

Version 1.0 | August 2017

Supplier evaluation checklist

Palm oil from Indonesia



COUNTRY SPECIFIC
TOOLS



This tool has been developed by NEPCon under the project “Responsible Sourcing of Soy, Palm Oil and Cattle” with support from DANIDA, Ministry of Foreign Affairs of Denmark.



NEPCon has adopted an “open source” policy to share what we develop to advance sustainability. This work is published under the Creative Commons Attribution Share-Alike 3.0 license. Permission is hereby granted, free of charge, to any person obtaining a copy of this document, to deal in the document without restriction, including without limitation the rights to use, copy, modify, merge, publish, and/or distribute copies of the document, subject to the following conditions: The above copyright notice and this permission notice shall be included in all copies or substantial portions of the document. We would appreciate receiving a copy of any modified version.

DANIDA, Ministry of Foreign Affairs of Denmark has supported the development of this material, however DANIDA is not responsible for any views or claims presented in this material.

Supplier Name:

Address:

Material Type:

Material Certification:

Date of evaluation:

Description of evaluation

Document Guidance

Please fill out this form by indicating 'Y' for Yes or 'N' for No or 'N/A' for not applicable for each numbered indicator if the supplier is compliant with the indicator. If 'Y' is indicated, please also tick the 'DOC' column if a copy of the require document has been submitted with this form. For all 'N/A' answers please provide an explanation for why the indicator is not applicable.

The red dot ● next the indicator highlights where there has been an elevated risk detected at the national level for palm oil in Indonesia and thus it is obligatory to fill out and provide more information on the red dotted indicators.

Y/N

DOC

1. The supplier is compliant with all the relevant laws which applicable to the business, and has records of this.

- 1.1. The supplier has a valid, non-contested and appropriate land tenure right, that is registered.

Document required:

Smallholders: Plantations < 25 hectares:

- Evidence of a receipt of the sale of land issued by the village head or sub-district head and evidence of plantation registration with the district government in a simplified form of a business license - Indonesian abbreviation of this business license is: STDB.

Plantations > 25 hectares are considered large scale and need permits and land documents like big companies:

- Location Permit (Ijin Lokasi license)
- Plantation Business Permit (IUP)
- Business Use Permit (Hak Guna Usaha - HGU)

OR

- A palm oil plantation obtains One-Stop Integrated Service (PTSP) license issued by the Indonesia's Investment Coordinating Board (BKPM). To verify if a company obtains a PTSP license please contact the BKPM: <http://pelayanan.jakarta.go.id/>

And

- Company-managed or company-owned plantations and state-owned enterprises obtain an Indonesian Sustainable Palm Oil (Permentan No.19/2011) ISPO certificate. You can verify this by checking the ISPO website: <http://www.ispo-org.or.id/index.php?lang=ina> (note as it is often out of date) the validity of the certificate shall also be crossed checked.

- 1.2. The supplier has all relevant farm registration and management rights.

Document required:

Smallholders: Plantations < 25 hectares:

- Evidence of a receipt of the sale of land issued by the village head or sub-district head and evidence of plantation registration with the district government in a simplified form of a business license - Indonesian abbreviation of this business license is: STDB.

	Y/N	DOC
<p>Plantations > 25 hectares are considered large scale and need permits and land documents like big companies:</p> <ul style="list-style-type: none"> • Business Use Permit (HGU license) • Plantation Business Permit Business permit (IUP license) • Evidence of Location Permit (Ijin Lokasi license) <p>OR</p> <ul style="list-style-type: none"> • One-Stop Integrated Service (PTSP) license http://pelayanan.jakarta.go.id/ <p>And</p> <ul style="list-style-type: none"> • Indonesian Sustainable Palm Oil (Permentan No.19/2011) ISPO certificate. website: http://www.ispo-org.or.id/index.php?lang=ina (note as it is often out of date) the validity of the certificate shall also be crossed checked. 		
<p>2. The supplier fulfils all obligatory taxes, fees and business information disclosure required for conducting the defined business activities.</p>		
<p>2.1. The supplier met all legal obligations regarding the payment of royalties and required fees.</p> <p>Document required:</p> <ul style="list-style-type: none"> • The Notarial Deed • Annual balance sheet • Calculation of annual income • Accounts daily transaction journal • A valid HGU license and/or be ISPO certified. 		
<p>2.2. The supplier met all legal obligations regarding the payment of value added taxes and other sales taxes.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Obtain copies of the monthly VAT reports from the company. • A valid HGU license and/or be ISPO certified. 		
<p>2.3. The supplier met all legal obligations regarding the payment of income and profit taxes.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Monthly Withholding Tax Reports • A valid HGU license and/or be ISPO certified. 		

3. The supplier adheres to applicable transport, trade, import or export regulations, procedures and restrictions.

3.1. Products are correctly classified (species, quantities, qualities etc.) on sales documents, custom declarations and other legally required documents.

Document required:

- Sales documents
- Road transport document

3.2. Customs regulations

Importers. If the supplier is an importer, they comply with regulations on customs procedures, and have the following documents:

- Declaration for imported soy products;
- Sales contract;
- Trading invoice;
- Bill of lading (or other shipping document of equivalent value in accordance with legal regulations); and
- Packing list of imported palm oil products.

Exporters. If the supplier is an exporter, they comply with regulations on legal export dossier, and possess the following documents:

- A taxpayer identification number (NPWP)
- One of the following business licenses:
 - Trade license (SIUP) from the Ministry of Trade.
 - Manufacturing license from the Ministry of Industry, or other licenses issued by the relevant authority.
 - PMA license issued by the Investment Coordinating Board (BKPM).
 - Exporter identification number (APE).
- Pemberitahuan Ekspor Barang (PEB) to the Customs and Excise Office. A PEB will contain information such as:
 - Exporter;
 - Recipient;
 - Customs broker;
 - Means of transport;

	Y/N	DOC
<ul style="list-style-type: none"> ○ Country of destination; and ○ The goods (type, quantity, container number, relevant documents). ○ Letter(s) of credit (L/C) 		
4. The supplier complies with all requirements associated with legal employment.		
<p>● 4.2. Labour contracts exist for all employees and the names of all employees are included on the supplier's payroll.</p> <p>Document required:</p> <ul style="list-style-type: none"> ● List of employees (e.g., request the employer's payroll list) and cross check with list at the Local Manpower and Transmigration office ● Employment Contract Agreement (ask for a sample of Employment Contract(s) Agreements). The contract must include the following information: <ul style="list-style-type: none"> ○ The name, address, and type of business ○ Name, sex, age, and address of the worker / labourer ○ Position or type of work ○ Place of work ○ The amount of wages and payment ○ Requirement work requirements which contains rights and obligations of employers and workers ○ Start and validity period of labour agreement ● Social Security Card for Employees - cross check employees' social insurance number with Social Security Agency for Health and Employment: http://www.bpjsketenagakerjaan.go.id/ ● Migrant Workers further need to show valid passports, work visa ((limited stay permit (VITAS) and permit card (KITAS)) as well as pass a medical exam prior to employment 		
<p>● 4.3. The supplier pays employees at least the minimum wage which is as of 30-12-2016 from IDR (ID Rupiah) 1,882, 900.00 to 2, 339,556.00 (the minimum wage varies per province/district in Indonesia) per month (based on a 40 hours/ week).</p> <p>Document required:</p> <ul style="list-style-type: none"> ● Proof of required employee contract agreements are in place. 		

	Y/N	DOC
<p>4.4. The supplier's employees do no work more hours than the maximum daily 7 hours/day for 6 day/week or 8 hours/day for 5 days/week (maximum of 40 hours/week) with a 30-minute rest/4 hours of continuous work.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Proof of required employee contract agreements are in place. 		
<p>5. The supplier complies with the International Labour Organisations Fundamental Conventions (which relate to observance of minimum working age and fair pay, forced and child labour, discrimination, freedom of association and collective bargaining)</p>		
<p>5.1. The minimum age (Indonesian workers are eligible for full-time employment at the age of 15) is observed for all personnel involved in farm management activities.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Proof of required employee contract agreements are in place. 		
<p>5.2. The supplier ensures workers such as females, minorities, handicapped etc. are not discriminated against during their recruitment and the duration of their employment.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Proof of a policy and procedures are place to ensure discrimination does not occur. 		
<p>5.3. The supplier supports all workers having the right to join or form trade unions/worker associations of their own choosing and to bargain collectively.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Proof of an employee's union or worker's association. 		
<p>6. The supplier complies with all occupational health and safety requirements.</p>		
<p>6.1. The supplier has a designated health and safety (H&S) manager or someone in senior management is responsible for overseeing health and safety management and has registered its employees with the Ministry of Health.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Proof of required employee contract and/or organisational structure/organigram. 		

	Y/N	DOC
<ul style="list-style-type: none"> • Evidence that employees are registered with the Ministry of Health: http://www.depkes.go.id • Cross check employees' social insurance number with Social Security Agency for Health and Employment: http://www.bpjsketenagakerjaan.go.id/ 		
<p>6.2. The supplier organises regular health and safety training for all permanent and temporary workers.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Evidence of a certificate from the independent institute documenting that staff has passed the work health and safety training. • SGS, BSI, Nebosh Group are among Safety Training organizations that provide certificate training for safety. Ministry of Manpower and Transmigration also provides training for safety. 		
<p>6.3. The supplier has identified health and safety risks posed to all workers and has taken actions to prevent accidents, injuries or health issues by ensuring:</p> <ul style="list-style-type: none"> - the workplaces, machinery, equipment and processes are safe; - any chemical, physical and biological substances/agents are without risk to workers' health and application levels are in accordance with the law; - adequate clothing and protective equipment are provided. <p>Document required:</p> <ul style="list-style-type: none"> • Obtain records of reports of workplace deaths. • Evidence of H&S training, procedures and equipment are in place. 		
<p>6.4. The supplier ensures workers have access to clean toilet facilities and to safe drinking water, and, if applicable, clean and safe accommodations and cooking facilities (if the latter are required).</p> <p>Document required:</p> <ul style="list-style-type: none"> • Evidence of procedures and equipment are in place. 		
<p>6.5. The organisation conducts regular health & safety inspections and keep management systems documents up to date.</p> <p>Document required:</p>		

Y/N

DOC

- Records of reports of workplace deaths.

7. The supplier respects and upholds the rights of indigenous and traditional peoples.

- 7.1. The supplier respects and upholds the rights of indigenous and traditional peoples and the business is not involved in any outstanding disputes of substantial magnitude with indigenous or traditional communities.

Document required:

- Smallholders: Plantations < 25 hectares:
 - Evidence of a receipt of the sale of land issued by the village head or sub-district head and evidence of plantation registration with the district government in a simplified form of a business license - Indonesian abbreviation of this business license is: STDB.
- Plantations > 25 hectares are considered large scale and need permits and land documents like big companies:
 - Business Use Permit (HGU license)
 - Plantation Business Permit Business permit (IUP license)
 - Evidence of Location Permit (Ijin Lokasi license)

OR

- One-Stop Integrated Service (PTSP) license
<http://pelayanan.jakarta.go.id/>

And

- Indonesian Sustainable Palm Oil (Permentan No.19/2011) ISPO certificate. website: <http://www.ispo-org.or.id/index.php?lang=ina> (note as it is often out of date) the validity of the certificate shall also be cross checked.
- Assessing compliance with the relevant local authority and cross checking with relevant stakeholders (one possible avenue to identify stakeholders is to contact the Forest Peoples organization the partner of Sawit-watch (<http://www.forestpeoples.org/partners/sawit-watch> or Sawit Watch directly and/or other active NGOs working on traditional and indigenous rights in Indonesia/Kalimantan);

And/or

- Records from the farm that demonstrate active consultation and/or evidence of a participatory social impact assessment and/or

	Y/N	DOC
<p>conducting a Free Prior Informed Consent before developing farm activities.</p> <ul style="list-style-type: none"> Evidence of maps of an appropriate scale showing the extent of recognised legal, customary or user rights developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities) are available. Copies of negotiated agreements detailing the process of free, prior and informed consent are available. Evidence of an absence of significant disputes on land use, tenure and access is provided and corroborated by local stakeholders and/or evidence of consent of indigenous and/or traditional communities has obtained. Evidence there is a mutually agreed and documented system for dealing with complaints and grievances and is accessible to all affected parties and that where conflicts have arisen the conflict resolution mechanism is being used and outcomes are considered mutually agreed including by affected parties. 		
<p>8. The supplier is compliant with all the relevant environmental and protected areas/species laws and High conservation values have been maintained.</p>		
<p>8.1. The palm oil plantation supplier complies with all the relevant requirements under its Environmental Impact Assessment</p> <p>Document required:</p> <ul style="list-style-type: none"> Evidence of an approved Environmental Impact Assessments (AMDAL) Evidence of an approved Environmental License Review the Corruption Eradication Commission (KPK) annual reports. The KPK are engaged in highly visible efforts to improve legal compliance in industrial land licensing to ensure compliance with environmental requirements and detect overlaps with protected areas and other industrial land use licenses http://www.kpk.go.id/id Review the colour grading of the PROPER rating: PROPER – http://proper.menlh.go.id/portal/ Programme for Environmental Performance Rating, the PROPER rating award is an initiative by Indonesia’s Ministry of Environment. 		
<p>8.2. The suppliers farm has not been established within the boundaries of formally protected areas and/or the supplier has</p>		

	Y/N	DOC
<p>the required permits to allow operation within the protected area(s).</p> <p>Document required:</p> <ul style="list-style-type: none"> • Maps of locally protected areas linked to "Peatland Hydrological Unit" map • Environmental Impact Assessment (AMDAL) • Environmental Monitoring Document (Rencana Pemantauan Lingkungan (RPL) • Environmental Management Document (Rencana Pengelolaan Lingkungan (RKL) • Indicative Maps for Postponement of new permit (PIPIB) • Land Cover Map by KLHK • Confirm the palm oil supply area is not overlapping any official protected areas in Indonesia: http://www.globalforestwatch.org/map • Review the Corruption Eradication Commission (KPK) annual reports. The KPK are engaged in highly visible efforts to improve legal compliance in industrial land licensing to ensure compliance with environmental requirements and detect overlaps with protected areas and other industrial land use licenses http://www.kpk.go.id/id 		
<p>9. The supplier has not been responsible for converting natural forest or natural ecosystems to palm oil farms since 2005.</p>		
<p>9.1. The supplier has not been not apprehended for illegal conversion of natural forests/ecosystems.</p> <p>Document required:</p> <ul style="list-style-type: none"> • Evidence of an approved Environmental Impact Assessments (AMDAL). • Evidence of an approved Environmental License. 		
<p>9.2. The supplier has not been responsible for converting natural forest or natural ecosystems into palm oil plantations after 2005.</p> <p>Document required</p> <ul style="list-style-type: none"> • Historical remote sensing imagery which demonstrates that there has been no conversion of primary forest or any area required to maintain or enhance one or more HCV, post November 2005. 		

	Y/N	DOC
<p>E.g., Map with farm boundaries cross referenced against land cover satellite time series images such as found on www.globalforestwatch.org</p> <ul style="list-style-type: none"> Evidence is provided of undeveloped areas of peat land (of any depth) are not developed or drained post November 2005. Evidence should include historical data which demonstrates that there has been no conversion of peatlands post November 2005 and include maps identifying marginal and fragile soils, including excessive gradients and peat soils and how the farm management plans has identified and protected peatlands. Evidence of management plans that demonstrates fires and road-building on peat soils are prohibited. 		
<p>9.3. The supplier has not used fire to convert natural forest or natural ecosystems into palm oil plantations after 2005.</p> <p>Document required</p> <ul style="list-style-type: none"> Evidence shall be provided that no land preparation was conducted by burning and this should be crossed reference and verified with local authorities and/or local stakeholders. 		

About

Responsible Sourcing of Soy, Cattle and Palm Oil

Responsible Sourcing of Soy, Cattle and Palm Oil is a project aimed at creating awareness and capacity among Danish companies to minimise risks of social and environmental problems connected to sourcing palm oil, soy and cattle from developing countries. The project is run by NEPCon and SEGES and funded by DANIDA, Ministry of Foreign Affairs of Denmark.



NEPCon (Nature Economy and People Connected) is an international, non-profit organisation that builds commitment and capacity for mainstreaming sustainability. Together with our partners, we foster solutions for safeguarding our natural resources and protecting our climate.

NEPCon | www.nepcon.org | info@nepcon.org