Continuous improvement in sustainability practices: Responding to RSPO’s auditor 2016

The risks and opportunities presented by sustainability, or Environmental, Social and Governance (ESG), issues are integral to the way in which we operate. Managing palm oil production is complex but we tackle the tough issues head-on.

**Compliance Assessment Report commissioned by RSPO**

In July 2016, Accreditation Services International (ASI) performed a compliance assessment to Certification Body SAI Global at PT PP London Sumatra Indonesia Tbk - Gunung Malayu Mill and its supply base estates. The overall objective of this assessment was to corroborate the audit findings of SAI Global, a Certification Body that conducts audits of PT PP London Sumatra Indonesia Tbk - Gunung Malayu Mill and its supply base estates in accordance with all relevant RSPO accreditation requirements.

As a result, there are some improvements to make at Gunung Malayu Mill and its supply estates. We are developing action plans to resolve the issues arising. We are committed to managing all our key environmental and social issues effectively and will be setting clear objectives and timelines to address the issues raised during this audit.

We are pleased to confirm that the ASI compliance assessment confirmed that Gunung Malayu Mill remains in compliance with RSPO, and its certification remains intact.

**Our Approach to Sustainability Management**

PT PP London Sumatra Indonesia Tbk (‘Lonsum’) is committed to sustainability by integrating responsible agricultural, environmental and community priorities into day-to-day operations. We manage our plantations in accordance with principles of environmental, economic and social responsibility. We focus on a set of material issues for which we are steadily implementing a formal management approach in order to embed sustainable practices across all our operations. Our Group Sustainability Report is an annual snapshot of our progress on our management approaches in place and the resulting performance using KPIs.

We have teams of people inside Lonsum and partnerships with other teams outside. Together we are steadily delivering programmes and projects, and measuring our progress using KPIs against published targets. Our governance arrangements account for the input of risk managers working on sustainability as well as sustainability programmes delivery teams. This work is conducted in alignment with the *precautionary principle*. 
Our management systems are steadily extending across all operations, particularly on Health & Safety. To deliver our policy commitments on the ground we use Standard Operating Procedures (SOPs). Many of these are being adapted to deliver new commitments. Examples include our Sustainable Palm Oil Policy and our Code of Conduct. To quantitatively monitor progress we collate data using a new Sustainability Management Information System (SMIS) which is aligned with our SAP system.

We use the RSPO and the Indonesia Sustainable Palm Oil (ISPO) certifications as part of how we deliver sustainability on the ground. The principles and criteria of RSPO cover the breadth of sustainability issues in the industry. We aim to certify all our plantation, including our smallholders, to RSPO and ISPO by 2019. Our first RSPO certification was in 2009. By the end of 2015, six palm oil mills and 20 plantation estates had received RSPO certification. They produced a total of 240,000 tonnes of certified crude palm oil (CPO); that’s 51% of Lonsum’s total CPO production. Also, our ISPO certified CPO production was 180,000 tonnes, that’s 38% of Lonsum’s total CPO production in 2015.

**Our people, their workplace**
We aim to operate responsibly and stimulate local economic growth in a responsible way. Our efforts and commitments on this depend extensively on relationships (or ‘engagement’) with suppliers, farmers, employees and communities. We are fully committed to a safe and healthy working environment for all our employees, and we support the local communities in and around our estates. Such efforts are promoted using a series of Programmes such as our Work & Estate Living Programme, our Smallholders Programme and our Solidarity Programme.

Employee productivity and satisfaction depends on safety and wellbeing at work. Respecting human rights is a matter of legal compliance and good business. Clear engagement with employees and career development opportunities improve personal performance and contribute to product quality. We recognise the potential in each employee and the benefits of a diverse workforce. Lonsum adopts an ethos of continuous improvement to achieve business objectives. Part of this work is to expand the certification of our assets to RSPO and ISPO, which both include labour practices and human rights criteria.

At the foundations of our human resource management are the following drivers: (i) compliance with Indonesian labour laws and regulation, (ii) delivery of Sustainable Palm Oil Policy and (iii) implementation of our Code of Conduct. RSPO and ISPO certifications help achieve our Sustainable Palm Oil Policy, amongst others. Operational commitments related to human rights and labour practices under our existing policies and procedures include:

- Protection of human rights and anti-sexual harassment.
- Prohibiting child labour and forced labour.
• Freedom of Association and collective bargaining
• Anti-discrimination
• Diversity and equal employment opportunity
• Occupational Health and Safety (OHS) and other labour regulatory compliance in all workplaces
• A safe and healthy living environment for all employees and casual workers living on our estates
• Adequate housing, education, religious and sports facilities in the plantations.

Each year RSPO and ISPO audits by independent certification bodies provide monitoring of our performance on human rights. No operations where collective bargaining, freedom from forced labour or child labour, are at significant risk have so far been identified to be in breach of any human rights policy.

**Concluding remarks**
The sustainability issues affecting our industry are increasingly pressing, complex and interconnected.

Overcoming the challenges and reaching our achievements in this sustainability journey is also complex and demanding. Furthermore, it is only possible with the dedication, support, and commitment of many individuals, especially our employees. Therefore, it is our aim to provide a safe and healthy working environment for them as well as improving their quality of life. Assuring their safety and productivity is as vitally important as securing the integrity of the way we work on the ground. We are working on delivering what we promise in our Policies, programmes and projects. We acknowledge the work of ASI and SAI Global in helping the industry move forward on delivering such promises, we welcome opportunities to meet our stakeholders and discuss their concerns openly and constructively. Our stakeholders can also reach us at muhammad.waras@londonsumatra.com