession land, concession holders also make a positive contribution to their survival in the wild in areas beyond the concession.</p>		
<p>1.8.1 Comprehensive biodiversity surveys to identify HCV 1-3 have been undertaken.</p>	<p>HCV assessment has been completed in June 2015 for PKL, in January 2014 for GIN 1 and GIN 2, and in September 2012 for MPG. Based on documents review, comprehensive biodiversity surveys to identify HCV 1-3 which includes desk study, field visit (by sampling), and interview with workers and local communities to identify the available flora, fauna and their important habitats have been undertaken.</p>	<p>Conformance</p>
<p>1.8.2 Management plans for all rare, threatened or endangered species include actions for their protection, survival, and prevention of poaching, in the landscape outside the management area.¹⁵</p>	<p>Management and monitoring plans for conservation areas at landscape level is available for period 2019 – 2023 for PKL, GIN 1, GIN 2, and MPG. Awareness campaign for both workers and communities from the affected villages on the importance of wildlife conservation and to avoid hunting has been conducted.</p> <p>Agreement between PKL and the affected communities (Pangkalan Lesung and Pesaguan) was signed in January 2019; agreement between GIN (represent GIN 1 and GIN 2) and the affected communities (Tanjung Simpang, Simpang Kateman, Pelanduk,</p>	<p>Conformance</p>

¹⁵ Examples of positive actions for the survival of RTE species outside the plantation or concession boundaries include: environmental education programmes with neighbouring communities; business contracts with smallholders/others that include specific clauses requiring no poaching and other protection measures; reporting illegal activities to environmental/other appropriate agencies; hiring patrols for monitoring outside the concession boundary (if permitted by law); engagement with specialised NGOs or other organisations to work on species and habitat conservation; funding for protected areas outside of concession boundaries; engaging with and supporting adjacent landowners or concession holders in identifying and protecting habitats located outside boundaries that are used by RTE species for reproduction, migration, feeding, and shelter/roosting.

	<p>Surayya Mandiri, Bentayan, Sepakat Jaya, Teluk Merbau, Lahang Hulu, and Belanta Raya) was signed in March and April 2019; while Agreement between MPG and the affected communities (Pendreh, Karamuan, and Makunjung) was signed in March 2019. The agreement states the commitment of the companies and communities to collaboratively conserve and protect conservation areas. Based on consultation with the community representatives, they are aware of and committed to conserve and protect the designated conservation areas. Government representatives also admitted that PKL, GIN 1, GIN 2, and MPG have supported them in conservation related activities such as join patrol and socialization.</p>	
<p>1.8.3 The RTE management plan takes into consideration traditional hunting by communities outside the management area and includes specific activities to contribute to the protection and survival of RTE species affected by hunting.</p>	<p>Based on the review of management and monitoring plans for conservation areas at landscape level and Social Impact Assessment (SIA) report, there is no tradition for traditional hunting by communities outside the management area of PKL, GIN 1, GIN 2, and MPG, thus traditional hunting is not taken into consideration in the management and monitoring plan. There is also no issue on traditional hunting raised during the stakeholder consultation. There is no traditional hunting by communities observed during this verification.</p>	<p>Not Applicable</p>
<p>Recommendations:</p>	<p>None</p>	
<p>2. Partnerships with Communities</p>		

2.1 Free, Prior and Informed Consent

Comprehensive FPIC is obtained for all oil palm development including in particular: full respect for their legal and customary rights to their territories, lands and resources via local communities own representative institutions, with all the relevant information and documents made available, with resourced access to independent advice, through a documented process, through a long-term two-way process of consultation and negotiation where the communities are informed and understand that saying no to development is an option, and not constrained by local legal frameworks. Newly acquired already planted plantation areas shall redress any lack of proper FPIC when the plantations were established. Lands will not be acquired through expropriations in the national interest ('eminent domain').

<p>2.1.1 Resourced access to independent expert advice is offered at each stage of an FPIC or conflict resolution process to affected communities.</p>	<p>Guidance on access to independent and technical advice and support from representative of local communities and third-party mediation is available and reviewed during this audit. List of individuals and organizations, including the independent experts from local, regional and national level is also available and maintained.</p> <p>The list has been socialized to the surrounding communities and posted on several locations in the villages. Based on the consultation with community representatives, they are aware of the list. They also confirm that access to independent expert advice is offered during the FPIC process.</p>	<p>Conformance</p>
<p>2.1.2 Processes of consultation and negotiation, in accordance with internationally recognised FPIC standards, are not constrained by local legal frameworks.</p>	<p>Musim Mas Group has developed the procedures for stakeholder consultation (latest version in January 2016) and negotiation process (latest version in February 2018) which apply for PKL, GIN 1, GIN 2, and MPG. These procedures are in accordance with FPIC guidance published by RSPO (2015) and are not constrained by local legal framework.</p>	<p>Conformance</p>
<p>2.1.3 When acquiring land or replanting existing plantations, measures are taken to redress any issues arising from the lack of or inadequate FPIC processes carried out when</p>	<p>PKL has not acquired additional land aside those acquired in 1991. Replanting has been conducted since 2012 in Estate III, Estate IV, and Estate V. Documents of FPIC process including the consultation</p>	<p>Conformance</p>

<p>those plantations were established. In such cases, participatory surveys will be conducted to identify HCVs 4, 5 and/or 6 that existed before the plantation was established.</p>	<p>process and negotiation for land compensation are available to clarify that adequate FPIC process had been conducted for these estates prior to their establishment. There is no issue of land conflict or lack of FPIC observed during the stakeholder consultation.</p> <p>Musim Mas Group acquired the land currently used for GIN 1 and GIN 2 in 2013. There is no documentation of FPIC processes or evidence that FPIC has been carried out when the plantation was established by previous management. FPIC process with the communities started in 2013, followed with development of FPIC procedure, complaint and grievance procedure and annual stakeholder consultation. . HCV assessment that covers GIN 1 and GIN 2 has been completed in January 2014. Participatory survey was conducted during the assessment for the identification of HCV 4, 5, and 6. The assessment concluded the finding of HCV 1, 3 and 4 that are located in 202 Ha of total area in Estate III and being maintained as conservation area.</p> <p>Musim Mas Group acquired the land currently used for MPG (mill and Estate I) in 2012. HCV assessment for MPG which includes Estate I has been completed in September 2012. Participatory survey was conducted during the assessment for the identification of HCV 4, 5, and 6. The assessment concluded the finding of HCV 1 and 4 that are located in 1,240.03 Ha of total area in Estate I and being maintained as conservation area.</p>	
<p>2.1.4 Plantations have not been developed on land acquired through expropriations in the national interest (eminent domain) after</p>	<p>The land currently used for PKL was acquired in 1991, for GIN 1 and GIN 2 was acquired in 2013, while for MPG was acquired in 2012. Based on the review of legal documents, the required procedures</p>	<p>Not Applicable</p>

<p>March 2014.</p>	<p>to obtain HGU has been carried according to applicable law. There is no expropriation in the national interest observed in the process of obtaining the HGU.</p>	
<p>Recommendations:</p>	<p>Related to indicator 2.1.2, for MPG, the consultation processes have not consistently involved representatives from all effected villages (Karamuan, Pendreh, and Makunjung) as indicated in SIA report for MPG. As observed from the documents review, the public consultation process for the acquisition of MPG from previous owner in 2012 only involved Karamuan and Makunjung while public consultation process for the development of the mill in 2016 only involved Karamuan. MPG clarified that the mill and estate are located on land of Karamuan village therefore this village was prioritized for the consultation. During the stakeholder consultation meetings, MPG always invite representatives from all affected villages. Representatives from Makunjung were rarely participated due to the long distance from MPG. It is noted that based on the consultation with the community representatives (Pendreh, Karamuan, and Makunjung), there is no issue raised for this condition. However, it is recommended for MPG to review and confirm the directly affected villages and provide support to make sure the representatives of all affected villages equally involved in the consultation process.</p>	
<p>2.2 Food security 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</p>		

<p>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>2.2.1 Food security for workers, smallholders, and indigenous and local communities affected by existing plantations is assessed and included in a social management plan. The scope of the food security assessment includes the additional impacts that oil palm production operations may have, including on land, water, labour and infrastructure as well as substitutability between income generation for food purchase and subsistence food production of workers, smallholders and affected communities.</p>	<p>The assessment of food security for workers and local communities has been conducted in SIA. Another assessment of food security for local communities has also been conducted during the participatory mapping process. In both assessments, the food security is concluded to be in good condition in PKL, GIN 1, GIN 2, and MPG. However, several programs such as providing support for workers and their families to do gardening, monitoring the price and access of workers for subsistence food and water, providing additional income for local communities, and providing access to clean water for local communities have been conducted to further maintain and enhance the food security.</p>	<p>Conformance</p>
<p>2.2.2 After March 2014, in new plantations or expansion of existing plantations, a minimum of 0.5 ha¹⁶ of garden or farmland per person is identified via participatory mapping, and enclaved for meeting food security needs.</p>	<p>New planting has been conducted in MPG after March 2014. The availability of garden or farmland is clearly identified in the participatory mapping process in August 2015 – March 2016. In all villages affected by the mill, there is more than 0.5 ha of land suitable for garden and farmland available per person (in family unit of local communities). In addition, the availability of other land was checked during the land compensation process. The actual land compensation conducted by MPG from 2014 to 2019 is 504.33 Ha from the total identified area of 782 Ha. The land compensation process is ongoing to achieve all identified area.</p>	<p>Conformance</p>

¹⁶ 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.

	There has been no new plantation or expansion after March 2014 in PKL, GIN 1, and GIN 2.	
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.	Participatory land use planning was developed based on the participatory mapping process. As mentioned in the finding for indicator 2.2.1, local food security was addressed during the participatory mapping process thus its result has been considered for the participatory land use planning.	Conformance
2.2.4 Evidence that measures identified in assessments and planning are being implemented and are effective.	The implementation of measures to maintain or enhance local food security is observed during this audit. Vegetable and fruit seeds for workers to be planted at the workers housing compound are provided. DDS is also provided for fertilizer. KKPA and Kas Desa were established to generate additional income for food purchase for the communities. Smallholder support program is implemented to increase the communities' income for food purchase.	Conformance
Recommendations:		
<p>2.3 Effective conflict resolution</p> <p>A balanced, accountable, mutually agreed and documented conflict resolution system is established that is accessible to smallholders, indigenous peoples, rural communities and other affected parties in order to deal with complaints, grievances and resolve conflicts to the mutual satisfaction of the parties. The system will include the option of access to independent legal and technical advice, the ability for complainants to choose individuals or groups to support them and/or act as observers, as well as the option of a third-party mediator.</p>		
2.3.1 The mutually agreed and documented system for dealing with complaints and grievances is accessible to all affected parties.	Musim Mas Group has developed procedures for internal grievances (latest version in August 2016) and external grievances (latest version in January 2016) which apply for PKL, GIN 1, GIN 2, and MPG. The procedures are accessible to all affected parties. The procedures state that all grievances and their processes for resolution must be documented. Workers and communities can	Conformance

	write down their complaint or concern in the logbook or get assistance from a designated staff. Communities can also raise their grievance during the company's consultation with the affected communities.	
2.3.2 The system provides a clear and known procedure with an indicative time frame for each stage.	For external grievances, the procedures clearly describe how the grievances can be submitted, responded, resolved, and documented. The procedures also describe the time frame for handling grievances: 14 days for grievances from individual, and 10 days for grievances from group of people or organization.	Conformance
2.3.3 The system keeps parties to a grievance informed of its progress.	The procedures state that the individual or group submitting the grievance will be informed in accordance with the time frame specified in this procedure. Based on the consultation with workers and community representatives, the submitted grievance is responded immediately and the progress is informed.	Conformance
2.3.4 The system includes the options of a) access to independent legal and technical advice; b) support from representatives of local communities' own choosing, and c) third party mediation.	As mentioned in the finding for indicator 2.1.1, list of individuals and organizations that can also be accessed by the affected party during conflict resolution for advice, as the representative or as mediator is available. Not limited to this list, the affected party can also choose other individual or organization as the representative or mediator.	Conformance
2.3.5 Evidence that where conflicts have arisen the conflict resolution mechanism is being used and outcomes are considered mutually agreed including by affected parties.	An incident arose between PKL and an individual from Pangkalan Lesung Village in March 2019. This person was found by the patrolling unit to be cutting down tree and clearing land in the conservation area. PKL has submitted this case to the local police to be processed. Based on review on the report made by PKL about this incident, the person has claimed to represent the community	Conformance

	<p>for their right of the land which indicate a case about land conflict. There is no evidence whether conflict resolution mechanism is being applied.</p> <p>PKL has clarified that it was a false claim since the status of the land has been clarified long time ago and the compensation has been made. Agreement between PKL and the community representatives on the status of this conservation area is available and reviewed. In the agreement, this individual is one of the community representative.</p> <p>PKL has also clarified that dialog had been conducted with this person right after the incident but no resolution was reached. Evidence for this dialog is not available and there is also no witness available for clarification at the time of this audit. PKL has not been able to meet the person directly after that first dialog. Based on the last contact made by PKL by phone, the person was not willing to have further discussion.</p> <p>During the audit visit to Multipersada Gatramegah on 27 August 2019, PKL provided documentation of consultation with Pangkalan Lesung Village head and cultural leader that was conducted on 2 August 2019. It stated that the land conflict had been previously resolved and the community is aware that the land now is a conservation area under PKL management and must be protected. The person has no right of the land, has acted on his own accord, and did not represent the community.</p> <p>Based on the statement letter, the following incident is an activity against the agreed outcome of the initial conflict resolution process</p>	
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	<p>and the applicable law that needs to be handled by the police. Therefore, conflict resolution mechanism is not required for this incident.</p> <p>There is no conflict with other parties observed in GIN 1, GIN 2, and MPG during this audit. This finding was also confirmed through the public consultation with stakeholders led by the audit team as part of this audit process. Grievances are responded in a timely manner to mitigate the risk of the grievances to escalate into a conflict.</p>	
<p>2.3.6 Evidence that outcomes and remedies resulting from use of the mechanism are compatible with internationally recognised human rights.¹⁷</p>	<p>As stated in the finding for indicator 2.3.5, the land conflict in PKL had been previously resolved and the community aware that the land now is a conservation area under PKL management and must be protected. The following incident is an activity against the agreed outcome and the law that needs to be handled by the police.</p>	<p>Conformance</p>
<p>Recommendations:</p>	<p>It is noted that PKL and community are aware of the causes of incident mentioned in finding for indicator 2.3.5 thus dialog prior to submitting the case to the police was not recorded. However, it is recommended for PKL to keep record of all communications and involve witness in handling any incident which could be used later as evidence regardless whether conflict resolution mechanism is deemed necessary or not.</p>	
<p>2.4 Social conditions</p> <p>A comprehensive social programme with regular monitoring is in operation to ensure palm oil production does not result in human rights violations, trigger social conflicts, or produce ‘land grabbing’, and addresses key social equity issues including housing, healthcare, education and empowerment of women.</p>		

¹⁷ The [Universal Declaration of Human Rights](#), adopted by the UN General Assembly in December 1948, establishes internationally recognised human rights.

<p>2.4.1 Social impact assessments and plans for the avoidance or mitigation of impacts address the issues of potential human rights violations, social conflicts, impacts of migrant workers on local communities, and land grabbing.</p>	<p>SIA has been conducted for PKL, GIN 1, GIN 2, and MPG. It includes plans for the mitigation of impacts which are annually monitored and reported. Review of these documents show that impact on human right violations, social conflicts, and land grabbing were identified especially in the cases of land dispute resolution and land compensation process. Impact of migrant workers was found to be not available since PKL, GIN 1, GIN 2, and MPG practice local recruitment for workers. FPIC and regular consultation with the affected communities are implemented to mitigate the previously mentioned negative impacts.</p>	<p>Conformance</p>
<p>2.4.2 Social impact assessments and plans for the avoidance or mitigation of impacts address key equity issues, including housing, healthcare, education, and empowerment of women.</p>	<p>Review of the above mentioned documents shows that the mitigation of impacts includes the provision of housing for workers and their families; conducting activities in the form of health education; fogging in collaboration with the local health agency; provision of clean water; provision of healthcare facilities that are free for workers and local communities; creating access to education facility; providing scholarship program; and forming the gender committee.</p>	
<p>Recommendations:</p>	<p>None</p>	
<p>2.5 Workers' rights 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>Terms and contracts of employment</p>		
<p>2.5.1 Permanent, full-time employment is used for all core work performed by the company. Casual, temporary and day labour</p>	<p>There are three sub-contracted workers available in PKL for fixing the water canal. This job is available for temporary. Aside of these</p>	<p>Conformance</p>

<p>is limited to jobs that are genuinely temporary or seasonal, and account for no more than 20% of the workforce.</p>	<p>sub-contracted workers, workers of PKL, GIN 1, GIN 2 and MPG are permanent workers.</p> <p>Number of temporary workers is less than 20% of the workforce.</p>	
Remuneration		
<p>2.5.2 A living wage assessment for all workers, whether employed directly by the company or indirectly by a private employment agency, is conducted based on a credible methodology.¹⁸</p>	<p>Living wage assessment was conducted for PKL, GIN 1, GIN 2, and MPG. The calculation of living wage is based on the regulation of Minister of Labour and Transmigration No.13, year 2012 on the needs of decent living for single workers in one month with 3,000 calories per day. The average of living wage based on this assessment is below the minimum wage and in-kind benefits applied in PKL, GIN 1, GIN 2, and MPG.</p>	Conformance
<p>2.5.3 Wages are paid to all workers regularly, on time, directly to the worker and in legal tender or cheque.</p>	<p>Wages are paid to all workers on the 5th of the following month. There is payment in advance at the end of the second week in every month between IDR 200,000 and IDR 300,000 for all field workers. Payment is done through bank transfer to personal bank account of each worker.</p>	Conformance
<p>2.5.4 Wage advances, loans and deductions are legal, recorded, communicated and available to workers upon request, and do not result in debt bondage.</p>	<p>Wage advance, loans and deductions for national health insurance (BPJS) program are recorded and communicated with workers. All deductions are recorded in wages slip and it is noted and understood by the workers.</p> <p>Workers' Personal Protective Equipment and general working tools are provided free of charge. For harvesting workers, apart from the general working tools, there is additional special equipment that involves high investment cost. In promoting good care for the</p>	Conformance

¹⁸ A methodology for measuring the living wage has been established by the [Global Living Wage Coalition](#), a group of six international, multi-stakeholder standard-setting initiatives. A [report](#) published by the International Labor Organization (ILO) also reviews methodologies to estimate a living wage.

	special equipment, deposit system developed and agreed together with the worker cooperatives is introduced. The deposit, translating to about Rp. 100,000 monthly deduction for the first three month of employment, will be managed by the cooperatives and returned in full with interest to the workers upon the return of this special equipment. Any change of this special equipment during the work tenure of the harvester is provided free of charge.	
2.5.5 All workers, including casual, temporary, seasonal and migrant workers, are provided compensation and benefits consistent with applicable law, including health, pension and social security.	Compensation and benefits are provided for workers as per applicable national law (<i>Undang-undang Ketenagakerjaan No 13 Tahun 2003</i>) which include their inclusion in BPJS program for health, accident, and pension.	Conformance
Working hours and leave		
2.5.6 The normal work week does not exceed 48 hours, not including overtime, and workers are entitled to at least one day off in 6 consecutive days. Overtime in excess of what is permitted by law is prohibited, and workers report that all overtime is voluntary.	The normal work of workers is six days in a week with total 40 hours. Overtime is less than 3 hours per day and less than 14 hours per week. As confirmed during consultation with workers, overtime is voluntary. This condition is in accordance with the applicable national law (<i>Undang-undang Ketenagakerjaan No 13 Tahun 2003</i>). During peak season, workers at the mill may have overtime more than 3 hours per day or 14 hours per week. Musim Mas Group has obtained a permission letter from the national labour department for this situation which is also applicable for PKL. Consultation with the representatives of labour department has confirmed that the permission is valid.	Conformance
2.5.7 All workers are provided legally mandated public holidays and periods of leave consistent with applicable law, including paid annual, parental,	The detail on holidays and leaves for workers is described in the Labour Collective Agreement. Workers receive holiday on Sunday and other public holidays stated by the government. Workers also receive 12-days of annual leave, sick leave, three days of leave for	Conformance

compassionate and sick leave. Workers not covered under applicable laws are entitled to equivalent benefits. ¹⁹	marriage purpose, and maternity leave. The holidays and leave provided for workers are in accordance with applicable national law (<i>Undang-undang Ketenagakerjaan No 13 Tahun 2003</i>).	
2.5.8 Records are maintained and demonstrate that hours of work do not exceed the maximum allowed by local law, regulation or collective agreement or 48 hours (per 2.5.5 above), whichever is lower.	Records of normal working hours and overtime of workers is maintained in a computerized working hour monitoring tool. The records have been reviewed and the conclusion is as described in the finding for indicator 2.5.6.	Conformance
Child labour		
2.5.9 A clear policy and compliance system is in place that prohibits child labour and its worst forms and sets the minimum age for employment consistent with applicable law. ²⁰	PKL, GIN 1, GIN 2, and MPG are subjected to Musim Mas Group’s policy on the prohibition of child labour (2012). The policy states that employing children or those less than 18 years old is prohibited. The policy is in accordance with the applicable law. Field visit and consultation with stakeholders has clarified that child labour is not available. Signs for no child labour are available at strategic places within the company areas.	Conformance
2.5.10 Young workers legally permitted to work but subject to compulsory education laws only work outside school hours.	There is no young worker employed in PKL, GIN 1, GIN 2, and MPG. All workers are above 18 years old.	Not Applicable
2.5.11 The company maintains an up-to-date list of hazardous activities and functions in the workplace that are prohibited for young workers consistent with or exceeding	There is no young worker employed in PKL, GIN 1, GIN 2, and MPG thus it is not necessary for them to have list of hazardous activities	Not Applicable

¹⁹ Entitlements for workers not covered under applicable law will be calculated on a pro rata basis, in proportion to the entitlement of a similar full-time worker.

²⁰ Per ILO Convention 138 on the Minimum Age for Admission to Employment and Convention 182 on the Worst Forms of Child Labor.

national regulation, where applicable.	and functions in the workplace that are prohibited for young workers.	
Forced or trafficked labour		
2.5.12 No fees or costs are charged to workers, directly or indirectly, for recruitment or employment services by recruitment agencies, private employment agencies or the employer. Where it is discovered that fees have been charged, workers are reimbursed the total amount paid.	Based on consultation with workers, they do not pay for any recruitment fees. PKL, GIN 1, GIN 2, and MPG do not use recruitment agencies for workers recruitment.	Conformance
2.5.13 The retention of passports, other government-issued identification and any personal valuables by the employer or third-party recruitment or employment agency is strictly prohibited in policy and monitored in practice.	Based on review of Collective Labor Agreement, PKL, GIN 1, GIN 2, and MPG do not retain identification or personal valuable of their workers in the recruitment process. This is also confirmed based on the consultation with workers.	Conformance
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.	Risk assessment to address risk of force labor, human trafficking and child labor has been conducted for independent smallholders supplying FFB to GIN 1 (May 2019), for independent smallholders supplying FFB to MPG (May 2019), and for PT Bangun Batara Raya (August 2019). The procedure 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. These	Conformance

	<p>assessments conclude that there is no risk of force labor, human trafficking and child labor available. This result is confirmed from consultation during the stakeholder meeting, and from direct observation and interview with smallholders during the field visit at GIN 1 and MPG.</p> <p>KKPA Rawa Tengkuluk and Kas Desa Pangkalan Lesung are under direct management of PKL and no risk assessment is conducted.</p>	
<p>Recommendations:</p>	<p>None</p>	
<p>2.6 Support to smallholders</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>2.6.1 A smallholder support programme is developed, documented and monitored, which includes: a) Measures to increase the productivity of smallholders to a comparable benchmark of productivity for the region, and a target of reaching at least the same productivity level as company estates; b) Support relating to financial management and budgeting and c) Support relating to logistics, FFB processing and market access.</p>	<p>Smallholders support programme is developed and documented by Musim Mas Group and implemented by its subsidiary companies whenever relevant. The program is implemented by PKL for KKPA Rawa Tengkuluk and by GIN 1 and MPG for independent smallholders.</p> <p>To increase productivity, PKL directly manages KKPA plantation where the same agriculture practices as for the estates is applied here thus the productivity is in equal level with PKL estates. GIN 1</p>	<p>Conformance</p>

	<p>and MPG provide training on good agriculture practices for smallholders.</p> <p>To provide support relating to logistic, FFB processing and market access, PKL purchases all FFB produced by KKPA with price following the price stated by the local government for FFB. GIN 1 and MPG purchases FFB from smallholders and cooperates with trader for FFB collection and transport.</p> <p>In term of support relating to financial management and budgeting, based on consultation with the cooperative representatives, PKL occasionally discuss with them on financial management and budgeting. There is no formal discussion or training about financial management or budgeting given by PKL considering that the cooperative management have sufficient knowledge on these topics. GIN 1 and MPG provide training on financial management for smallholders.</p> <p>The smallholder division of Musim Mas Group documents and monitors the implementation of this program.</p>	
<p>2.6.2 Progress in implementation of the smallholder support programme is included in public reporting.</p>	<p>The progress in the implementation of the smallholder support program by Musim Mas Group that includes PKL, GIN 1, and MPG is included in Musim Mas Sustainability Report 2017 that has been made available for public.</p>	<p>Conformance</p>
<p>2.6.3 Report on percentage of schemed smallholders, percentage of independent smallholders and percentage RSPO certified of each.</p>	<p>Information on the percentage of scheme smallholders and independent smallholders, including their RSPO certification status is available. Scheme smallholders are available for PKL namely KKPA Rawa Tengkuluk. All or 100% of these scheme</p>	<p>Conformance</p>

	<p>smallholders has been RSPO certified. Independent smallholders are available for GIN 1 and MPG. None or 0% of these independent smallholders is RSPO certified.</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>	<p>KKPA Rawa Tengkuluk has been included in the RSPO certification for PKL and POIG audit for Musim Mas Group.</p> <p>GIN 1 has developed plan for the inclusion of independent smallholders into RSPO certification. The first batch of certification will be conducted in Q4 2022. GIN 1 has further developed the plan for the smallholders to reach compliance with POIG after they are RSPO certified in Q4 2027.</p> <p>MPG has developed plan for the inclusion of independent smallholders into RSPO certification. The first batch of certification will be conducted in Q2 2022. MPG has further developed the plan for the smallholders to reach compliance with POIG after they are RSPO certified in Q4 2027.</p>	<p>Conformance</p>
<p>Recommendations:</p>	<p>None</p>	
<p>3. Corporate and Product Integrity</p>		
<p>3.1 Anti-corruption and transparency</p> <p>Producer companies shall publicise a commitment to prohibit any form of corruption including during the concession acquisition process and within their operations, and support efforts to establish and comply with anti-corruption legislation where this exists. In the absence of anti-corruption law, the producer company shall implement other anti-corruption measures proportionate to scale and intensity of management activities and the risk of corruption.</p>		

<p>3.1.1 An ethical policy prohibiting all forms of corruption is publicly available.</p>	<p>PKL, GIN 1, GIN 2, and MPG are subjected to Musim Mas Group Ethical Business Policy (latest version in - February 2017) that indicates the prohibition of any form of corruption. The policy is available for public at Musim Mas Group website.</p>	<p>Conformance</p>
<p>3.1.2 The ethical policy covers: a) Bribery; b) Facilitation payments; c) Guidance and procedure for gifts and hospitality d) Disclosure of political contributions; and e) Guidelines for charitable donations and sponsorships, f) Respect for fair conduct of business; g) Proper disclosure of information in accordance with applicable regulations and accepted industry practices and h) Compliance with existing anti-corruption legislation.</p>	<p>Musim Mas Group Ethical Business Policy (latest version in February 2017) covers all topics described in this indicator.</p>	<p>Conformance</p>
<p>Recommendations:</p>	<p>None</p>	
<p>3.2 Traceability 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>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>As verified from the review of FFB reception records, the FFB received by PKL, GIN 1, GIN 2, and MPG can be traced back to its origin.</p> <p>FFB for PKL is coming from Estate III, Estate IV, Estate V, KKPA Rawa Tengkuluk, and Kas Desa Pangkalan Lesung. FFB for GIN 1 is coming</p>	<p>Conformance</p>

	<p>from Estate I (Division A, B, and E) and independent smallholders. FFB for GIN 2 is coming from Estate I (Division C, D, and F), Estate II, and Estate III. FFB for MPG is coming from Estate I, PT Bangun Batara Raya, and independent smallholders. The location of these supply bases is mapped.</p> <p>The identification of independent smallholders has been completed in April 2019 for GIN 1 (1,319 smallholders) and in January 2019 for MPG (262 smallholders). GPS coordinate, sketched map, and the type of land right for each farm are available. During this audit, field visit and interview with farmers and trader were conducted. It is confirmed that farmers supplying FFB to GIN 1 and MPG have 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 GIN 1 or MPG.</p> <p>Related traders have been well informed on the requirements of GIN 1 and MPG supply chain. They are aware that only FFB from the identified farmers can be supplied to GIN 1 or MPG. The inclusion of new farmers must be informed to GIN 1 or MPG prior to supplying FFB. GIN 1 and MPG have developed capacity for the evaluation and mapping of smallholders.</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>All supply bases are known and not illegal sources. As mentioned in the finding for indicator 3.2.1, information on the type of land right of smallholders is available that further clarified that FFB from independent smallholders is from known and identified sources and not from illegal sources. Contract with PT Bangun Batara Raya</p>	<p>Conformance</p>

	is available (January 2018) and justifying the FFB was not from illegal source and not an illegal FFB.	
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.	All estates, KKPA and Kas Desa are RSPO certified and included in POIG audit for Musim Mas Group. Independent smallholders and PT Bangun Batara Raya are not RSPO certified and not included in the audit for compliance with POIG indicators. As mentioned in the finding for indicator 2.6.4, GIN 1 and MPG have time-bound plan to bring independent smallholders into compliance with POIG indicators. Efforts as in the implementation of smallholder support program are documented. There is no time bound plan for PT Bangun Batara Raya compliance with POIG indicators. At the time of this audit, MPG no longer buy FFB from this company.MPG has decided to stop buying FFB from PT Bangun Batara Raya since early August 2019 (see finding for 3.4.2 below for detail).	Conformance
Recommendations:	None	
3.3 Report on social, labour and environmental performance 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.		
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.	Musim Mas Sustainability Report 2017 was made available for public in November 2018 at Musim Mas Group website (http://www.musimmas.com/news/resources). The report will be developed and published every two years. The report includes all issues relevant to compliance with RSPO and POIG indicators.	Conformance

<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>	<p>Musim Mas Sustainability Report 2017 has met compliance with the requirements of GRI Sustainability Reporting Guidelines.</p>	<p>Conformance</p>
<p>Recommendations:</p>	<p>None</p>	
<p>3.4 RSPO certification and company operations 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>3.4.1 A minimum of 50% of the company's plantations and mills are RSPO certified upon commitment to this Charter²¹.</p>	<p>The POIG Secretariat will assess compliance as part of the Due Diligence entry requirements.</p>	<p>POIG Decision</p>
<p>3.4.2 Within 24 months of POIG membership, 100% RSPO certification of the company's plantations and mills is achieved.²²</p>	<p>All mills and plantations of Musim Mas Group that have obtained the legal right for their operations has been RSPO certified. Estate II of MPG (acquired in April 2018), Sarana Esa Cita mill (commissioned in June 2016) and Estate I of Sarana Esa Cita (acquired in November 2015), Estate I of Mulia Indah (acquired in March 2011), Estate I of Mentari Pratama (acquired in February 2010), and Estate I of Lestari Abadi Perkasa (acquired in Feb 2010) cannot be RSPO certified since they are still in the process for obtaining HGU.</p>	<p>Conformance</p>

²¹ The POIG Secretariat will assess compliance as part of the Due Diligence entry requirements.

²² Where there are plantations waiting for a mill, the rule will only apply after mill construction has been completed.

<p>3.4.3 Newly acquired plantations are RSPO certified within 24 months of acquisition.</p>	<p>As mentioned in the finding for indicator 3.4.2, all mills and plantations that have obtained the legal right for their operations have been RSPO certified. Estate II of MPG is the only plantation acquired by Musim Mas Group after its commitment to the POIG Charter that has not been RSPO certified. It was acquired in April 2018 in which less than 24 months ago at the time of this audit.</p>	<p>Conformance</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>	<p>Musim Mas Group has a policy on its commitment for purchasing 100% RSPO certified FFB with exception for the FFB supply from independent smallholders that was signed in April 2018. In accordance with POIG decision as stated in its letter for Musim Mas Group dated 20 December 2018, Musim Mas Group has met compliance with this indicator.</p> <p>MPG has purchased non RSPO certified FFB from PT Bangun Batara Raya after April 2018. However, it is clarified that MPG has just completed its traceability assessment in January 2019. Following the assessment, MPG engages all suppliers on RSPO and POIG. Records of socialization and meeting in April and August 2019 are available. Subsequent follow up with PT Bangun Batara Raya after the meetings show that it is not interested in RSPO certification and POIG. Musim Mas Group takes immediate action by stopping MPG from purchasing FFB from PT Bangun Batara Raya in August 2019. It is verified during the field visit (end of August 2019), MPG no longer purchase FFB from PT Bangun Batara Raya.</p>	<p>Conformance</p>
<p>Recommendations:</p>	<p>None</p>	
<p>3.5 Responsible Supply Chains 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>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.²³</p>	<p>The POIG Secretariat will monitor compliance with this indicator.</p>	<p>POIG decision</p>
<p>3.5.2 Following the initial assessment, compliance with the requirements of the Charter, including the POIG indicators, is independently verified on an annual basis.</p>	<p>This is the third-year audit for Musim Mas Group. Second-year audit has been conducted in 2018 following the initial assessment in 2017. Both the initial assessment and second-year audits were conducted by Rainforest Alliance while this third-year audit is conducted by NEPCon. Rainforest Alliance and NEPCon are independent third party.</p>	<p>Conformance</p>
<p>3.5.3 Audit reports are made publicly available on the POIG website.²⁴</p>	<p>The POIG Secretariat will monitor compliance with this indicator.</p>	<p>POIG decision</p>
<p>Recommendations:</p>	<p>None</p>	

²³ The POIG Secretariat will monitor compliance with this indicator.

²⁴ The POIG Secretariat will monitor compliance with this indicator.

