

Golden Agri-Resources Social and Environment Policy

Evaluation Report
for PT. Kartika Prima Cipta, PT. Paramitra Internusa Pratama,
and PT. Persada Graha Mandiri in Kalimantan Barat

The Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices, and consumer behavior.

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Report Finalized
22 December 2017

Verification Dates 2
March 2017
15 – 20 March 2017
27 – 31 March 2017
2 May 2017

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Acknowledgments

The Rainforest Alliance wishes to acknowledge the field work and analysis of our Evaluation Team, our Asia Pacific Regional Office staff who supported this effort throughout, the collaboration of Golden Agri-Resources and related collaborators and consultants, and the innumerable stakeholders who took the time to provide invaluable input throughout the evaluation process.



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List of Acronyms

CPO:	Crude Palm Oil
FFB:	Fresh Fruit Bunch
FPIC:	Free, Prior and Informed Consent
GAR:	Golden Agri-Resources
GHG:	Green House Gas
GMO:	Genetically Modified Organism
GPS:	Global Positioning System
GRI:	Global Reporting Initiative
GSEP:	GAR Social and Environmental Policy
HCS:	High Carbon Stock
HCV:	High Conservation Value
HGU:	<i>Hak Guna Usaha</i> – The Right to Cultivate Land Title
ILO:	International Labor Organization
IPM:	Integrated Pest Management
ISCC:	International Sustainability and Carbon Certification
ISPO:	Indonesian Sustainable Palm Oil
PCP:	Participatory Conservation Plan
PK:	Palm Kernel
NPP:	New Planting Procedures
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
SOP:	Standard Operating Procedures

1 INTRODUCTION

The history of GAR sustainability journey started in 1997 when it made a commitment to Zero Burning. In February 2011, GAR issued its Forest Conservation Policy (FCP) as its commitment to de-linking palm oil production from deforestation. To complement the FCP, GAR issued several policies including; its Social and Community Engagement Policy in November 2011 that addresses FPIC, complaint handling, conflicts resolution, and respecting human rights; its Yield Improvement Policy in February 2012; and finally its Zero Tolerance Policy in June 2012 that contribute to the conservation of rare threatened and endangered (RTE) species. In September 2015, GAR issued its Social and Environment Policy as “its commitment to achieving the highest standards of quality and integrity, embedding sustainability across all of its operations, and empowering society and community [be more engaged and secure better livelihood]”.

The GAR Social and Environment Policy (GSEP) comprises four principles; Environmental Management, Social and Community Engagement, Work Environment and Industrial Relations, and Market Place and Supply Chains. This policy is applicable to all upstream and downstream palm oil operations that GAR owns, manages, purchases supply from; or invests in, including third-party suppliers.

To have an objective review of GAR’s performance in implementing GSEP, and as sign of its commitment to continuous improvement, GAR has commissioned the Rainforest Alliance to carry out an initial verification of GAR’s progress in implementing the GSEP on three of GAR’s companies. This verification is expected to provide a performance evaluation of progress towards meeting the GSEP goals; and to provide opportunities for improvement and related observations specifically highlighting implementation performance requiring further investment and/or alternative strategies.

The preparation for this verification started in January 2017 and included administrative organization, team engagement, and verification plan development. The verification itself started in March 2017 and was publicly announced to relevant stakeholders identified by GAR and the Rainforest Alliance. The verification was conducted in three of GAR’s companies in West Kalimantan, Indonesia. The companies were selected by GAR as they represent areas where, in their judgment, the widest ranges of GSEP implementation activities have been carried out to date.

2 SCOPE OF THE VERIFICATION

2.1 Normative References

The Palm Oil Mill and the supply base was verified against the following documents:

☒ GSEP Audit Checklist

The GSEP audit checklist was developed by the Rainforest Alliance based on GSEP principles, and agreed by GAR prior to this verification. The verification of each indicator in the audit checklist, when it is not prescribed, is made based on the cut-off date of September 8th, 2015, the date when GAR issued and started its commitment to GSEP. The audit checklist has not been publicly distributed until now (through publication of this report) but the GSEP has been available to the public.

2.2 Company and Contact Details

Company name:	<ul style="list-style-type: none">• PT. Kartika Prima Cipta (KPC)• PT. Paramitra Internusa Pratama (PIP)• PT. Persada Graha Mandiri (PGM)
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Business address:	<ul style="list-style-type: none"> • GAR Head Office: 108 Pasir Panjang Road #06-00, Golden Agri Plaza, Singapore, 118535 • GAR Indonesia Office: Sinarmas Land Plaza Menara 2, Jln. MH Thamrin No. 51, Jakarta Pusat, Indonesia • KPC: Selimbau, Suhaid, Semitau, Kapuas Hulu, West Kalimantan, Indonesia • PIP: Silat Hilir, Semitau, Kapuas Hulu, West Kalimantan, Indonesia • PGM: Silat Hilir, Semitau, Kapuas Hulu, West Kalimantan, Indonesia
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Other certifications held (ISO...)	none

2.3 General Description of the Scope

KPC, PIP, and PGM are the only three companies under the management of Semitau Region, PSM (*Perkebunan Sinar Mas*) VII of GAR. The location permit for all the companies was granted in the same time period, January 2007. The land preparation and planting started in 2008. PIP and PGM obtained their HGUs (*Hak Guna Usaha* or the “Right to Cultivate Land Title”) from the Indonesian government in June 2015, while KPC¹, at the time of this verification, is still in process of obtaining the HGU. The Belian Mill which is located at PIP receives and processes all FFB from the three companies’ supply base. The mill has 80 metric tons of CPO processing capacity. The mill does not have any palm kernel crushing facility for producing Palm Kernel Oil.

From nearest airport in Sintang, it takes about three hours to reach one of the companies by car. KPC is located on the Eastern part of Kapuas River while PIP and PGM are located on the Western part. Either a boat or pontoon (to carry car or truck) is required to cross from Sintang or from KPC to the other two companies, and to the Belian mill. In general, all parts of the supply base can be reached by car. Under normal weather conditions, it takes about four hours for FFB to reach the mill from the furthest part of the supply base.

In total, there are eight supply bases for the mill. Two supply bases are managed by KPC: the company’s own plantation or estate, the Muara Tawang Estate; and scheme smallholders that are grouped under a cooperative called the Kopsa Mitra Cipta Sejahtera. Three supply bases are managed by PIP: two estates, Belian Estate and Tengkawang Estate; and scheme smallholders under a cooperative called Kopsa Mitra Puyang Gana. The last three of the supply bases are managed by PGM: two estates, Sungai Beran Estate and Kapuas Hulu Estate; and scheme smallholders under a cooperative called Kopsa Mitra Bintang Moga.

The total area included as the scope of this verification is approximately 34,089.76 ha, including palm oil plantations, the mill, facilities and infrastructure, and conservation areas in the form of HCS forest and HCV areas. There are 12 communities or villages impacted by the companies comprising a total of 3,894 families included in the scope of this verification. There are approximately 3,709 workers of the companies included in the scope.

¹ Forest Peoples Programme (FPP) has filed a complaint with RSPO on various aspects of the KPC operations. Separately Rainforest Alliance has done due diligence on GAR’s actions to date addressing related issues. This report reflects systematic observations on all 3 GAR operations related to GSEP implementation that were focused on during the verification and separate, confidential reporting has been provided to GAR on the KPC situation as it relates specifically to RSPO and FPP. There is a formal RSPO process for dealing with the KPC issues, which are as of the publication of this report still unresolved.

2.3.1 Workforces summary²			
Type	Male	Female	Total
Staff ³	111	0	111
Permanent worker ⁴	485	126	611
Temporary/contracted worker ⁵	1,109	681	1,790
Casual/seasonal worker ⁶	510	687	1,197
Total	2,215	1,494	3,709

2.3.2 Mill summary⁷				
Name	Processing Capacity	Tons of Production		
		FFB	CPO	PK
Belian Mill	80 metric tons	240,149	61,365	13,273

2.3.3 Supply bases summary⁸					
Name	Hectares of Total Area	Hectares of Palm Oil		Planting Years	Tons of FFB
		Matured	Immature		
KPC⁹					
Muara Tawang Estate	4,396.20	2,389.31	0	2008 – 2014	46,200
Kopsa Mitra Cipta Sejahtera	936.12	539.90	0	2010 – 2014	10,667
PIP¹⁰					
Belian Estate	4,125.51	1,910.50	0	2008 – 2014	28,041
Tengkawang Estate	9,041.11	3,300.22	0	2008 – 2014	43,533
Kopsa Mitra Puyang Gana	1,808.38	1,138.89	669.49	2010 – 2017	8,341
PGM¹¹					
Sungai Beran Estate	6,109.96	2,976.55	0	2008 – 2014	49,641
Kapuas Hulu Estate	6,726.45	2,921.79	0	2008 – 2014	40,754
Kopsa Mitra Bintang Moga	1,163.61	1,163.61	0	2010 – 2014	12,972
Total	34,307.34	16,340.77	669.49		240,149

² The information presented is based on data available up to December 2016.

³ Includes workers assigned for managerial tasks and the scope of related jobs might cover more than one specific company.

⁴ Include workers under contractual agreement without specified time or PKWTT (*Perjanjian Kerja Waktu Tidak Tertentu*) or SKU (*Syarat Kerja Umum*).

⁵ Include workers under contractual agreement with specific time or PKWT (*Perjanjian Kerja Waktu Tertentu*). Domestic migrant workers or AKAD (*Angkatan Kerja Antar Daerah*) falls under this category.

⁶ Included casual workers that are paid on a daily basis or BHL (*Buruh Harian Lepas*) and those paid on a piece-rate basis or BHB (*Buruh Harian Borong*).

⁷ The information presented is based on data available up to December 2016. The tons of production presented is based on the FFB production between January and December 2016

⁸ The information presented is based on data available up to December 2016. The FFB production presented is based on FFB production between January and December 2016.

⁹ The company has not obtained its HGU, thus the data is based on Cadastral Map No. 015-14.06-2014 including the revision request based on company letter No. 004/KPC-JKT/DL7/IV/2016. The area is calculated from the actual cadastral map using Universal Transverse Mercator (UTM) projection and might be different than the area legally stated in the letter.

¹⁰ The data is based on the National Land Agency Decree No. 35/HGU/KEM-ATR/BPN/2015, comprised of 9 HGU. The area is calculated from the actual HGU map using UTM projection and might be different than the area legally stated in the letter.

¹¹ The data is based on the National Land Agency Decree No. 34/HGU/KEM-ATR/BPN/2015, comprised of 8 HGU. The area is calculated from the actual HGU map using UTM projection and might be different than the area legally stated in the letter.

2.3.4 Conservation areas summary¹²				
Name	Hectares of HCV	HCV attributes	Hectares of HCS¹³	Hectares of Total Conserved
KPC	3,553.10 ¹⁴	1, 3, 4, 5, and 6	4,84	3,557.94
PIP	3,874.79	1, 3, 4, 5, and 6	69.76	3,944.55
PGM	3,117.55	1, 3, 4, 5, and 6	1,482.74	4,600.29
Total	10,545.44		1,557.69	12,102.78

2.3.5 Community summary¹⁵				
Name	Regency/City	District	Village	Numbers of Family
KPC	Kapuas Hulu	Suhaid	Nanga Suhaid	759
		Suhaid	Menapar	102
		Suhaid	Mantan	153
		Semtau	Marsedan Raya	156
PIP	Kapuas Hulu	Semtau	Nanga Seberuang	189
		Semtau	Nanga Lemedak	206
		Semtau	Tua'Abang	162
		Semtau	Sekedau	107
		Silat Hilir	Sentabai ¹⁶	412
PGM	Kapuas Hulu	Silat Hilir	Sentabai	-
		Silat Hilir	Perigi	609
		Silat Hilir	Penai	536
		Silat Hilir	Baru	503
Total	1	3	12	3,894

3 VERIFICATION PROCESS

3.1 Inspection Body – Rainforest Alliance

The Rainforest Alliance has provided a variety of auditing services in forestry, agriculture, climate and tourism sectors for approximately 30 years. Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for verification design, the verification, and the verification decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA.

3.2 Verification Team¹⁷

Name	Qualification
Iwan Kurniawan (IK)	Iwan graduated from the Bogor Agricultural University in 1999 majoring in Forestry. He received SAN lead auditor training in Rainforest Alliance Certification services in early 2010 and has since conducted audits for tea, coffee, cocoa, coconut, clove, and chili pepper farms in Indonesia. Iwan

¹² The information presented is based on data available as of December 2016.

¹³ This excludes HCS that has been identified as HCV areas.

¹⁴ This includes HCV areas outside the proposed cadastral map but inside the working permit area.

¹⁵ The information presented is based on data available as of December 2016.

¹⁶ Sentabai village is located in between PIP and PGM and thus included as a village affected by both companies.

¹⁷ The assessor(s) and all people indicated by RA that may witness this verification have committed themselves in writing to keep confidential the data and results of the verification.

	has also been involved in palm oil evaluations using the SAN standard and POIG indicators in Indonesia, Solomon Island, and Papua New Guinea since 2014.
Titiek Setiawati (TS)	Titiek earned her PhD in Forestry and Science from the University of Melbourne, Australia, Master of Science degree in Forestry from Mississippi State University, USA and bachelor degree from Faculty of Forestry, IPB. She has expertise in wildlife conservation, biodiversity, forest ecology, and sustainable forest management. She has experience in more than 30 FM/CoC and CW audits. She was involved in the development of PHPL and PHTL criteria and indicator under mandatory certification, was project leader for UNEP-CABI-MoF Invasive Alien Species Management, and is currently engaged as a national expert for a Forest Landscape Restoration Project funded by the FAO.
Taryanto Wijaya (TW)	Taryanto is a Specialist in social issues analysis and handling, and has experience in auditing sustainable forest management with LEI, IFCC, and FSC standards, auditing sustainable palm oil, and as a peer reviewer in the RSPO assessment for Asia and Africa. Taryanto is also a Corporate Policy Evaluator.
Dwi R. Muhtaman (DRM)	Dwi Muhtaman earned a Masters in Public Administration from Auburn University, Alabama, USA and received his Bachelor degree from Bogor Agricultural University (IPB) specializing in Social Economics, Faculty of Animal Husbandry. For more than 15 years he has been actively engaged in natural resources management and certification of sustainable forest management. He has conducted certification assessments (FSC scheme and LEI) in Sumatra, Kalimantan, Sulawesi and Java. For more than 10 years Dwi has been working as a consultant and auditor of RSPO scheme and implementation of the RSPO standards through estates/mills appraisal and identification of HCV and Social Impact Assessment (SIA).
Lita Natasastra (LN)	Lita earned her Bachelor of Science degree from University of New South Wales, Australia and her Master of Accounting degree from University of Tarumanagara. She has experience in auditing and business process development. She is the Assurance Manager for Rainforest Alliance and responsible for all assurance programs in Asia Pacific.

3.3 Verification Schedule				
Date	Time	Activity	Company	Personnel
2 Mar	09.00 – 17.00	Document Review	All companies	IK
15 Mar	08.00 – 10.00	Opening meeting	All companies	IK, TS, TW
15 Mar	10.00 – 17.00	Document Review	KPC, PIP	IK, TS, TW
16 Mar	09.00 – 12.00	Interviews with Kopsa Mitra Cipta Sejahtera management	KPC	IK, DRM
16 Mar	14.00 -	Visit to Manapar Village, focus group discussion with communities; and interview and observing communities' daily activities.	KPC	IK, DRM
16 Mar	09.00 – 15.00	Observation on agriculture practices and visit to housing compound	KPC	TW
16 Mar	15.00 – 17.00	Workers' session	KPC	TW

16 Mar	09.00 – 11.00	Visit to warehouses, workshops, and fire control facilities	KPC	TS
16 Mar	11.00 – 17.00	Visit to HCV, HCS and other conservation areas	KPC	TS
17 Mar	Whole day	At Manapar Village, focus group discussion with village officials; and interview and observing communities' daily activities.	KPC	IK, DRM
17 Mar	08.00 – 11.00	Visit to Lemedak Village, interview with village official and community representative.	PIP	TW
17 Mar	14.00 – 15.00	Visit to housing compound	PIP	TW
17 Mar	15.00 – 17.00	Visit to Tua'Abang Village, interview with village official and community representative.	PIP	TW
17 Mar	08.00 – 11.00	Visit to HCV, HCS and other conservation areas	PIP	TS
17 Mar	14.00 – 15.00	Visit to warehouses, workshops, fire control, wastewater treatment facilities, waste processing facilities, and water treatment facilities	PIP	TS
17 Mar	15.00 – 17.00	Visit to HCV, HCS and other conservation areas	PIP	TS
18 Mar	08.00 – 11.00	Observation of agriculture practices	PIP	TW
18 Mar	11.00 – 12.00	Workers' session	PIP	TW
18 Mar	08.00 – 12.00	Visit to HCV, HCS and other conservation areas	PIP	TS
18 Mar	Up to 10.00	At Manapar Village, interview with community representatives.	KPC	IK, DRM
18 Mar	From 11.00	Visit to Nanga Suhaid Village, focus group discussion with communities; interview and observing communities' daily activities.	KPC	DRM
18 Mar	14.00 – 15.00	Visit to Belian Mill	PIP	IK, TS, TW
18 Mar	15.00 – 17.00	Visit to HCV, HCS and other conservation areas	PIP	TS, TW
18 Mar	15.00 – 17.00	Visit to housing compound	PIP	IK
19 Mar	Up to 16.00	At Nanga Suhaid Village, focus group discussion with community representatives and village official; interview and observing communities' daily activities.	KPC	DRM
19 Mar	Whole day	Document review and reporting	KPC, PIP	IK, TS, TW
20 Mar	08.00 – 12.00	Reporting	KPC, PIP	IK, TS, TW
20 Mar	14.00 – 15.00	Exit meeting	KPC, PIP	IK, TS, TW
27 Mar	Whole day	Visit to Marsedan Raya Village, focus group discussion with communities; and interview and observing communities' daily activities.	KPC	IK
27 Mar	Whole day	Visit to Mantan Village, focus group discussion with communities; interview and observing communities' daily activities.	KPC	DRM
27 Mar	09.00 – 13.00	Observation on agriculture practices and visit to housing compound	PGM	TW, LN
27 Mar	09.00 – 11.00	Visit to HCV, HCS and other conservation areas	PGM	TS
27 Mar	11.00 – 12.00	Visit to warehouses, workshops, fire control, wastewater treatment facilities, waste	PGM	TS

		processing facilities, and water treatment facilities		
27 Mar	12.00 – 13.00	Visit to HCV, HCS and other conservation areas	PGM	TS
27 Mar	14.00 – 16.30	Visit to Penai Village, interview with village official and community representative.	PGM	TS, TW, LN
27 Mar	16.30 – 18.30	Visit to HCV, HCS and other conservation areas	PGM	TS
27 Mar	16.30 – 18.30	Workers' session	PGM	TW, LN
28 Mar	Whole day	Document review	PGM	TS, TW, LN
28 Mar	Whole day	At Marsedan Raya Village, focus group discussion with community representatives and village official; interview and observing communities' daily activities.	KPC	IK
28 Mar	Whole day	At Mantan Village, focus group discussion with community representatives and village official; interview and observing communities' daily activities.	KPC	DRM
29 Mar	09.00 – 12.00	Visit to warehouses, workshops, fire control, wastewater treatment facilities, waste processing facilities, and water treatment facilities	PGM	TS, LN
29 Mar	14.00 – 18.00	Visit to HCV, HCS and other conservation areas	PGM	TS, LN
29 Mar	09.00 – 12.30	Observation on agriculture practices and visit to housing compound	PGM	TW
29 Mar	14.00 – 15.30	Workers' session	PGM	TW
29 Mar	15.30 – 16.00	Visit to HCV 6	PGM	TW
29 Mar	16.00 – 18.00	Visit to Sentabai Village, interview with village official and community representative.	PGM	TW
29 Mar	Up to 09.00	At Marsedan Raya Village, interview and observing communities' daily activities.	KPC	IK
29 Mar	Up to 09.00	At Mantan Village, interview and observing communities' daily activities.	KPC	DRM
29 Mar	14.00 – 17.00	Reporting	KPC	IK, DRM
30 Mar	10.00 - 15.00	Public stakeholders meeting	PIP and PGM	IK, TS, TW, LN
31 Mar	09.00 - 11.30	Public stakeholders meeting	KPC	IK, TS, TW, LN
31 Mar	14.00 - 16.00	Exit meeting	All companies	IK, TS, TW, LN
2 May	09.00 – 11.00	Closing meeting	All companies	IK, TS, TW, LN

3.4 Observations and Consultations

The method used to select the sample of sites, workers, smallholders, communities, and other stakeholders to visit and interview was stratified random sampling. There was focus on considering interactions with stakeholders and field visits where the risk of non-compliance with the GSEP policy was considered high. Visits and interviews were undertaken in the GAR offices, plantation production areas and adjoining conservation areas, and with stakeholders either one-on-one or as groups, publicly or privately, as stakeholders chose (some did both).

Two public stakeholder meetings were conducted during this verification after completing the field visits. Stakeholders that were consulted during the field visits were also informed and invited verbally to attend these public stakeholder meetings, if they wished. Official letters of invitation were also sent to them and other local stakeholders a week prior to the meetings. The invited stakeholders were based on the lists of stakeholders identified in the Social Impact Assessment of the companies, in addition to other key persons identified by the verification team during the field visit. Public stakeholder meeting for PIP and PGM was attended by 55 participants while for KPC was attended by 77 participants. The participants of each meeting consisted of smallholders, communities including women representatives, local NGOs, and government official from village, district (*kecamatan*) and regency (*kabupaten*). The meeting was conducted at the meeting hall of Belian Mill for the public stakeholder meeting of PIP and PGM, and at the meeting hall of PT KPC for the public stakeholders meeting of KPC. Both meetings were facilitated by the verification team (IK and DRM). The meetings consisted of an introduction session; the presentation of the findings related to conservation and social issues; a discussion session where questions, comments, and clarification from stakeholders were collected; and agreement on the conclusion. During the meetings, the companies' personnel were not allowed to be present in the room. However, at the end of the discussion session, there were issues that needed to be clarified with the companies, and with the agreement of the participants, the companies' representative was invited back to the meeting and asked for clarification on those issues. The major issues raised during these meetings were related to the perception of the scheme smallholder, the implementation of Corporate Social Responsibility (CSR) programs, and employment opportunities. The conclusion of these meetings was recorded and signed by the participants' representatives.

The summary of sites and stakeholders observed and consulted during this verification is presented in the following sections.

3.4.1 Sites visited summary		
Sites	Number	Description
Managed plantation	5	All estates were visited.
Scheme smallholders	3	All three cooperatives were visited. The plantation areas in KPC and PIP were visited.
Nurseries	1	The only nursery available in PGM and is no longer active as there is no new planting being planned.
Mill	1	Belian Mill as the only mill within the scope of the verification.
Chemical warehouse	3	All chemical warehouses in all three companies.
Workshop	3	All workshops in all three companies.
Wastewater treatment facility	4	In Belian Mill and all three companies.
Waste processing facility	3	All temporary and final disposal sites in all three companies.
Housing compound	5	One in each estate.
Health facility	2	Only in KPC and PIP.
Conservation area	5	Three to four samples of HCV and HCS areas, and community areas adjacent to these conservation areas in each estate were visited.
Community/village	8	Nanga Suhaid, Menapar, Mantan, Marsedan Raya, Nanga Lemedak, Tua'Abang, Sentabai, and Penai village were visited.

3.4.2 Stakeholders consulted summary¹⁸

Stakeholders	Numbers consulted or interviewed		
	Male	Female	Total
Staff	18	0	18
Workers on estates	62	33	95
Workers on the mill	16	3	19
Worker union(s)	3	0	3
Scheme smallholders	29	8	37
Smallholder cooperative	12	0	12
Local communities	26	20	46
Government officials	36	5	41
NGO representatives	5	0	5
Total	207	69	276

3.5 Compliance Classification System

To provide a better understanding on the level of progress and the level of compliance toward the policy, the following compliance classification system is used for this verification. The findings from the verification are classified as follow:

- **Fully Comply:** when the finding complies with all of the requirements stated in the related checklist.
- **Not fully comply:** when the finding complies with some of the requirements in the related checklist, or if progress to reach full compliance with all of the requirements is observed.
- **Not comply:** when the finding does not comply with all of the requirements in the related checklist and there is no progress to reach full compliance with all of the requirements observed.

4 VERIFICATION RESULT

4.1 Overall Summary of Finding

In general, the companies are all fully committed to implement the GSEP in their operations. It was observed during this verification that all sections of the policy are being addressed. All SOPs for all activities are in line with the policy. In terms of GSEP implementation, some are still at early stages in their implementation of the policy. All three companies, especially KPC, have become leaders in adopting internationally recognized approaches such as HCS assessment. For example, in KPC more than half of KPC areas are now classified as conserved and excluded from palm oil development using existing HCS methodology. KPC has been consistently conducting FPIC consultation since 2015¹⁹, a process that involves much time and resources to remedy the land acquisition processes in the past that might not have complied with the current (i.e. updated) FPIC principles. A participatory approach forms the basis for conservation and community development programs.

¹⁸ This is the overall number of stakeholders consulted in the field/workplace, villages and during public stakeholder meeting. The number represent different individual of stakeholder.

¹⁹ FPIC consultation is one of the item in action plan developed by GAR in respond to FPP complaint in October 2014.

This verification has concluded that out of 73 indicators derived from the GSEP, 60 findings are categorized as “fully comply”, 12 findings are categorized as “not fully comply”, and one finding is categorized as “not comply”.

With regards to environmental management, the companies still need to complete their progress in managing HCS and HCV beyond the areas under their operational jurisdiction, especially in areas where there are overlapping claims of ownership or are owned by communities. There are no issues observed related to peatland conservation, the Zero Burning policies/SOP, and GHG emissions monitoring and reduction, as the companies have proven they can fully comply with those issues. Non-compliance was observed in the management of agrochemicals, including the absence of evidence that show the companies’ effort to reduce and rotate agrochemical usage. Waste management also needs to be addressed to improve the sanitary condition in the companies’ operational and worker housing areas.

With regards to the social and community engagement aspect, following the companies’ commitment to GSEP on September 8th, 2015, the companies have proven themselves in full compliance with the implementation of FPIC. Several observations were raised due to the fact the companies tried to remedy their lack of FPIC implementation prior to the above date, and this remedy process was still ongoing at the time of this verification. In addition, non-compliance was raised in the community development program. Based on interactions with GAR and key stakeholders, this appears to be at least in part, due to the lack of consistent good communication between the companies and the communities on the program.

With regards to the work environment and industrial relations aspect, aside from the full commitment to and implementation of labor-related national regulations, issues related to the implementation of health and safety procedures were observed. The companies still need to improve their performance on health and safety issues such as providing necessary personal protective equipment (PPE) as described in their SOP and enforcing the use of PPE by the workers consistently. The companies also need to provide washing and sanitary facilities for workers who handle chemicals to ensure their health and safety.

With regards to the marketplace and supply chain aspects, the companies still need to prove their commitment to being fully compliant with international certification requirement, in this case RSPO. None of the companies are RSPO certified.

The details of the findings for each indicator and the recommendation is presented in the next section.

4.2 Detail of Finding

GSEP	Indicators	Finding	Compliance and Recommendation
1. Environmental Management (aspect)			
1.1 No development on, and the conservation of, High Carbon Stock forests (criteria)	1 High Carbon Stock (HCS) areas are identified, prior to establishing new plantations or expanding existing ones.	<p>A HCS study covering all three companies was conducted between 2011 and 2012 by the companies in cooperation with The Forest Trust and Greenpeace. The resulting HCS report was published in June 2012.</p> <p>The report of this study was available for review during this verification. It contains recommendations for future research with regards to the carbon emission plan. The maps indicating the most recent location and distribution of HCS areas were also available: HCS map dated December 2016 for KPC, and dated October 2015 for PIP and PGM.</p> <p>The initial new planting in all companies began in 2008. There is no HCS study available for new planting between 2008 and 2012. However prior to 2012, the HCS study guideline itself was not available. It should also be noted that the June 2012 HCS study conducted by the companies was the first trial HCS study in Indonesia. This was used as the basis for the development of the HCS approach. All companies started their commitment to GSEP on September 8th, 2015. In addition, Forest Conservation Policy/FCP was introduced by GAR for all its companies in 2011. It covers the companies' commitment to no development on HCS forests.</p>	Fully comply. No further recommendations.
	2 Any new plantings are consistent with the results of the HCS assessment, such that no new plantings take place on identified HCS areas.	The new planting in the three companies' estates was conducted between 2008 and 2014 and for scheme smallholders between 2010 and 2014. A new planting at the end of	Fully comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>2016 was observed only for scheme smallholders in PIP. The HCS assessment was completed in June 2012 for all companies. Based on the comparison between the HCS maps and the planting maps, plus the observation of samples in the field, there was no sign of new planting after 2012, and therefore after March 2014, taking place on the identified HCS areas. The companies have implemented a policy of no development on HCS areas.</p>	
	<p>3 Where there is overlap between HCS set-asides and existing rights/resources of local communities, there is evidence of a negotiated agreement that optimally safeguards both the HCS areas and these rights.</p>	<p>Parts of the areas identified as HCS inside the companies' concession are still under community ownership. Effort has been made by the companies to approach the communities in general including those who still own land inside the concession in collaboration with The Forest Trust and local government to implement a conservation program. The progress of this effort was observed in Penai village, which has mapped its natural resources, either located inside or outside the concession that are going to be managed and conserved collaboratively with relevant stakeholders including with the company (PGM). The program is known as Participatory Conservation Planning (PCP). However, aside from the above progress, the companies cannot control activities in other areas that are still under communities' ownership. Local communities are still practicing slash and burn farming, tree logging for commercial and subsistence purposes, and hunting. During the visit in Kapuas Hulu estate, logging trees for timber and the use of fires to clear land for rice fields was observed in the areas that overlap with Sentabai community areas.</p>	<p>Not Fully Comply. The companies shall continue and complete their PCP program for all villages surrounding their concession. Collaboration with stakeholders including local government and other companies in the areas should be intensified to distribute the responsibilities and share resources needed to safeguard the HCS areas at the landscape level. This includes providing or searching for funding to take over the ownership of the land through land compensation (GR – Ganti Rugi) when it is the only option available to safeguard the HCS.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
	<p>4 Efforts are made to protect HCS forests from illegal harvesting, development, and other deforestation activities by third parties. Protection efforts include collaborating with local communities, NGOs, and government authorities.</p>	<p>No destructive activities by third parties on HCS areas under companies' responsibility were observed during this verification. However, as mentioned in point 1.1 no. 3 above, the companies do not control the activity in areas that are still under community ownership. Slash and burn farming, tree logging for commercial and subsistence purposes, and hunting are still practiced in these areas. Efforts such as PCP to control such activities were observed but not yet effective for all of the companies' areas.</p>	<p>Not Fully Comply. The companies should continue and complete their PCP program for all villages surrounding their concession. Collaboration with stakeholders including local government and other companies in the areas should be intensified to distribute the responsibilities and share resources needed to safeguard the HCS areas at the landscape level. This means funding for taking over ownership is necessary.</p>
<p>1.2 No development on, and the conservation of, High Conservation Value areas</p>	<p>1 There is evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Value (HCV) forest, since November 2005. Should new planting occur the company must develop and implement a mitigation plan with advice from a competent professional that is consistent with applicable legislation and that compensates for the negative impact.</p>	<p>The new planting in three companies' estates were conducted between 2008 and 2014 and for scheme smallholders between 2010 and 2014. A new planting at the end of 2016 was observed for scheme smallholders in PIP. The earliest HCV study was done in 2010. Based on the HCV study for the three companies, no primary forest was found to have existed prior to the development in all companies. However, some plantation areas existed along the riparian zone. The areas along the riparian zone were previously riparian ecosystem and important to maintain HCV, especially HCV categories four and five. The companies are aware of this and eventually developed a rehabilitation program for the riparian areas. The rehabilitation program was developed in 2012 as part of the mitigation plan included in the Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) documents. The development of the program included input from TFT and Greenpeace. All riparian areas are targeted and planted with local tree species. Local trees such as Shorea sp. (those producing illipe nuts) and</p>	<p>Fully Comply. No further recommendations.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>other fruit bearing trees of local species are planted within 50 meters from the edge of the river, in between the palm oil stand and in open areas. No chemicals were applied in these areas. Empty fruit bunches are used as fertilizer instead of chemical fertilization. Oil palm trees, when already planted in riparian zones, will be kept for the rest of the rotation only and will not be replanted after completion of the current rotation.</p> <p>Maps of the riparian rehabilitation areas were available and reviewed during this verification. Samples of targeted and planted rehabilitation areas were also visited during this verification.</p>	
	<p>2 A comprehensive HCV assessment, including stakeholder consultation, is conducted prior to any conversion or new planting.</p>	<p>KPC has carried out HCV assessment twice. The first study was done in collaboration with FFI in 2010 and the second one with Bogor Agricultural Institute (IPB) in 2013. PIP and PGM, also in collaboration with the IPB team, have conducted HCV assessment respectively in 2010 and 2011. All of the assessments involved public consultation process and the results are attached in the report. They were conducted by a team consisting of competent assessors (the RSPO HCV Assessor); were done using HCVF Identification Guide 2008; and were reviewed by two independent reviewers. All of the completed assessments include a HCV distribution map within the concession.</p>	<p>Fully comply with observation.</p> <p>For HCV report of PT PIP, in one of the matrix in the annex section of the document, there is a statement about Orangutan (<i>Pongo pygmaeus</i>) nest. Based on Orangutan distribution in West Kalimantan, it is less likely that Orangutan is present in the concession areas. In the assessment report, there is no Orangutan mentioned or recorded during the survey. There is also no sign of Orangutan based on the annual HCV monitoring documents. Based on clarification with the company, this could either be a typing error or based on old or historical data. The company should clarify with the report writer on the statement about Orangutan nest in the annex and there should be continued monitoring for the presence of Orangutan.</p>
	<p>3 Where there is overlap between HCV set-asides and existing rights/resources of local communities, there is evidence of a negotiated agreement that optimally</p>	<p>Parts of the areas identified as HCV inside the companies' concession are still under community ownership.</p> <p>Efforts have been made by the companies to approach the communities in general</p>	<p>Not Fully Comply.</p> <p>The companies shall continue and complete their PCP program for all villages surrounding their concession. Collaboration with stakeholders including local government and other companies</p>

GSEP	Indicators	Finding	Compliance and Recommendation
	safeguards both the HCV areas and these rights.	including those who still own land inside the concession in collaboration with The Forest Trust and local government to implement a conservation program. The progress of this effort was observed in Penai village which has mapped its natural resources, either located inside or outside the concession that are going to be managed and conserved collaboratively with relevant stakeholders including with the company (PGM). The program is known as Participatory Conservation Planning (PCP). However, aside from the above progress, the companies cannot control the activity in other areas that are still under communities' ownership. So far, local communities are still practicing slash and burn farming, tree logging for commercial and subsistence purposes, and hunting. During the visit in Kapuas Hulu estate, logging trees for timber and the use of fires to clear the land for rice fields was observed in the areas that overlap with Sentabai community areas.	in the areas should be intensified to distribute the responsibilities and share resources needed to safeguard the HCVs at the landscape level. This includes funding for taking over ownership or land compensation (GR – <i>Ganti Rugi</i>) is a necessary.
	4 There is a management plan with effective measures to maintain and/or enhance HCVs and protect RTEs affected by mill or plantation operations.	Based on review of documentation, the HCV assessment for each company includes HCV management and monitoring plan. Half yearly reports on the activities are also available which include the result on the monitoring for RTEs species. The consultancy firm Ekologika is carrying out enhancement of HCV management and monitoring plan in KPC and PIP. The draft reports were made available for review during this verification. It was observed that the participation of surrounding communities and other relevant stakeholders were also included in the work. In addition, the companies have developed a "Zero Tolerance Policy" and adopted it since	Fully comply with observation. To have a more integrated report, the matrix for monitoring should be based on site/location instead of only stating the HCV's attributes since one site can have more than two or three attributes. The same HCV attribute in a different location can have different management implications and subsequent monitoring results.

GSEP	Indicators	Finding	Compliance and Recommendation
		2012 that includes protection of RTE species and prohibition of illegal hunting, owning or harming RTE species.	
	5 Education is given to employees, contractors, and local communities as well as related stakeholders on the importance of conserving HCV areas.	The companies have issued a “Zero Tolerance Policy” and also conducted periodic training and socialization with the employees and local communities on the importance of conserving HCVs. Interviews with field staff in the three companies also proved that they have adequate knowledge on conservation issues including the importance of conserving HCV area. The report or list of training events were available and reviewed during this verification.	Fully Comply. No further recommendations.
	6 Collaborate with relevant stakeholders to strengthen the management and monitoring of HCV areas inside the company area and surrounding landscape.	In general, all companies have put in efforts to involve all stakeholders, especially local community in maintaining the HCV areas in landscape level. PCP and enhancement of HCV management and monitoring plan in collaboration with Ekologika are works in progress that were observed during this verification. PCP, as mentioned above, has been completed in one of the villages, but there are challenges to implement PCP in other villages. The work on enhancement of HCV management and monitoring plan has not yet been implemented. Signs of threats to HCV such as slash and burn farming, tree logging for commercial and subsistence purposes, and hunting in areas that are still under communities’ ownership were observed during the field visit in this verification.	Not Fully Comply. The companies shall continue and complete their PCP program for all villages surrounding their concession. In addition, the work on enhancement of HCV management and monitoring plan by Ekologika should also be completed and implemented. Collaboration with stakeholders, including local government and other companies in the areas, should be intensified to distribute the responsibilities and share resources needed to safeguard the HCV areas in landscape level. This includes funding for taking over ownership or land compensation (GR – <i>Ganti Rugi</i>) as necessary.
1.3 No development on, and the conservations of, peatlands of any depth	1 Peat areas are identified (using maps and ground surveys) and mapped, and peat areas (of any depth) are designated as ‘undeveloped’, ‘existing plantations’, and ‘targeted for restoration’.	Maps of peat areas of all companies were available and reviewed during this verification. The peat identification is based on the ground surveys conducted by the companies. In addition to these maps, the planting maps were also available and	Fully comply with observation. It should be noted that only hard copies of the maps were provided during this verification. In the future, the companies should provide maps in a more consistent way, including the scale, color and legend for easy interpretation and

GSEP	Indicators	Finding	Compliance and Recommendation
		compared to the peat maps. Parts of peat areas that are located along riparian zone are automatically included in the rehabilitation program as mentioned in point 1.2 no. 01.	comparison.
	2 After February 2010, there are no new developments on peatlands, regardless of depth.	The review of maps as mentioned in point 1.3 no. 01 has verified that there was no development on peat areas after February 2010. In addition, peat areas that were planted prior to 2010 (between 2008 and 2009) and located within 50 meters from the edge of the river are included in the rehabilitation program.	Fully Comply. No further recommendations.
	3 Where there are existing plantations on peat, subsidence of peat soils shall be minimized by best management practices, including a water management and ground cover program.	Parts of peat areas were planted between 2008 and 2009 and not located within the rehabilitation program areas. In these areas, the companies have implemented best management practices for plantation on peat by maintaining the water level at an average of 50 cm (between 40 – 60 cm) below ground surface measured with groundwater piezometer readings, or an average of 60cm (between 50 - 70cm) below ground surface as measured in water collection drains. Visits in KPC and PGM showed piezometer readings of 59 cm and 62 cm. The companies have also installed water gates at the discharge points. A ground cover program has also been adopted using <i>Centrosema sp.</i> - plant species that has a high capability for fixing nitrogen in the soil.	Fully Comply. No further recommendations.
	4 Where drainage 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,	None of the companies have started the replanting program. However, the companies have produced estimation of GHG emissions associated with existing cultivation, including estimation of GHG emissions from the rehabilitation program.	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
	growers cease replanting and implement rehabilitation.		
1.4 No burning for new plantings, re-plantings or other development	1 No-burning policy is implemented for new planting, re-planting or any other development.	There is a policy on Zero Burning since 1997. Based on field visit and interviews, fire is not used for new planting, nor for waste management.	Fully Comply. No further recommendations.
	2 Respond to and monitor the occurrence of hotspot in the company and company-influenced areas. The information of hotspot is coming from reliable source including that published by the government.	All the companies have developed fire monitoring procedures based on hotspot information from National Oceanic and Atmospheric Administration (NOAA) satellite.	Fully Comply. No further recommendations.
	3 Resources allocated for handling fires in the company and company-influenced area.	All the three companies have allocated adequate resources to handle fires not only within the concession areas but also outside the concession within the company-influenced areas. Each company has a team consisting of staff that is responsible for conducting regular patrols in the company's areas, and are trained and well prepared for fire combat. FRDS (Fire Danger Rating System) is used for reference. Fire towers are available at strategic places in the companies' area.	Fully Comply. No further recommendations.
1.5 Continuous yield improvement to reduce pressure on new land development without intensification of the use of chemical pesticides and fertilizers	1 The establishment of new production areas must be based on land use capacity studies that demonstrate long-term production capacity.	The land suitability assessment is conducted by internal team prior to the development of the plantation. All of the three companies have conducted and completed SEIA in 2006. In addition, companies have developed policy on continuous yield improvement which is stated under and listed down in form of SOP and WI (Working Instruction). Sustainable agriculture practices include the efficiency of chemical pesticides and fertilizer through analysis and study prior to application. The use of mechanical and biological approaches as well as the application of organic fertilizer such as empty fruit bunch and palm oil mill	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
		effluent (POME) for land application are also practiced by the companies.	
	2 The company must have a soil or crop fertilization program based on soil characteristics and properties, periodic soil or foliage sampling and analysis, and advice from a competent and impartial professional or authority.	The result of laboratory analysis for soil characteristics and properties and foliage sampling from all three companies that were conducted by Analytical Laboratory at SMART Research Institute (SMARTRI) were available for review during this verification. These results are integrated into the crops fertilization program after consultation with an expert in the area of fertilizer application (J.P. Caliman, CIRAD – France) and recommendations subsequently implemented.	Fully Comply. No further recommendations.
	3 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.	The companies have committed to not using any pesticides with the active ingredient Paraquat since January 2016. Based on the application records in 2016, the use of fungicide with the active ingredient Benomil was confirmed. This ingredient is included in Rotterdam Conventions. However, it is confirmed that it was used in the nursery and since the nursery is no longer active, this fungicide is also no longer used.	Fully comply with observation. The companies shall create list of prohibited pesticides and check their entire chemical inventory. Procedures to manage unused prohibited pesticides shall be consistently implemented. SOP or WI in which the prohibited pesticides are still being referred to shall also be updated. During this verification, unused pesticide with the active ingredient Paraquat was also found, and SOP and WI referring to its use was still available. This issue should be reviewed and addressed.
	4 The company must have an integrated pest management program based on ecological principles for the control of harmful pests (insects, plants, animals and microbes).	The companies have developed a comprehensive Pest and Disease Management Strategy namely IPM (Integrated Pest Management). So far, the companies have tried to reduce the use of chemical substances and therefore, to control the rat population in the plantations, the companies are using barn owl or <i>Serak Jawa</i> bird (<i>Tyto alba</i>). Thus, the company has been practicing a combined method for controlling pest and diseases (mechanic, physic, chemical and biological control).	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
	5 The company must demonstrate by comparative agrochemical inventories and use records that it rotates chemical products and reduces their use for production.	The three companies have developed policy to reduce the use of chemicals and demonstrated this by adopting land application and the use of <i>Tyto alba</i> bird to control rat. However, as confirmed from documents review and visit to the chemical warehouses, the number and type of chemicals used from year to year are similar. There is no reduction nor rotation of chemical observed.	Not Comply. The companies shall carry out analysis of chemical usage and identify and implement ways to reduce and rotate chemicals.
1.6 Report and reduce greenhouse gas emissions	1 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 methodology or equivalent.	The three companies have produced reports on GHG emission using ISPO Tool Version 8. The monitoring results for 2015 and 2016 for the mill and three companies were available and reviewed during this verification. All data input was consistent with other records such as planting and production. The document includes a mitigation program and planned actions for emissions reduction.	Fully Comply. No further recommendations.
	2 There are records and/or action plans to demonstrate reductions in net GHG emissions for plantations and operations.	The three companies have developed the GHG emissions mitigation program in 2017 that covers the possible GHG reduction based on sources of GHG, the use of fossil fuel, fertilizer application, pesticide application, and energy use. In addition, methane capture is installed in Belian Mill. The captured methane is currently flared and not yet used for other purposes such as generating electricity. However, it is noted that the mill has adopted technology to move forward to further implement its GHG emissions reduction plan.	Fully Comply. No further recommendations.
1.7 Improve waste management	1 Develop and implement a waste management plan including the documentation of the origin, approximate volume and current means of disposal for all waste streams; and activities to	The companies developed waste management programs in 2012 including an SOP for implementing the program. The organic and inorganic domestic wastes were separated at the temporary disposal storage but at the final waste disposal site, the wastes	Not Fully comply. The company should be consistent in implementing their SOP for Waste Management. They should also collaborate with an agency that works with waste recycling so that waste or

GSEP	Indicators	Finding	Compliance and Recommendation
	segregate different waste types to facilitate re-use, recycling or composting.	<p>were mixed and disposed altogether into the landfill. This is not in compliance with the companies' SOP.</p> <p>Aside from domestic waste, the hazardous and toxic wastes (B3) are stored in the registered disposal site. The license for the site is reviewed once every five years. The company has collaborated with licensed third party (from environment agency and ground transport agency) for final management of these wastes. Waste from the palm oil plantation such as the leaves and empty fruit bunch are reused as fertilizer. The palm oil shell and fiber are used as fuel for the mill.</p>	<p>reusable materials can be utilized or possibly commercialized (plastic cup, sachet, bottle, etc.).</p> <p>CSR could create program for women's empowerment through the utilization of used materials/goods or turn the waste (paper, plastic, tire, clothing, etc.) into valuable goods that are saleable.</p>
	2 Waste storage, treatment and disposal practices do not pose health or safety risks to human or natural ecosystems.	<p>There were no health issues including injury due to waste storage and disposal observed during this verification. There was no report of workers suffering contamination from hazardous waste materials. All waste disposals are in areas which would not pose risk to human health. The companies' final waste deposit site, in the form of a landfill, is located in the plantation areas but far away from human settlement. Hazardous waste is treated separately as this waste is transferred and handled by the licensed third party hazardous waste transporter.</p> <p>The company periodically checks and reports on workers and community health including any complaint of health problems caused by the disposal site. Records also showed that there was no evidence of illness due to hazardous and toxic waste. The company also reports on water quality, which was also described in RKL/RPL report submitted to BLH.</p>	<p>Fully Comply.</p> <p>No further recommendations.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
	3 Waste is not burned, except in incinerators technically designed for the specific waste type.	There was no sign of active burning of waste or any residue of burning of waste found during this verification. The companies have SOP for waste management and burning of waste is prohibited.	Fully Comply. No further recommendations.
	4 The company areas are kept clean and free of waste accumulations outside of designated storage and disposal sites.	The companies have developed SOP for waste management and each building has been equipped with waste receptacles that separate organic and inorganic waste. However, during field observation accumulation of wastes outside the designated receptacles or disposal sites was found, such as behind the security post in KPC and workshop in KPC and Belian Mills.	Not Fully comply. The companies shall regularly implement educational activities for their workers and residents with the objective of promoting cleanliness and preventing the indiscriminate disposal of waste. Sanction can be applied if necessary.
	5 The company must have appropriate treatment systems for all wastewater it generates. The treatment systems must comply with applicable national and local laws and have the respective operating permits.	In general, the three companies including the mill have developed SOPs to treat wastewater and they appear to comply with the national laws. Wastewater from the mills is monitored as designated in RKL and RPL and reported to local environmental agency every six months. Domestic and chemical wastewater are treated using soak pit and monitored regularly.	Fully Comply. No further recommendations.
	6 The company must not discharge or deposit industrial effluent into natural water bodies without demonstrating that the discharged water complies with the respective legal requirements, and that the wastewater's physical and biochemical characteristics do not degrade the receiving water body.	All of the observed companies have equipped their infrastructure with appropriate wastewater treatment facilities. Wastewater, especially POME is treated in a special wastewater treatment facility, including anaerobic tank system before being discharged to the plantation for land application. All observed discharge points are located far from natural water bodies. In addition, all companies have measured the surface and underground water quality (content of nitrate, phosphorus, or total phosphate, COD and BOD) and the result reported to the local environmental agency every six months. Some rivers in all companies	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
		were also visited and it was verified that there is no industrial waste deposited into the river.	
	7 The company must not deposit into natural water bodies any organic or inorganic solids, industrial waste, rejected products, construction debris or rubble, soil and stones from excavations, rubbish from cleaning land, or other materials.	As mentioned in point 1.7 no. 06, visits to some rivers in all companies were conducted. No solid waste from estate or industrial operation is entering the water bodies.	Fully Comply. No further recommendations.
	8 The company checks service providers who remove oil, plastic and sewage waste and ensure that the contractors' disposal and recycling methods do not pose risks to natural ecosystems, drinking water supplies, or the health and safety of people living near the disposal sites.	All the three companies have contracts with third-party agencies to manage their waste. All documents showing compliance with legal requirements for the third party are available. However, there is no other mechanism in place for checking the service provider's compliance aside from these legal documents.	Not Fully Comply. The company shall develop and implement procedure for checking the provider's compliance with the policy requirements including direct visit or inspection.
1.8 Improve energy efficiency	1 The company must annually describe its energy sources and the amount of energy used from each source for production processes, transport within the company limits.	All three companies have recorded and documented information with regard to energy needs and reported to the local environmental agency every six months. The report covers the type and source of energy, the use of energy and the amount of its use. Belian Mills has a separate documentation concerning alternative source of energy generated from the oil palm waste processing to produce heat and power. Palm kernel shell and mesocarp fibers are used as fuel in the Belian mill, generating enough steam for the sterilizers and electricity for running the mill. Surplus energy from the mills is used to provide electricity to the nearby company's workers housing complex.	Fully Comply. No further recommendations.
	2 The company must have an energy efficiency plan with goals and implementation activities for increased efficiency, for reducing dependency on non-renewable sources and for increasing	The three companies are implementing energy efficiency programs through the implementation of many activities including the use of palm oil waste such as palm kernel shell and mesocarp fibers to produce heat and	Not Fully Comply. The company shall develop a comprehensive documented program for energy efficiency plan which includes overview of the program,

GSEP	Indicators	Finding	Compliance and Recommendation
	the use of renewable energy. Where appropriate, the use of on-farm energy sources must be preferred.	power and to generate electricity in the mill. However, these programs and their implementation are not comprehensively documented.	milestone, main goal, objective and planned activities. The activities can be further broken down into SOP and WI. The company can collaborate with university or hire students to conduct research on the topic of energy efficiency based on the companies' operations.
2. Social and Community Engagement			
<p>2.1 Respecting the right to Free, Prior and Informed Consent for indigenous peoples and local communities and recognizing the need for food security in new developments</p> <p>2.1.1 Responsible handling of complaints and grievances</p> <p>2.1.2 Responsible resolution of conflicts</p> <p>2.1.3 Open and constructive engagement with local, national and international stakeholders</p>	<p>1 The right to use the land is demonstrated, and is not legitimately contested (by local people or recent local residents who can demonstrate that they have legal, customary or user rights).</p>	<p>All the companies have the legal permit to use land. The current legal permit for KPC is Location Permit (<i>Ijin Lokasi</i>) dated 1 October 2012 for a total area of 19,200 ha. KPC requested its HGU on 2 December 2013. Currently a cadastral map of the KPC area requested for HGU dated 27 April 2016 is available for a total area of 4,397.6744 ha. PIP and PGM have obtained HGU for a total of 13,173.93 ha and 12,844.24 ha respectively. Both obtained HGU at the same time, 26 June 2015, valid for 35 years. The entire legal requirements to obtain the current permit were available for review during this verification. In addition, separate legal due diligence was also conducted by Hanafiah Ponggawa and Partners between 2 June 2016 and 22 July 2016 and it concluded that all companies by the time of the examination, have complied with requirements of the business operation licenses under the prevailing laws and regulations in Indonesia. Aside from legal requirements, the process for land acquisition has been recorded in form of documents of agreement for each land compensation process (GR – <i>Ganti Rugi</i>). Based on a review of a sample of documents, the agreement includes the identification of</p>	<p>Fully comply with observation.</p> <p>To be noted that by the effective date of GSEP on 8 September 2015, the process for land acquisition and land dispute resolution system in accordance with FPIC has been conducted, thus in concept complying with this requirement. In addition, based on document review, direct visit and consultation with relevant stakeholders, the process and output of FPIC consultation in KPC was in line with FPIC consultation guidelines, though there are objections on the part of various stakeholders to the results and final resolution of a related dispute is not in place. Based on document review alone, the FPIC remediation process and output for two sister companies outside the scope of this verification i.e. PT. Agrokarya Primalestari and PT. Aditungal Mahajaya were also in line with FPIC remediation guidelines. FPIC consultation or FPIC remediation is a process that will take time to be completed and only when complete in KPC, PIP and PGM will the companies have fully demonstrated that all land used was acquired in accordance with FPIC.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>the land owner, identification of the land boundary and its area, the amount of the compensation, and signature of the company representative, land owner, and witnesses.</p> <p>The SOP for land compensation was first developed in July 2010 following the RSPO principles and criteria 2008 and RSPO NPP 2010. The SOP was updated in December 2012 mentioning the need of FPIC in land compensation though at that time there was no FPIC guidance being referred to by RSPO. On 1 July 2014, the specific SOP for FPIC was introduced by GAR following the FPIC guidance developed by FPP, which was referred to by the RSPO in 2013. Following the recent release of the RSPO self-developed FPIC guidance in 2015, GAR, at the time of this verification is still in process of revising all its procedures related to FPIC, such as land compensation, grievance handling and conflict resolution. The practical guideline for FPIC following the RSPO self-developed FPIC guidance 2015 was developed by GAR in collaboration with LINKS at the end of 2015 and has been used in all land acquisition processes, such as in the development of scheme smallholders in KPC and PIP.</p> <p>To make up for the lack of FPIC in the previous land acquisition process when FPIC guidance was not available, KPC has conducted what it called an FPIC consultation for KPC in collaboration with TFT in August 2015. The process includes socialization and delivering information related to the company development and its impacts on the communities especially those who have released their lands to the company; capturing all grievances or conflicts;</p>	

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>negotiation aimed at resolving all captured grievances or conflicts including the possibilities to withdraw from palm oil development; and finally obtaining the consent from the affected communities. Consent has been reached with the communities in three out of four affected villages in KPC: On 7 March 2017 for Menapar, 9 March 2017 for Mantan, and 5 May 2017 for Marsedan Raya. One sub village in Mantan namely Kenabak has decided to withdraw and its area has been excluded from KPC's cadastral map used for HGU request on 27 April 2016. At the end of 2016, the FPIC consultation process was revised and is now called FPIC remediation. The revision was developed in consideration of the length of time needed for FPIC consultation and its ease of adoption by other companies with limited resources. The remediation is ongoing at PIP and PGM.</p> <p>Since the initial development of the companies, up to the time of this verification, there is only one case of land dispute where legal land right (SHM – <i>Surat Hak Milik</i>) is contested by the related party. This land dispute is in KPC area involving Nanga Suhaid community. However, the legitimacy of this land right is still in the process of verification involving relevant stakeholders and in accordance with the company SOP for conflict resolution in line with RSPO principle and criteria. The whole process of the dispute was documented and was available for review during this verification. Interviews with the affected community were conducted during the village visit of this verification.</p>	

GSEP	Indicators	Finding	Compliance and Recommendation
	<p>2 Conducting participatory mapping and land tenure study of all indigenous peoples and local communities' lands prior to negotiation.</p>	<p>The participatory mapping that includes the land tenure study for each village affected by the companies was completed between 2015 and early 2016. Some of the work was in collaboration with TFT. The process of land acquisition that follows the FPIC practical guidelines developed in 2015 has specifically included the land tenure study for each plot acquired and documented its result. A more general land tenure study within the company landscape area was also conducted as part of SIA. SIAs for all companies were completed at the same time in 2015. In addition, participatory mapping was conducted in the process of HCV assessment. Prior to 2015, aside from the participatory mapping for HCV, in the SOP for land compensation version July 2010 and December 2012, the plot boundary identification involving relevant stakeholders and land tenure study are parts of the required processes prior to the agreed land compensation. However, only the final result in the form of an agreement was documented, while the processes to reach the agreement were not recorded. To fill this gap and the lack of FPIC in general, as mentioned in point 2.1 no. 01, FPIC consultation has been completed for three out of four affected villages in KPC. FPIC consultation is still ongoing for one village as consent has not been reached In PIP and PGM, FPIC remediation is also ongoing.</p>	<p>Fully comply with observation. To be noted that by the effective date of GSEP on 8 September 2015, the process for land acquisition and land dispute resolution system in accordance with FPIC has been conducted thus complying with this requirement. In addition, based on document review, direct visit and consultation with relevant stakeholders, the process and output of FPIC consultation in KPC was in line with FPIC consultation guidelines. Based on document review alone, the FPIC remediation process and output for two sister companies outside the scope of this verification i.e. PT. Agrokarya Primalestari and PT. Aditungal Mahajaya was also in line with FPIC remediation guidelines. FPIC consultation or FPIC remediation is a process that will take time to be completed and only when complete in KPC, PIP and PGM will the companies have fully demonstrated that all negotiation was conducted in accordance with FPIC.</p>
	<p>3 Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands, up until an agreement has been signed and ratified by these local peoples.</p>	<p>The reviewed SOP for land compensation for both 2010 and 2012 versions, SOP for FPIC 2014, and the FPIC practical guidelines 2016 following the RSPO FPIC guidance 2015, have clearly stated that the affected parties can refuse or say "no" to any operation that might affect them. The documented agreements such</p>	<p>Fully comply with observation. To be noted that by the effective date of GSEP on 8 September 2015, the process for land acquisition and land dispute resolution system in accordance with FPIC has been conducted and thus complying with this requirement. In addition, based on document review, direct</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>as for land compensation, HCV assessment, participatory mapping, PCP, enhancement of HCV management and monitoring plan, and the development of scheme smallholders were completed prior to the execution of the actual related activity. The documented processes to reach each agreement were also available for the operations in 2015 onwards. In cases where the communities say 'no', there was evidence the companies did not implement the related activity, such as PCP and the enhancement of HCV management and monitoring plan in some villages. Samples of the above documents were reviewed during this verification and relevant stakeholders were also consulted to verify the documents.</p> <p>For the agreements reached prior to 2015, where processes were not well documented, as stated in point 2.1 no. 01, FPIC consultation has been completed for three out of four affected villages in KPC. In PIP and PGM, FPIC remediation is also ongoing. The affected parties can still say 'no' to the previously agreed land compensation during the FPIC consultation or FPIC remediation process. As observed, one sub village in Mantan namely Kenabak has decided to withdraw and its area has been excluded from KPC's cadastral map used for HGU request in 27 April 2016.</p>	<p>visit and consultation with relevant stakeholders, the process and output of FPIC consultation in KPC was in line with FPIC consultation guidelines. Based on document review alone, the FPIC remediation process and output for two sister companies outside the scope of this verification i.e. PT. Agrokarya Primalestari and PT. Aditunggal Mahajaya was also in line with FPIC remediation guidelines. FPIC consultation or FPIC remediation is a process that will take time to be completed and only when complete in KPC, PIP and PGM will the companies have fully demonstrated that all agreement were reached with condition that the affected parties have the right to say 'no' to any operation.</p>
	<p>4 The process and outcome of any negotiated agreements and compensation claims is documented, with evidence of the participation of affected parties (including women), and complies with FPIC principles.</p>	<p>As mentioned in point 2.1 no. 03, in 2015 onwards, the process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties (including women), and complies with FPIC principles following the RSPO FPIC guidance 2015. For the agreements reached prior to 2015, where processes were not well documented,</p>	<p>Fully comply with observation.</p> <p>To be noted that by the effective date of GSEP on 8 September 2015, the process for land acquisition and land dispute resolution system in accordance with FPIC has been conducted thus complying with this requirement. In addition, based on document review, direct visit and consultation with relevant stakeholders, the process and output of FPIC</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>as stated in point 2.1 no. 01, FPIC consultation has been completed for three out of four affected villages in KPC. In PIP and PGM, FPIC remediation is also ongoing.</p>	<p>consultation in KPC was in line with FPIC consultation guidelines. Based on document review alone, the FPIC remediation process and output for two sister companies outside the scope of this verification i.e. PT. Agrokarya Primaestari and PT. Aditunggal Mahajaya was also in line with FPIC remediation guidelines. FPIC consultation or FPIC remediation is a process that will take time to be completed and only when complete in KPC, PIP and PGM will the companies have fully demonstrated that the process and outcome of any negotiated agreement and compensation claims complying with FPIC principles.</p>
	<p>5 A mutually agreed and documented system for dispute resolution exists and is accessible to all affected parties. The system includes clear procedures and timelines for each stage of the process, communications protocol to keep affected parties updated on the status of the dispute, and publicly-available documentation of the overall process and final outcome.</p>	<p>The SOP for grievance handling, the SOP for conflict resolution, and the SOP for land compensation are available. The latest version of the SOP was developed in December 2012. On 1 July 2014, a set of SOP for Sustainable Palm Oil was introduced and applied for all companies. It covers the above issues, following the FPIC guidance developed by FPP that was referred to by the RSPO in 2013. Following the release of the RSPO self-developed FPIC guidance in 2015, all the related procedures up to the time of this verification are being updated. The practical guideline of FPIC following the RSPO self-developed FPIC guidance 2015 was developed by GAR in collaboration with LINKS in 2015. The SOP has been socialized to all relevant stakeholders such as companies' workers and the surrounding communities. The SOP is in accordance with RSPO principles and criteria and with FPIC, where clear procedures and timelines for each stage of the process and the communications protocol to keep affected parties updated on the status of the dispute are</p>	<p>Fully Comply. No further recommendations.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		all available. Documentation of the overall process and the final outcome were made publicly available, as observed on RSPO website and verified by the Rainforest Alliance based on consultation with the affected parties.	
	6 Unresolved disputes are documented including the reason why they were not resolved.	All disputes were addressed and documented, some have been resolved while others are still ongoing; these are documented including the reason why they are not yet resolved.	Fully Comply. No further recommendations.
	7 No use of violence or abuse of power in any dispute by any parties.	Based on consultation with relevant stakeholders including companies' workers and affected communities, there was no use of violence or abuse of power in any dispute.	Fully Comply. No further recommendations.
2.2 Positive economic, social and community development 2.2.1 Empowering people through community development programs 2.2.2 Involving local farmers and businesses as suppliers 2.2.3 Respecting human rights 2.2.4 Respecting land tenure rights	1 An assessment of the social impacts of existing operations and any new plantings is undertaken through a participatory process. Where significant negative impacts are identified, measures to mitigate these impacts are implemented.	Social impact assessments (SIA) for all companies were completed in 2015 using the companies' own resources. Each assessment is observed to involve all relevant stakeholders including in the public consultation prior to the finalization of the assessment. Prior to SIA, Indonesian regulated Social and Environmental Impact Assessment (SEIA or AMDAL) for each company was also completed in 2006. Both SEIA and SIA have identified negative social impacts of the company and developed management plans to mitigate these impacts. The implementation and monitoring of the SEIA management plan is reported to the local environmental agency every six months. In addition, after the implementation of SIA, an annual report on the management and monitoring of negative social impact has been developed.	Fully Comply. No further recommendations.
	2 There is a Community Development Programme which implements activities and projects based on consultations with	All companies have implemented community development programs since the beginning of their operation through the CSR program. An annual report of the CSR program's	Not Fully Comply. The companies shall continuously consult the affected communities and local government regarding their CSR program. It is noted that

GSEP	Indicators	Finding	Compliance and Recommendation
	local communities and related stakeholders.	implementation is available. The implemented activities or projects in the CSR program have been based on consultations with local communities. However, the consultation process was observed as not being fully transparent. During the public consultations in this verification, communities still questioned why their requests were not answered or fulfilled. The local government representative also questioned why the activities or projects were conducted without any notice or their involvement.	some stakeholders will not be able to participate in every consultation thus the companies shall make sure the outcome of every consultation is disseminated in other forms accessible by all stakeholders. The companies shall not ignore the possibilities of misinterpretation and negative image of their CSR program due to the lack of information provided to the communities.
	3 Support the inclusion of local farmers and local business into the company supply chain and aim to help them to comply with the company policy in fair, transparent and accountable partnership.	So far there is no independent oil palm grower or smallholder in the areas of all companies. The companies have developed scheme smallholders for communities that were releasing their land to the companies. All products from these scheme smallholders are included in the companies' supply chain. For KPC, 860 scheme smallholders are grouped under a cooperative namely Kopsa Mitra Cipta Sejahtera. For PIP, 528 scheme smallholders are grouped under a cooperative namely Kopsa Mitra Puyang Gana. And for PGM, 484 scheme smallholders are grouped under a cooperative namely Kopsa Mitra Bintang Moga.	Fully Comply. No further recommendations.
	4 A documented policy to respect human rights is communicated to all stakeholders and implemented. The policy commits the company to protect human rights and ensure that there is no complicity in any abuses.	A documented policy on human rights is available through the issuance of GSEP in 8 September 2015. It has been socialized with all relevant stakeholders including the companies' workers and affected communities. There is no issue related to the violation of human rights observed during this verification as clarified from interviews with relevant stakeholders and review of sample of documents on grievance handling, conflict resolution and land compensation.	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
	5 Support the Food and Agriculture Organization's Voluntary Guidelines on the Responsible Governance of Tenure.	<p>In line with the Food and Agriculture Organization's Voluntary Guidelines, the companies respect human rights and legitimate tenure right by developing related policies including GSEP and its implementation on the ground. It was observed that in all cases related to the use of lands, the companies have implemented FPIC and FPIC consultation, and FPIC remediation for cases where the use of FPIC was lacking or cannot be proven. The FPIC processes implemented by GAR, and observed by the verification team, are in line with the relevant aspects in the FAO guidelines such as conflict resolution processes and the involvement of relevant stakeholders including women in the negotiation process.</p> <p>The companies have also completed participatory mapping for all affected villages to further secure tenure rights and are committed to fully support the process for legitimization by the government.</p> <p>In addition, the companies are committed to oppose corruption including corruption related to tenure rights.</p>	<p>Fully comply with observation.</p> <p>This verification faced time constraints for assessing all the conditions and history related to the FAO Voluntary Guidelines on Responsible Governance of Tenure. It is recommended the GAR-related companies implement separate verifications of their compliance with the FAO guidelines, along with implementing a system for continuous monitoring thereof.</p>
3. Work Environment and Industrial Relations			
3.1 Recognizing, respecting and strengthening the rights of all our workers	1 Practice ethical recruitment including prohibiting the charging of recruitment fees to workers and retention of identity documents.	No charging of recruitment fees to workers or retention of identity documents was observed during this verification. This was verified through interviews with a sample of workers. This condition applies to staff, permanent workers, temporary workers including domestic migrant workers, and for casual workers.	<p>Fully Comply.</p> <p>No further recommendations.</p>
	2 Prohibit the use of child labor and its worst forms and take measures to prevent the use of such labor in connection with the company activities. Employ remedial	No child labor or the employment of young worker was observed in all companies during this verification. The companies have made sure that only persons with the minimum age	<p>Fully Comply.</p> <p>No further recommendations.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
	actions in the case that child labor is uncovered to ensure appropriate follow-up on and assistance for protection of the child's welfare.	of 18 years can work or be present in the work areas. As part of the procedures during recruitment, applicant has to show the personal identity, family card, and/or letter of good behavior issued by local police office.	
	3 Ensure access to education for all children whose parents/guardians work in the company.	The three companies provide access to education for preschool, kindergarten, elementary, and junior high school for the children whose parents work in the companies. The education program is organized by Eka Tjipta Foundation. All schools are accessible to all workers' children. Each company also provides school buses to transport the children to and from school.	Fully Comply. No further recommendations.
	4 Prohibit the use of forced labor and take measures to prevent the use of such labor in connection with the company activities. Employ remedial actions in the case that forced labor is uncovered to ensure that victims are referred to existing services for support and assistance.	There was no evidence of forced labor in the companies during this verification. This was also validated through interviews with a sample of workers.	Fully Comply. No further recommendations.
	5 Employment contracts to all workers are provided in a language they understand.	Based on the reviewed documents, all employment contracts are in Indonesian language which is understood by all staff and workers.	Fully comply with observation. Based on interviews, some workers admitted that they did not receive a copy of the employment contract. There is no mechanism to prove that a copy of the employment contract is given to the related worker. In addition, a harvest worker was found to work as driver without further revision of his contract.
	6 Wage administration including its distribution, schedules and language used are direct, timely and clear.	There was no issue related to wage administration observed during this verification in all companies. This was also validated through interviews with a random sample of workers. Staff and permanent workers receive their wage monthly while temporary and casual worker receive their wage twice a month (on the 10 th and 25 th day of each month).	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
	7 Wage is paid equal to or exceeding the legal minimum wage. Premium on top of the minimum wage should be available based on the calculation of production target.	The lowest wage for worker in all companies is based on the minimum wage for agricultural sector stipulated by provincial government of Kalimantan Barat that is IDR 2,155,000 per month for year 2017. Based on this regulation, GAR issued Director Letter No. 087/PSM7/XII/2016 dated December 2016 on the minimum wage year 2017 for the permanent workers that is IDR 2.155.000 per month, Director Letter No. 088/PSM7/XII/2016 on minimum wage year 2017 for staff that is IDR 2.167.500 per month and Director Letter No. 089/PSM7/XII/2016 dated Dec 29, 2016 on the minimum wage year 2017 for temporary and casual workers that is IDR 86.200 per day. Annual premium or bonus based on the calculation of production target is also available for permanent workers and staff. For temporary workers, this is based on his/her achievement above the daily target.	Fully Comply. No further recommendations.
	8 Working hours meet the legal requirement and in 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.	For staff who work in the office, the normal office hours are from 07.00 until 17.00 with a two-hour break from 12.00 to 14.00. Working hours for field workers are from 05.30 until 14.00 with 30 minutes break from 10.30 to 11.00. Shift work is applied for the security worker with total working hour is eight hours per shift in a day. The number of work days for worker is six days. In total, a worker works for 48 hours per week. The worker is entitled to at least one day off in six consecutive days that is Sunday, though this might be any day for security workers.	Fully Comply. No further recommendations.
	9 All overtime must be voluntary and compensated at a premium rate consistent with national law or Collective Labor Agreement (CLA).	Overtime is practiced based on national regulation for the administration, maximum hours and hourly wage. According to GAR policy and practice, there should be	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>assignment or approval from the worker's supervisor for overtime. There is no overtime applicable for staff. The maximum time allowed for overtime is three hours per day and in total the number of working hours per week should not exceed 60 hours. For overtime during work days, the wage for the first hour is 1.5 times the normal hourly wage then two times for the second and third hours. For overtime during holiday, the wage is two times the normal hourly wage for the first eight hours, three times for the ninth hour, and four times afterward. If the public holiday falls on Friday, the wage is two times the normal hourly wage for the first five hours, three times for the sixth hour, and four times afterward. The hourly wage is calculated as one per 173 of the worker monthly wage.</p>	
	<p>10 Workers must have the right to freely organize and voluntarily negotiate their working conditions in a collective manner as established in ILO Conventions 87 and 98. The company must have and divulge a policy guaranteeing this right and must not impede workers from forming or joining unions, collective bargaining or organizing for ideological, religious, political, economic, social, cultural or any other reasons. The company must periodically provide opportunities for workers to make decisions regarding their rights and alternatives to form any type of organization for negotiating their working conditions.</p>	<p>All workers in the all companies have the right to freely organize and voluntarily negotiate their working conditions collectively. Workers can freely join the worker union (SPM - <i>Serikat Pekerja Mandiri</i>) available in each company. The Collaborative Labor Agreement (PKB – <i>Perjanjian Kerja Bersama</i>) between the company and the union, which is acknowledged by the Regency Government, is also available for each company. The following documents were available for review during this verification:</p> <ol style="list-style-type: none"> 1. The Collaborative Labor Agreement of SPM in KPC approved by the Head of Worker, Transmigration and Social Agency in Kapuas Hulu Regency Government through the issuance of Decree No. 29/2015, dated on August 03, 2015 and valid from 2015 to 2017. 	<p>Fully Comply. No further recommendations.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		<p>2. The Collaborative Labor Agreement of PIP approved by the Head of Worker, Transmigration and Social Agency in Kapuas Hulu Regency Government through the issuance of Decree No. 31/2015, dated on August 03, 2015 and valid from 2015 to 2017.</p> <p>3. The Collaborative Labor Agreement of PGM approved by the Head of Worker, Transmigration and Social Agency in Kapuas Hulu Regency Government through the issuance of Decree No. 30/2015, dated on August 03, 2015 and valid from 2015 to 2017.</p>	
	<p>11 There is diversity within workforce. The company must not discriminate in its labor and hiring policies and procedures along the lines of race, color, gender, age, religion, social class, political tendencies, nationality, union membership, sexual orientation, civil status or any other motive as indicated by applicable laws, ILO Conventions 100 and 111. The company must offer equal pay, training and promotion opportunities and benefits to all workers for the same type of work. The company must not influence the political, religious, social or cultural convictions of workers.</p>	<p>There was no evidence of discrimination as the three companies have developed and are implementing non-discrimination policies. According to interviews and other evidence, the recruitment process is transparent and workers hired are from various tribes from different regions with different religions and cultural backgrounds such as Dayak, Java, Flores, Aceh, and Malay. All workers receive similar treatment in terms of salary payment and work promotion. Promotion is carried out based on the worker's performance which is evaluated by their direct supervisor including assessment by the Estate Manager. The three companies do not discriminate between men and women with similar work status/level as they will receive same wages/salaries (ILO Convention 111). Both men and women working in plantation or mills have similar rights and opportunities to be promoted to the new position (ILO Convention 100).</p> <p>The three companies also show their respect towards the diverse culture and religion of</p>	<p>Fully comply with observation.</p> <p>All 111 staff in the companies are male. The companies shall provide clarification that this is not due to discrimination during recruitment or promotion to staff position.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
		their workers and support them in terms of providing facilities to perform their respective religious activities.	
	12 No tolerance of sexual and all other forms of harassment and abuse.	Based on the report and interview with gender committee and workers, to date, there is no sexual harassment being reported. The three companies encourage all workers to use appropriate outfits during working hours in the office, estate and mills. The companies provide separate housing for single workers and for married couples. Family housing has separate rooms for parents and their children. Any gender issue arise can be reported to and followed up by the gender committee.	Fully Comply. No further recommendations.
	13 Plantations and mills have an occupational health and safety policy in place.	The three companies have policies in place for the occupational health and safety and the implementation includes: safety induction for all visitors; report on risk assessment and mitigation; the presence of OHS committee who actively monitor and control the use of PPE; and the available mechanism for handling any accident that might occur in each estate and mill in all companies.	Fully Comply. No further recommendations.
	14 Full health and safety risk assessment is undertaken and an action plan is in place and implemented.	The companies have carried out health and safety risk assessments. The documents are available and were presented during this verification. Part of the risk assessment is the list of required PPE for different type of work. However, inconsistency on the availability of PPE for workers was observed during the visit in the plantations and facilities. This included the absence of goggles for harvesters working in PIP, the absence of respirator and gloves for the chemical sprayer supervisor, and the absence of rubber gloves for the chemical mixer at the water treatment facility. Inconsistent use of available PPE by workers was also observed during the visit to the	Not Fully Comply The companies shall provide all needed PPE according to the health and safety risk assessment. Socialization for consistently using PPE appropriately for all workers shall be continuously conducted. Sanctions might need to be applied if necessary to ensure positive results.

GSEP	Indicators	Finding	Compliance and Recommendation
		facilities, such as the use of dust protector by the mill workers.	
	15 All manager and workers receive suitable health and safety training appropriate to the scale of operations. Training is documented and records are kept.	Each company has a health and safety committee which is responsible for organizing occupational health and safety training in line with the estate and mill operations. Records of training and PPE handling and distribution to workers in the mill, estate and workshop were available for review during this verification. Based on interviews with workers, they are aware of the requirement of OHS.	Fully Comply. No further recommendations.
	16 Occupational health and safety performance is reported regularly for the plantations, mills and contractors or suppliers. Procedures for reporting the performance are in place. The report is used for continuous improvements.	All companies have developed the occupational health and safety performance report for mill and all estates. The report is submitted quarterly to the local employment agency. The report is also evaluated by the health and safety committee so that necessary improvements can be made. There is a well-trained and certified general health and safety expert who is in charge for continuous improvement activities. The consistency on PPE availability and its usage is continuously addressed. It is also recorded as a finding in their internal OHS audit.	Fully Comply. No further recommendations.
	17 Ensure humans and the environment are protected from exposure to hazardous chemicals.	Sanitation facilities for workers handling chemicals are not sufficiently available. There is an open washing facility next to each chemical warehouse which can be used in case of emergency but the facility is not designed for the worker to shower after the chemical application. Although there is a bathroom located inside the office building, based interviews with workers, they never use that bathroom as they wash at home. One worker is assigned to wash all the used PPEs and washing is conducted in the office facility. However, the drying is done in the worker's	Not Fully Comply The companies shall provide sufficient sanitation facilities for worker handling chemicals and dedicated facilities for showering and washing contaminated clothes and PPE. All facilities shall be equipped with proper wastewater treatment.

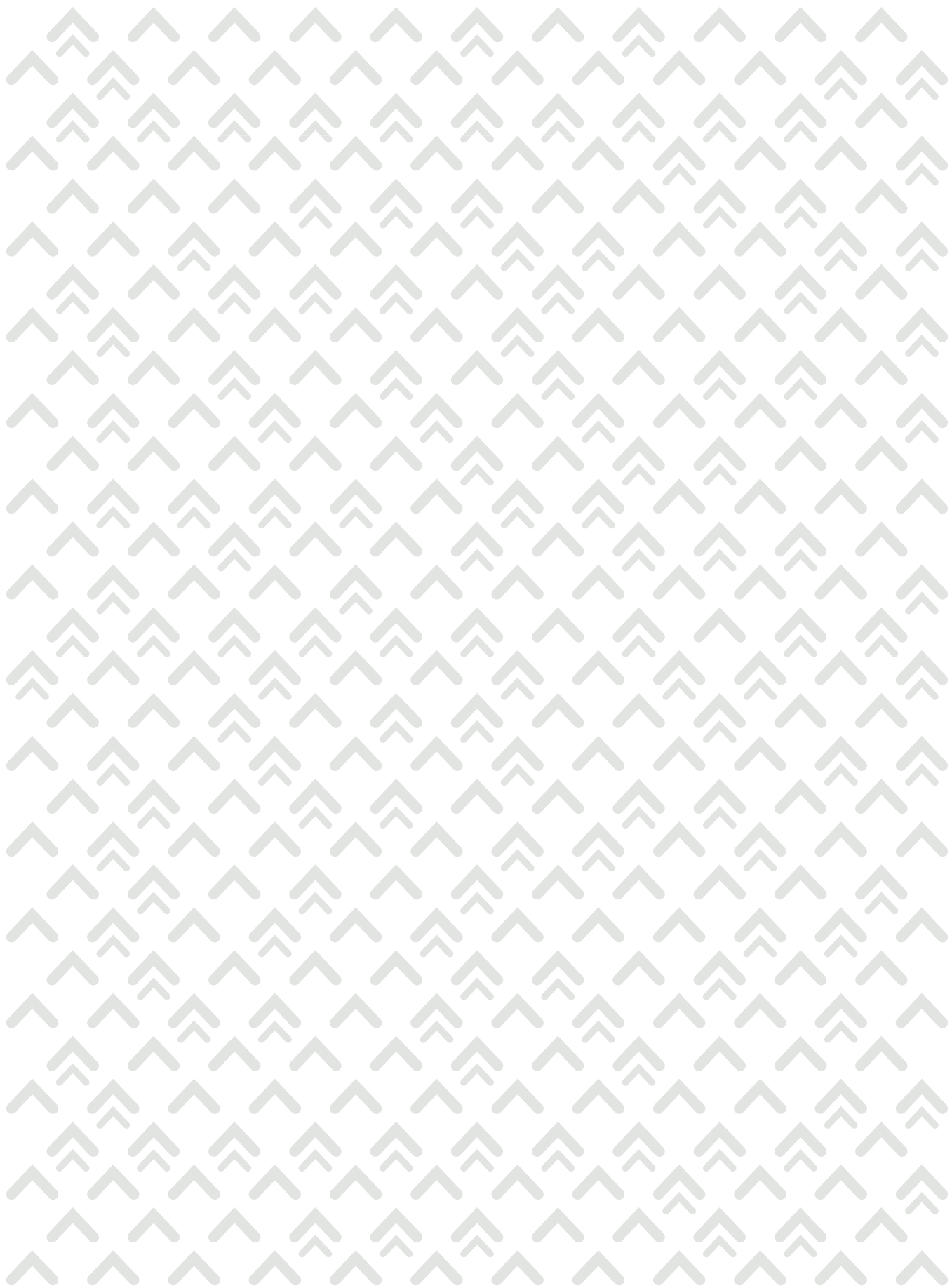
GSEP	Indicators	Finding	Compliance and Recommendation
		<p>house since the office does not provide any facility for drying. The shower and washing activities practiced by the workers handling chemicals pose an exposure risk to their family members. In addition, there is no specific chemical wastewater treatment available for the designated shower or washing facilities.</p> <p>Workers handling chemicals get a general regular medical check-up twice a year at the companies' health facilities. This includes the examination of blood and pharynx condition to make sure the related worker is free from chemical contamination that may affect their health. Pregnant or nursing female workers are not allowed to handle chemicals. They will immediately be reassigned to other work.</p>	
	<p>18 Insurance to all workers on site covering medical treatment for work-related illness and injury; and compensation for work-related illness and injury causing death or permanent disability is provided by the company.</p>	<p>All workers including staff, permanent workers, temporary workers and casual workers are registered in the national working insurance program. The companies have included their health facilities as part of this national program and these can be used or accessed by all workers and their families in case of illness and injury whether it is work related or not.</p>	<p>Fully Comply. No further recommendations.</p>
	<p>19 Adequate housing or housing allowance, medical and welfare amenities to directly employed workers and their families is provided by the company.</p>	<p>Housing facilities with water and electricity are available for free for all companies' staff, permanent workers and temporary workers. Health facilities are also available and can be accessed by all workers and their families. School, child daycare, praying facilities, sport facilities and market are also available. Casual workers do not live within the companies' areas and by regulation there is no need for the companies to provide them with housing allowance.</p>	<p>Fully comply with observation. Water provided by the companies in workers' housing compounds is not treated and cannot be used as potable water. Workers have to buy commercial drinking water or boil collected rain water for their drinking water. To date there is no program observed to provide workers with better water quality that can be used as potable water.</p>

GSEP	Indicators	Finding	Compliance and Recommendation
4. Marketplace and Supply Chain			
4.1 Traceable and transparent supply chains	1 The mill has a documented system to ensure that all supply is fully traceable from company plantations, associated smallholders and independent suppliers to the mill.	All FFB coming to the mill are from the estates and scheme smallholders. The system allows tracing back of received FFB to their original location.	Fully comply with observation The FFB delivery letter is not being filled out in a consistent manner; the different number of digit used as the code, the different ink color used for the stamp, and the different types of form being used.
	2 Measures are implemented to ensure that FFB is not sourced from any illegally occupied land or from any legally protected areas, based on known levels of risk.	All FFB coming to the mill are from the estates and scheme smallholders. All supply bases are included in the scope of this verification and it is confirmed that the land used by the supply bases are not illegally occupied land or from any protected areas.	Fully Comply. No further recommendations.
4.2 Support to suppliers	1 A smallholder support program 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, c) Support relating to logistics, FFB processing and market access, and d) support smallholders in working towards complying with GSEP.	So far there is no independent palm oil grower or smallholder inside the concession areas of all companies. Smallholder support programs have been developed, documented and monitored for the available scheme smallholders outside the concession areas. The programs include: <ol style="list-style-type: none"> 1. Implement measures to increase the productivity by implementing the same palm oil agricultural practices for the estate and the scheme smallholders. It is noted from production summary for year 2016 that the yield of scheme smallholders in all companies is slightly above the yield of the estates. 2. Assist and train the cooperatives' staff in financial management and budgeting. 3. Receive all FFB from the scheme smallholders. 4. Socialize and raise the communities including scheme smallholders' awareness of the implementation of GSEP. 	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
	2 The mill and any intermediaries deal fairly and transparently with smallholders on FFB pricing mechanisms, payments and deductions, loans or advances.	The price of FFB from scheme smallholders is based on the price released by the local agricultural agency. The payment is made with clear information on the amount of deductions, loans and advances.	Fully comply with observation. As observed during the public consultations conducted in this verification, the scheme smallholders raise issue with the clarity of payment made for their FFB. The companies have made sure that all information about payment has been made clearly and transparently with the cooperatives. However, it appears the cooperatives have not consistently delivered this information to their members. It is the cooperative's responsibility to continually deliver this information to their members. However, the company shall monitor this to maintain positive image of the management of schemesmallholders.
4.3 Due diligence and grievance procedures	1 Due diligence system to identify non-compliant suppliers is available and implemented.	All supply bases are included in the scope of this verification. In addition, GAR also conducted internal inspection of all its supply bases including the estates and scheme smallholders included in the scope of this verification.	Fully Comply. No further recommendations.
	2 Transparent and accountable system that allows stakeholders to inform the company of issues within the company supply chain is in place and implemented.	The SOP for grievance handling in each company is in place and accessible for any stakeholders to raise any issues.	Fully Comply. No further recommendations.
4.4 Compliance with all relevant national laws and international certifications' principles and criteria	1 Compliance with all relevant national laws binding for social, labor, land right and environment aspects.	Based on documents review, and consultation with local government representative, the companies' policy and SOP is in compliance with relevant national law. All the requirements such as licenses or permits and regular reporting to the related local government agency are also available. In general, compliance with social aspects are observed from SEIA and its regular monitoring report; labor aspects are observed from the collaborative agreement and regular reporting for employment and health and safety performance; land rights are observed	Fully Comply. No further recommendations.

GSEP	Indicators	Finding	Compliance and Recommendation
		from the result of due diligence conducted by Hanafiah Ponggawa and Partners; and environmental aspects are observed from SEIA and its regular monitoring report.	
	2 Compliance with all international certifications' principles and criteria. ²⁰	All companies are not yet RSPO certified. However, they are already included in a time bound plan for the certification. It is noted that KPC might be postponed since the HGU for this company is not yet obtained.	Not Fully Comply. The compliance can only be proven after the companies obtain the RSPO certificate.

²⁰ As clarified by GAR, by the time of this verification, the term 'certification' refers only to RSPO certification.





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