

***Roundtable on Sustainable Palm Oil Certification  
R S P O***

**[ ] Stage-1   [ ] Stage-2   [✓] Surveillance   [ ] Re-Certification**

**Name of Management Organisation :** Mustika POM, PT Sajang Heulang subsidiary of SIME DARBY Plantation Sdn Bhd

**Plantation Name :** Mustika Estate, KKPA-2 Estate, KKPA-3 Estate and KKPA-5 Estate

**Location :** Village of Mustika, Sub District of Kusan Hulu, District of Tanah Bumbu, Province of South Kalimantan, Indonesia

**Certificate Code :** **MUTU-RSPO/027**

**Date of Certificate Issue :** 3 July 2013      **Date of License Issue :** 3 July 2015

**Date of Certificate Expiry :** 2 July 2018      **Date of License Expiry :** 2 July 2016

Assessment	Assessment Date	PT. Mutuagung Lestari Auditors	Reviewed by	Approved by
ASA-2	27 - 30 April 2015	Sandra Purba (Lead Auditor Witnessed); Trismadi N (Lead Auditor Witnessing), Sofyan Hadi Lubis, Leonada, Doni	Dr. Hariadi	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA-2	3 July 2015

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Figure 1. Location Map of PT Sajang Heulang



Figure 2. Operational Map of PT Sajang Heulang

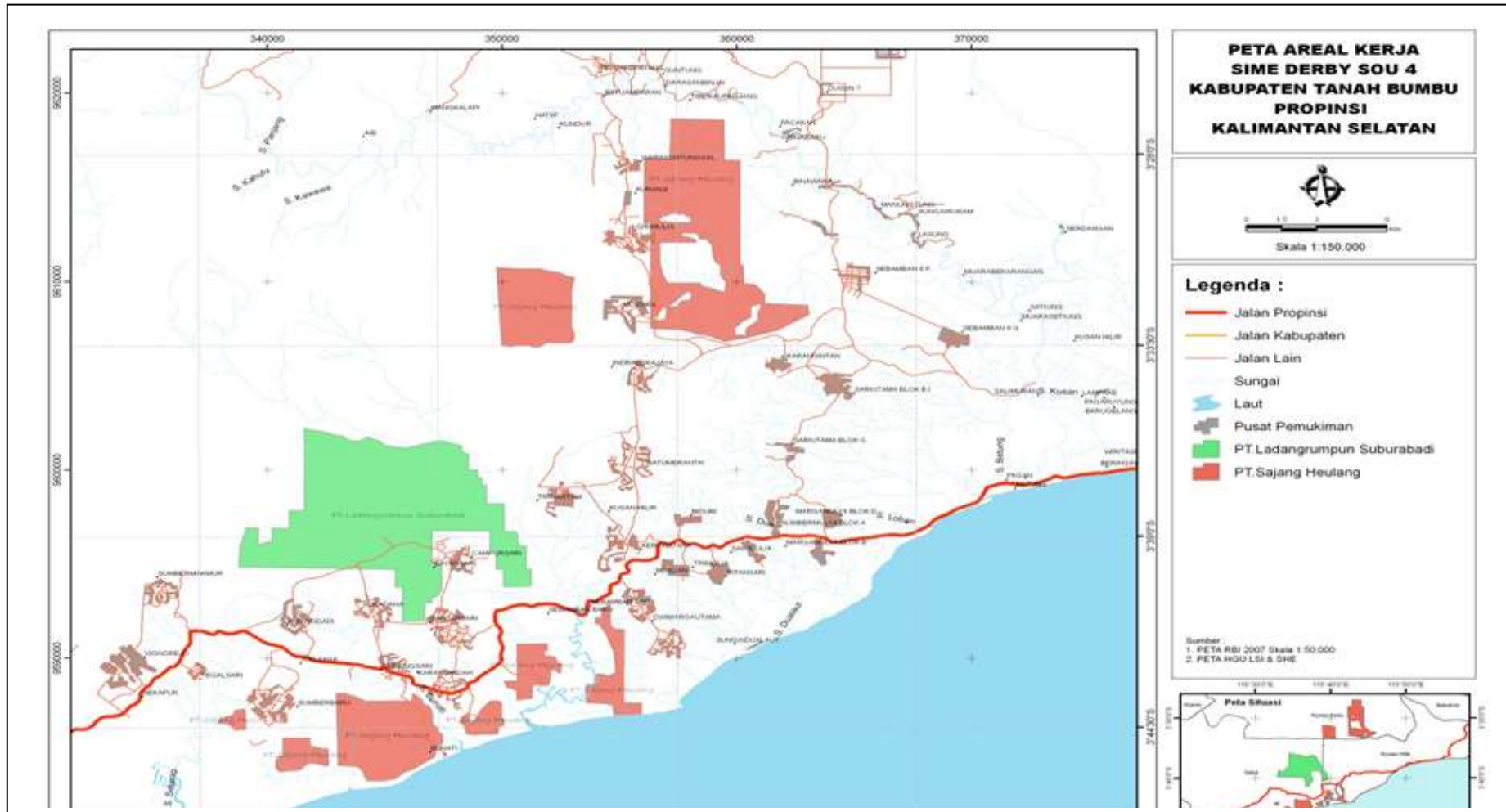
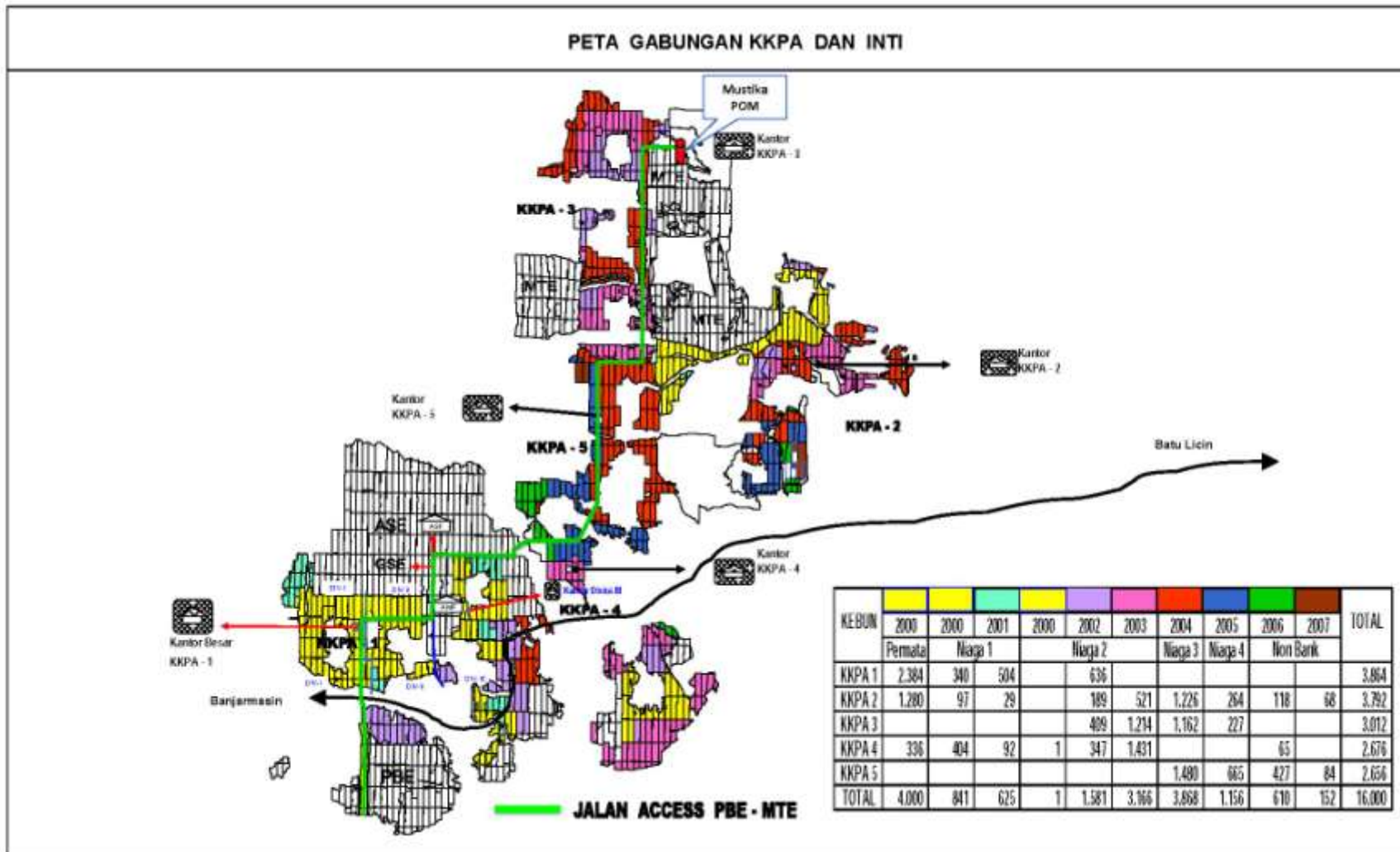
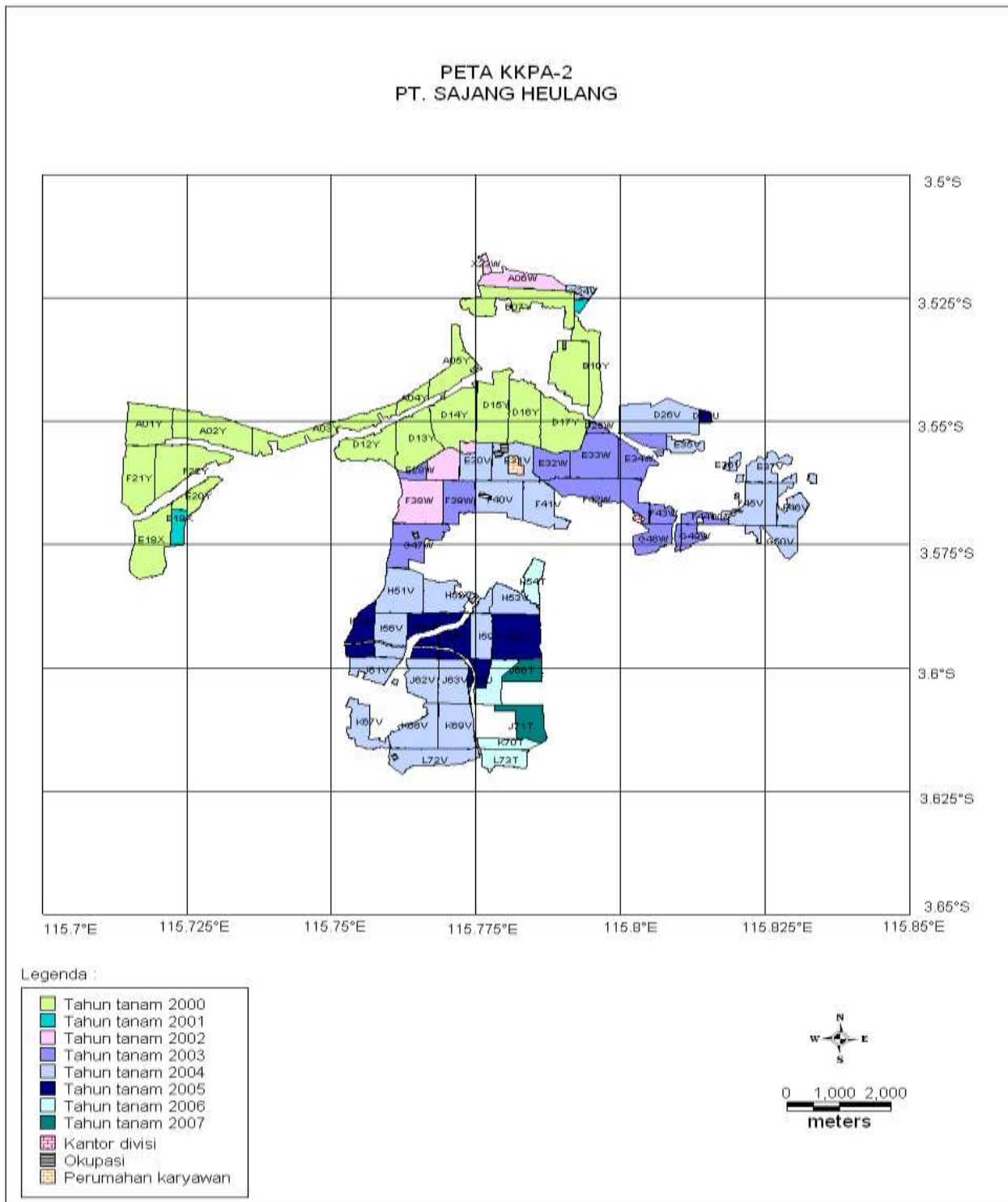




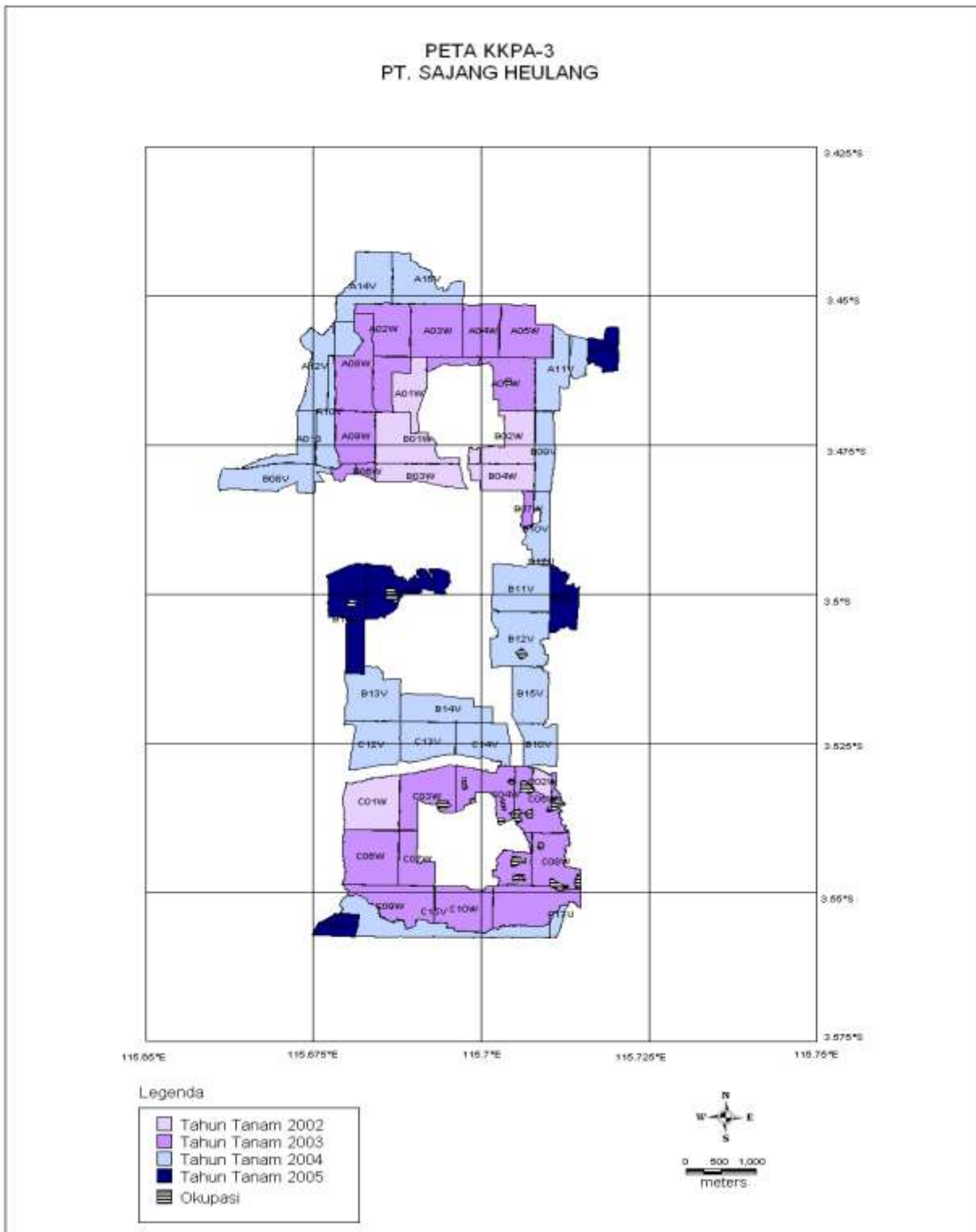
Figure 3. Operational Map of Mustika Estate dan KKPA-2, KKPA-3, KKPA-5



**Figure 4. Operational Map of Operasional KKPA-2**



**Figure 5. Operational Map of Operasional KKPA-3**



**Abbreviations Used**

AMDAL	:	Analisis Mengenai Dampak Lingkungan ( <i>Social and Environmental Impact Assessment</i> )
APD / PPE	:	Alat Pelindungan Diri ( <i>Personal Protection Equipment</i> )
ASEAN	:	Association of South East Asian Nations
AVP	:	Assisstant Vice President
B3	:	Bahan Beracun dan Berbahaya ( <i>Hazardous Material Waste</i> )
BOD	:	Biological Oxygen Demand
CEO	:	Chief Executive Officer
CPO	:	Crude Palm Oil
CBD	:	Convention on Biodiversity
GMP	:	Gersindo Minang Plantation
HCV	:	High Conservation Value
HGU	:	Hak Guna Usaha. ( <i>Land Use Permit</i> )
HIRARC	:	Hazard Identification Risk Assessment and Risk Control
IUP	:	Izin Usaha Perkebunan. ( <i>Plantation Operation Licence</i> )
IPAL / WWTP	:	Instalasi Penyaluran Air Limbah / <i>Waste Water Treatment Plant</i>
JAMSOSTEK	:	Jaminan Sosial Tenaga Kerja ( <i>Social Assurance of Labor</i> )
Jankos / EFB	:	Janjangan Kosong / Empty Fruit Bunch
K3 / OHS	:	Keselamatan dan Kesehatan Kerja / <i>Occupational Health and safety</i>
KER	:	Kernel Extarction Rate
LC	:	Land Clearing
MB	:	Mass Balance
NC	:	Non Comformance
OER	:	Oil Extarction Rate
P2K3	:	Panitia Pembina Keselamatan dan Kesehatan Kerja ( <i>Occupational Safety and Health Committee</i> )
PHP	:	Permata Hijau Pasaman
PHT / IPM	:	Pengendalian Hama Terpadu / <i>Integrated Pest Management</i>
PK	:	Palm Kernel
PKS / POM	:	Pabrik Kelapa Sawit / Palm Oil Mill
RKL/RPL	:	Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan. ( <i>Environmental Management Plan/ Environment Monitoring Plan</i> )
SOP	:	Standart Operational and Procedure
ST 1	:	Stage 1
ST 2	:	Stage 2
TBS / FFB	:	Tandan Buah Segar / <i>Fresh Fruit Bunches</i>
UKL/UPL	:	Upaya Kelola Lingkungan/ Upaya Pemantauan Lingkungan. ( <i>Environmental Management Efforts/ Environmental Monitoring Efforts</i> )



<b>1.0</b>	<b>SCOPE of the CERTIFICATION ASSESSMENT</b>		
<b>1.1</b>	<b>Assessment Standard Used</b>	<ul style="list-style-type: none"> <li>• <i>RSPO Principles and Criteria (P&amp;C) for the Production of Sustainable Palm Oil - April 25<sup>th</sup>, 2013.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i></li> </ul>	
<b>1.2</b>	<b>Organization Information</b>		
1.2.1	Organisation name listed in the certificate	PT Sajang Heulang subsidiary of Sime Darby Plantation Sdn. Bhd	
1.2.2	Contact person	Mohamad Pirabaharan	
1.2.3	Organisation address and site address	Head Office : No.2, Plantation Tower, Jalan PJU 1A/7 Petaling Jaya, Malaysia 47301  Liason Office : The Plaza Lt. 36 Jl MH Thamrin Kav. 28-30 Jakarta 10350	
1.2.4	Telephone	+62-21-29926000	
1.2.5	Fax	+62-21-29922686	
1.2.6	E-mail	<a href="mailto:mohamad.pirabaharan@sime-darby.com">mohamad.pirabaharan@sime-darby.com</a>	
1.2.7	Web page address	<a href="http://www.sime-darby.com">www.sime-darby.com</a>	
1.2.8	Management Representative who completed the application for certification	Mohamad Pirabaharan (Head of PSQM)	
1.2.9	Registered as RSPO member	07 September 2004 (1-0008-04-000-00)	
<b>1.3</b>	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment and Number of management unit	<b>Palm oil and its supply base:</b> One (01) unit Mill (Mustika POM) supplied by four (04) estates : Mustika Estate, KKPA-02, KKPA-3 & KKPA-05.	
1.3.2	Type of certificate	Single	
<b>1.4</b>	<b>Locations of Mill and Plantation</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b> <b>Latitude</b> <b>Longitude</b>
	Mustika POM	Village of Mustika, Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan.	S 3° 28' 07" - 3° 33' 26"      E 115° 39' 02" - 115° 46' 15"
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b> <b>Latitude</b> <b>Longitude</b>
	KKPA-2	Sub District of Kuranji, District of	S      E

		Tanah Bumbu, South Kalimantan	3° 33' 36"	115° 46' 52"		
	KKPA-3	Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan	S 3° 29' 24"	S 115° 44' 22"		
	KKPA-5	Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan	S 3° 35' 02"	E 115° 41' 17"		
	Mustika Estate	Sub District of Kuranji, District of Tanah Bumbu, South Kalimantan	S 3° 33' 26"	E 115° 39' 02"		
1.5	Description of Area Statement					
1.5.1	Tenure					
	• State		HGU Certificate No. 34, dated 14 Mei 2002 : 5,260 Ha			
	• Community		9,805.16 Ha			
1.5.2	Area Statement					
	Item	MTE	KKPA 2,3 & 5	Total		
	Total area	5,078.93	9,805.16	14,884.09 Ha		
	Mature Are	3,723.73	9,460.00	13,183.73 Ha		
	Immature Area	-	-	- Ha		
	Emplasment*	58.24	21.00	79.24 Ha		
	Road / bridge	132.10	280.83	412.93 Ha		
	Mill	39.47	-	39.47 Ha		
	HCV	221.93	-	221.93 Ha		
	Occupation area	299.70	-	299.70 Ha		
	Not Plantable area	603.76	43.16	646.92 Ha		
* Source: Areal Statement 2015						
*)There is lend use of village land for infrastructureon Dvisoni 1 & 3 KKPA 3						
1.6	Planting Year and Cycles					
1.6.1	Age profile of planting year					
	Planting Year	Hectare (Ha)				
		MTE	KKPA-2	KKPA-3	KKPA-5	Total
	1995	484.3	-	-	-	484.3
	1996	1,198.59	-	-	-	1,198.59
	1997	408.38	-	-	-	408.38
	1998	286.91	-	-	-	286.91
	1999	255.14	-	-	-	255.14
	2000	-	1,377	-	-	1,377
	2001	9.81	29	-	-	38.81
	2002	-	189	409	-	598
	2003	-	521	1,214	-	1,735
	2004	-	1,226	1,162	1,480	3,868
	2005	688.86	264	227	665	1,844.86
	2006	280.07	118	-	427	825.07
	2007	111.75	68	-	84	263.75
	TOTAL	3,723.73	3,792	3,012	2,656	13,183.73

1.6.2	New Planting area after January 2010			- Ha			
1.6.3	Planting Cycle			1 <sup>st</sup> Cycle		25 years	
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Mustika	60	211,048	47,122	22.32	9,053	4.29
	*Source : Production data April 2014 s/d Maret 2015						
1.7.2	Description of Certification Scope of Supply Bases						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Mustika Estate	5,078.93	3,723.73	66,779	17.93	66,779	100
	KKPA-2 (2,208 smallholders)	3,937.00	3,792.00	68,595	18.09	68,595	100
	KKPA-3 (2,160 smallholders)	3,012.00	3,012.00	49,355	16.39	49,355	100
	KKPA-5 (1,601 smallholders)	2,812.83	2,656.00	26,320	9.91	26,320	100
	TOTAL	14,840.76	13,183.73	211,048	16.01	211,048	100
*Source : Production data April 2014 s/d Maret 2015							
1.7.3	FFB description from other source						
	Name of source	Organisation	Location			Supplied to Mill FFB (tonnes/year)	
	-	-	-			-	
1.7.4	Product categories			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim (tonnes/year)		Actual certified product (tonnes/year)	
	• FFB Production			256,124.40		149,792.60	
	• CPO Production			60,829.50		33,129.62	
	• Palm Kernel (PK) Production			12,806.20		7,384.75	
* Claim sertifikat periode 03 Juli 2014 up to 02 Juli 2015							
** Actual Claim periode 03 Juli 2014 up to 25 April 2015							
1.8.2	Estimate of Certified FFB Claim						
	Name of Estates	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)		Yield (tonnes/ha/year)	
	Mustika Estate	5,078.93	3,723.73	71,453		19.19	
	KKPA-2 (2,208 smallholders)	3,937.00	3,792.00	73,397		19.36	
	KKPA-3 (2,160 smallholders)	3,012.00	3,012.00	52,809		17.53	
	KKPA-5 (1,601 smallholders)	2,812.83	2,656.00	28,162		10.60	
	TOTAL	14,840.76	13,183.73	225,821		16.67	

	* Estimate production (April 2015 s/d Maret 2016)						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Mustika	60	225,821	50,403	22.32	9,688	4.29
	* Estimate production (April 2015 s/d Maret 2016)						
1.9	Other Certifications						
	ISO 9001:2008			-			
	ISO 14001: 2004			-			
	OHSAS 18001:2007			-			
	ISCC			-			
	Others			-			
1.10	Time Bound Plan						
1.10.1	Time Bound Plan for Other Management Units						
	Managemet unit		Estate (Supply Base)	Time Boun Plan	Location	Status	
	Mill	Time Boun Plan					
	Sekunzir PT Indotruba Tengah	2010	Sekunzir	2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified	
			Seruyan	2010		Certified	
	Manggala. PT. Tunggal Mitra Plantations	2010	Manggala 1	2010	Rokan Hilir District – Riau	Certified	
			Manggala 2	2010		Certified	
			Manggala 3	2010		Certified	
	PT. Sime Indo Agro	2010	PT. Sime Indo Agro	2010	Sanggau District –West Kalimantan	Certified	
	Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	2011	Pekanbaru, Siak District – Riau	Certified	
			Pinang Sebatang	2011		Certified	
			Aneka Persada	2011		Certified	
	Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified	
			Bukit Pinang	2012		Certified	
	Sukamandang. PT. Kridatama Lancar	2011	Sukamandang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified	
			Sapiri	2011		Certified	
			Baras Danum	2011		Certified	
			Kuala Kuayan	2011		Certified	
	Pemantang. PT. Teguh Sempurna	2011	Pemantang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified	
			Kawan Batu	2011		Certified	
			Hatan Tiring	2011		Certified	
			Batang Garing	2011		Certified	
	Alur Dumai. PT Lahan Tani Sakti	2011	Alur Dumai	2011	Rokan Hilir District – Riau	Certified	
	Teluk Bakau. PT. Bhumireksa	2011	Teluk Bakau	2011	Indra Giri Hilir District – Riau	Certified	
			Nusa Perkasa	2011		Certified	

Nusa		Nusa Lestari	2011		Certified
Mandah. PT. Bhumireksa Nusa Sejati	2014	Mandah	2011	Indra Giri Hilir District – Riau	Certified
		Rotan Semelur	2011		Certified
Angsana Mini. PT Sajang Heulang	2011	KKPA-1 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		Pantai Bonati	2011		Certified
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	2011	Tanah Bumbu District – South Kalimantan	Certified
		Gunung Sari	2011		Certified
		KKPA-4 PT.SHE	2013		Certified
Mustika. PT Sajang Heulang	2013	KKPA-2 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
Gunung Aru. PT Bersama Sejahtea Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemas	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified
Selabak. PT Swadaya Andhika	2012	Selabak	2012	Kotabaru District – South Kalimantan	Certified
		Randi	2012		Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified
Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2012		Certified
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		KKPA Sungai Pinang	2012		Certified
Blang Simpo. PT Perkasa Subur	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe	Certified
		Batang Ara ((PT PSK))	2013		Certified



	Sakti		Blang Simpo-01 (PT PPP)	2013	Aceh Darussalam	Certified
			Blang Simpo-02 (PT PPP)	2013		Certified
	MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2020	Sanggau District – West Kalimantan	Audit planned
			MAS 1	2020		Audit planned
			MAS 1	2020		Audit planned
	Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
			Awatan	2014		Certified
			Pelanjau (PT BAL)	2014		Audit planned
			Sungai Putih (PT BAL)	2014		Audit planned
			Baturus (PT BAL)	2014		Audit planned
	<p>Sime Darby has achieved 39 managament units in Malaysia and 21 Management Units in Indonesia RSPO certified. There was change of the Time Bound Plan under Sime Darby cause the Sime Darby postpone the others certification process. Change of the Time Bound Plan explanation: PT Mitra Austral Sejahtera. There are social issue still unresolved from the Serikat Petani Kelapa Sawit (SPKS) Sanggau, however the improvement are in progress.</p> <p>Sime Darby Plantation Sdn Bhd has not shown yet the evidence of review of a time bound plan for all unit under its, for example PT BAL is planned to be certified in 2014. <b>See Nonconformity NCR No. 2015.15</b></p> <p><b>Auditor Response:</b> Verification on May 12<sup>th</sup> 2015 The company has shown the evidence of the corrective action in form of the document of SDP-RSPO Certification Status for Indonesia Operation. It describes the status of certification of all units associated with Sime Darby Plantation Sdn, Bhd in Indonesia.</p> <p><b>Verification on 18 Jun 2015</b> The company has shown evidence of corrective action in form time bound plan document for PT Minamas Plantation that has been endorsed by Head of PSQM Minamas Plantation. In the document has explained about certification programme for all units under PT Minamas Plantation .</p> <p><b>Verification on 26 June 2015</b> Minamas Sime Darby Plantation Sdn Bhd has been revised time bound plan (TBP) been signed by Head of PSQM on 11 June 2015, whereas certification programme for PT BAL has been change to 2018, explanation for the changes was wait for decree of spatial plan for West Kalimantan. The document explains certification plan for Karya Palma Estate wich is on progress for the new project. <b>Nonconformity is closed</b></p>					
1.10.2	<b>Others supply base (smallholder and outgrowers) against certification standard</b>					
	Mustika POM not received FFB from others supply base					

<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Assessment Team</b>
<b>ASA-2</b>	<p><b>1. Sandra Purba (Lead Auditor Witnessed).</b> Bachelor of Forestry, Department of Forest Products Technology, Faculty of Agriculture, University of North Sumatra. Have experience working in oil palm plantations Company. She had attended such training: Training Expert of OHSAS General, Training ISPO Auditor, Awareness RSPO, training ISO 22000-2009 Auditor/Lead auditor, Auditor Management System Certification (ISO 9001-2008) and training of RSPO Lead. Currently he worked as an auditor at Certification Body..</p> <p><b>2. Trismadi Nurbayuto (Lead Auditor Witnessing).</b> Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, Bogor Agricultural University. Specialists for Environmental Social Impact Assessment (SEIA) and High Conservation Value (HCV). Has attended several training such as: HCV, Auditor for Indonesian Sustainable Palm Oil (ISPO) training and Auditor/Lead auditor Management System Certification (ISO 9001-2008). Previously worked in the private oil palm plantations, became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO) until 2014. He has been involved in the SEIA and Identification of HCV in Plantation company. On this assessment he conduct as LA witnessing</p> <p><b>3. Sofyan Hadi Lubis (Auditor).</b> Master of Science in Natural Resources Management and Environment, Institutut Pertanian Bogor (IPB). Participated in several environmental management workshops, climate change mitigation training and adaptation for agricultural productivity in Southeast Asia, Carbon Forum Asia Update and EIA lecture. He has also been involved as a research team at the Centre for Research, Development, and Climate Change Policy (Puspijak) Ministry of Forestry of Indonesia - Bogor and Research Team in cooperation program IPB - ETH Zurich Switzerland - NUS Singapore. Furthermore, he also worked as a staff environmental / agricultural consulting firm.He also followed training namely : Auditor ISPO, Auditor/Lead Auditor ISO 9001-2008, Awareness RSPO, GHG calculation and HCV. At this time perform certification activities on the aspects : transparency of information, water &amp; erosion management, environmental &amp; HCV management, and GHG emission.</p> <p><b>4. Doni (Auditor).</b> Village Magister Sosiologi. Participated in forest production management certification (PHPL) from Indonesian Ecolabel Body and training – PHPL Grading at Pusdiklat Kehutanan Gunung Batu Bogor in 2010. Since 2003 has been participated on PHPL Certification. Since 2005 worked as freelance at BAPPENAS, Ministry of regional development lagging and ministry of PU as evaluator team. During 2006 – 2007 worked at JICA and UN-HABITAT-UNDP. On this assesment he conduct audit for social aspect.</p> <p><b>5. Leonada (Auditor).</b> Bachelor Degree of Agricultural Cultivation, Agricultural Faculty, study of plant breeding programs and seed technology, Agricultur Institute of Bogor. Have experienced for 7 years as plantation operasional staff in palm oil company. He had attended such training : Trainning of ISPO Auditor, Lead Auditor ISO 9001;2008, Basic Management Depelovment Program Agronomy, training of plant pest and disease and training of OHS General Expert.</p>
<b>2.2</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>ASA-2</b>	<p>Number of auditors : 5 auditor</p> <p>Number of days <b>S-1</b> at site : 4 days</p> <p>Number of working days for <b>S-1</b> at site : 20 Working days</p>
<b>2.2.2</b>	<b>Detail process of assessment</b>
<b>ASA-2</b>	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the PT Sajang Heulang against Principles and Criteria for Sustainable Palm Oil Production on April 2013 and Supply Chain Requirement for CPO Mill, November 2014.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) <i>interview</i>, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results S-2 delivered by the auditor MAL to the management unit and the results are the subject will be verified at the next assessment phase (S-3).</p>

Assesment programme can be find on annex 2.

### 2.2.3 Locations of Assessment

#### ASA-2

The sampling method, based on:

1. Location choosen to represent each operational area using the formula  $0.8\sqrt{y}$
2. Consideration of issues that arising from document verification and stakeholder consultation that is fundamental and cricial.

#### Mustika POM

- **WTP in POM.** According to the observation to WTP, the *flowmeter* of inlet and outlet of water debit is well functioned. According to the result of interview with the WTP Officers, the recording of mill water usage is conducted by monitoring the early and final flowmeter data. The Officer has also been facilitated with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.
- **Hazardous waste storage at Mustika POM and Estate.** According to the result of field observation to mill and estate hazardous waste storage, the hazardous waste like used oil and rag (mill) and Kenlon and Starrin pesticide containers (estate) and others have been stored referring the waste type. The hazardous waste storage is proper with the allowed coordinate and away from the settlement and flood risk area. Furthermore, it has been supported with symbols of hazardous waste, fire extinguisher, *showereye wash*, and has oil trap and accomodating tank. According to the result of interview with the hazardous waste Officers, they have aware of the SOP of waste management. The Officers have also been facilitated with with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.
- **Workshosp.** According to the result of observation the hazardous waste is disposed and delivered to the licensed hazardous waste storage. The Officers have also been facilitated with with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.
- **Engine room & Boiler.** According to the result of observation on the engine room and boiler in Mustika POM, the workers have wore *ear plug* and have received regular medical check up. Furthermore, there is also *smoke density meter* on the boiler. The Officers have also been facilitated with with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.
- **WWTP.** According to the result of field observation, the WWTP condition is well maintained, there is no leakage and overflow to the environment, the electric flowmeter is well functioned and there is also effluent debit monitoring of the effluent used for land application with unit of  $m^3$ . For example,  $273 m^3$  of effluent was applied on block J32 on April 26th 2014. The Officers have also been facilitated with with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.
- **Security Officer.** According to the observation and interview with the security Officer to recognize the process of FFB receipt, MTM receives FFB only from MTE, KKPA2, KKPA3 and KKPA5.
- **Weightbridge.** According to the observation and interview with weightbridge operator to recognize the FFB receipt MTM receives FFB only from MTE, KKPA2, KKPA3 and KKPA5. The FFB receipt has been recorded on the weightbridge ticket and report of the daily FFB receipt. The weightbridge ticket has been stamped as certified. MKS and IKS have been seal during the product transporting.
- **Grading.** According to the field observation and interview with the grading Officers, the grading has been conducted by referring the SOP. All grading Officers have been equipped with PPE and.

#### Mustika Esatate

- **BBS Station.** Sprayer's equipments and PPE are washed and stored at BSS house. There is ex-washing water tank, dressing room, rinse room, pudding, first aid kit and fire extinguisher. The ex-washing water is reused as chemicals mixing for spraying program.
- **Fire Team Post.** There are 1 unit of 200 liter water tank, Hose, Helmet, Stick Machine, Fire Fighting Pump, Machete, Hoe and others. The facilities for extinguishing the fire have been used for simulation.

- **Mustika Husada Polyclinic.** According to the result of observation on the medical center (Mustika Husada Polyclinic), the medical waste is stored and transported to the central clinic in Angsana Estate on December 30<sup>th</sup> 2014. The medical waste is delivered to the hospital to be incinerated.
- **Block J-32 Land Application.** According to the result of field observation on Block J-32, there is no overflow effluent to the environment (trench and river) and the application block is permitted by the government. The management unit also has reported the mill effluent waste management to Tanah Bumbu District Environment Agency on March 26<sup>th</sup> 2015.
- **Harvesting program.** Location of MTE, block C5 from the sampling of harvesting anak/ there are 8 FFB from 30 plants (plant density is 1: 3.75), with condition of 100 % of the fruit are mature referring the existed criteria. The harvesters have aware of the criteria of FFB maturity.
- **FFB transport.** Location of MTE, division 1, block C10/C11. There is FFB transport along with the FFB number calculation and recording which is conducted by the clerk.
- **Spraying program.** Location of MTE, division 4 block J26 and J27, on the spraying program, there is a herbicide used by the company is a mix (mix of 50%). The herbicide is the mix between glyphosat and flouroxiphir (wide leaf weed and narrow leaf weed). The dosage of glyphosat is 250 cc per hectare and flouroxiphir is 60 cc per hectare. There are 12 sprayers during the field visit with the work achievement for 4 Ha/sprayer (using cap with VLV type nozzle). The sprayers have aware of the proper spraying technique.
- **Washing station, PPE storage and herbicide mixing station.** Location of MTE. There are cap washing station, herbicide mixing station and PPE storage with well condition and the ex-washing water shall be reused as mix water for spraying program.
- **Pulling Woody Growth program.** Location of MTE in division 1, block C6. There is dongkel anak kayu program with 3 workers. The chipped wood is the palm oil plant deteriorating wood. The work achievement is 0.6 Ha per worker.
- **Road maintenance.** Location of MTE in division 1, block C5/C6 and B2/B3. There is manual road maintenance, the workers have aware of the road maintenance task such as disposing the flooded water at the road and hoard the wet hole with the available stone.
- **EFB application.** Location of MTE, division 4, block J25 and J26 and PBE, block M6 and M7. There is EFB application with dosage of 40 ton/ha spread fairly between plants without covering the circle.
- **Nest Box (*Tyto Alba*) Application.** Location of MTE, division 1, block D10, C9 and D9. There is nest box application with maintained and active condition.
- **Beneficial Plant Application.** Location of MTE, division 1, block B2, B3, C5, C6, C9, C10, D9, D10, division 4, block I25, I26, J25, J26, J27. There are beneficial plants planting such as *turnera subulata*, *casio cobanensis* dan *antigonon leptopus*.
- **Supporting poles number 55 58, Block L26, Division IV.** Auditor Auditor observes the pole (unmaintained pole). Furthermore, there is palm oil plant planting beyong Land Use Title (HGU) area.
- **Block L28&L29.** Auditor interviews the pole monitoring Officer, according to the interview, the pole number 12 and 13 is missing. The company accuses the locals (who pull of the pole).
- **Land Use Title (HGU) pole number 15, Block K33, Division IV.** Auditor observes the pole (unmaintained pole). Furthermore, there is palm oil plant planting beyong Land Use Title (HGU) area.
- **Bekarangan riparian (HCV 1&HCV 4.1) in block G31/G32.** Auditor observes the riparian area. The area is now planted with palm oil plants. The company conducts manual maintenance and uses organic fertilizer. The yellow paint as the mark of riparian area is no longer well seen.
- **HCV 1. Block B29/B30, Division IV.** Auditor observes the condition of the secondary forest (good condition), there are several *pig trail macaque* (*Macaca fascicularis*).
- **Land Use Title (HGU) pole number 32 in block B26, Division IV.** Auditor observes the pole (unmaintained pole), bordering with block A5 of KKPA 2 Estate.
- **Land Use Title (HGU) pole number 34 in block B23, Division IV.** Auditor observes the pole (unmaintained pole), bordering with KKPA 2 Estate.
- **HCV1 & HCV4 in block C25/C26.** Auditor observes HCV area, there is signboard of HCV information.

### KKPA-3

- **Mustika Riparian (HCV4.1).** Auditor observes the riparian area. The area is now planted with palm oil plants. The company conducts manual maintenance and uses organic fertilizer. The yellow paint as the mark of riparian area is well seen.
- **Kuranji Riparian (HCV4.1).** Auditor observes the riparian area. The area is now planted with palm oil plants. The

company conducts manual maintenance and uses organic fertilizer. The yellow paint as the mark of riparian area is well seen.

- **Spraying program in Block H14, field B11.** According to the field observation and interview with sprayers, they are able to describe the safety spraying technique, they have been equipped with PPE and they have received routine and specific medical check up. OHS implementation and environment management have been well conducted.
- **Harvesting program, Block B12, Field I14.** According to the field observation and interview with the harvester, the employees have received training in term of harvesting aspect. The harvesters have been equipped with PPE. The wage payment is referring the agreement and the workers have been registered on labour social assurance program.
- **Location of BOB2 Blok L16, field C02.** Observation is conducted on the IPM application (BOB). The condition of BOB is active.

#### **Stakeholders Terkait**

- **Tanah Bumbu District Environment Agency.** Interview in term of the environment permit, waste management, contaminations and issues and reports from other parties in term of the negative impacts on the environment caused by estate and mill operationals.
- **Tanah Bumbu District Manpower Agency** Interview in term of OHS, manpower social and issues and reports from other parties in term of the negative impacts on the environment caused by estate and mill operationals.
- **Tanah Bumbu District National Land Agency.** Interview in term of the land acquisition legality.
- **Tanah Bumbu Forestry and Plantation Agency**
- **Local Contractor**
- **Community figures of Waringin Tunggal Village, Kuranji Village and Mustika Village.** Interview in term of the positive and negative impacts caused by PT SHE.

<b>2.3</b>	<b>Stakeholder Consultation and List of Stakeholders Contacted</b>
2.3.1	Summary of stakeholder consultation process.
<b>ASA-2</b>	<p>Public consultation with stakeholders of PT Sajang Heulang conducted through:</p> <ol style="list-style-type: none"> <li>(1) Public announcement di website MUTU (<a href="http://www.mutucertification.com">www.mutucertification.com</a>)</li> <li>(2) Consultation and interview with stakeholder (Environment Agency; Labour, social and transmigration Agency; Forestry and Agricultur Agency, and National Land, District of Tanah Bumbu on 27 April 2015.</li> <li>(3) Visit and insterview with stakeholder (villages surrounded the company such as <b>Waringin Tunggal, Kuranji and Mustika</b>) on 29 April 2015</li> <li>(4) Interview and consultation with local contractor on 29 April 2015.</li> <li>(5) Correspondence with NGO (Sawit Watch, Walhi dan WWF Indonesia) by email on 21 April 2015.</li> </ol> <p>Inputs from stakeholder accepted by the auditor team to be clarified by the Sajang Heulang management and as input information of team auditor in surveillance 2.</p>
<b>2.3.2</b>	List of stakeholder contacted
	<b>Please find appendix 1</b>
<b>2.4</b>	<b>Determining Next Visiting</b>
	The next visit ( <b>Surveillance 3</b> ) will be determined 1 year after <b>Surveillance 2</b> .



### 3.0. ASSESSMENT RESULT

#### 3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of **Mustika POM – PT Sajang Heulang, Sime Darby Plantation Sdn, Bhd Group** consisting of one (1) mill and one (4) oil palm estates.

During the assessment surveillance-2, there were five (5) Nonconformities were assigned against Major indicator; five (5) nonconformities against Minor indicator; four (4) nonconformities against supply chain requirement for Mill; and two (2) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s) e.g. Those corrective action(s) taken shall be verified during next assessment.

MUTUAGUNG LESTARI found that A **Mustika POM – PT Sajang Heulang, Sime Darby Plantation Sdn, Bhd Group** complied with the requirements of RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, 2013 and/or Supply Chain Certification Standard, November 2014.

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is maintained.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b>	
	<p>The company (MTE, MTM and KKPA3) has SOP of information request (Document number AI 0900). It describes that all the incoming information are purposed to the unit Manager, the uni Manager shall then coordinating with the associated department and manager to send the answer. The period of response is 1 week and if the response need further affirmation from the Head Department, it could be 1 month.</p> <p>As described on the SOP of information request (Document number AI 0900), the company give response over the information request. The response is recorded on the Bantex file of the incoming and outgoing letters. For example, letter in term of invitation of the associates luka training number D13/PPNI-K2B tan-bu/IV/2015 on April 23<sup>rd</sup> 2015. The company has sent the personnel to follow the training.</p> <p>According to the interview with the company, the information request is rarely sent by the external stakeholders. Most of the request are the assistance request.</p>	
	<b>Status: Fulfilled</b>	
<b>1.2</b>	<b>Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>	
	<p>The information and response that could be informed to the stakeholders are:</p> <ol style="list-style-type: none"> <li>1. Hectarage of <i>land clearing</i>, immature plant (TBM), mature plant (TM), facilities.</li> <li>2. Evidence of labour social assurance (Jamsostek) payment.</li> <li>3. Evidence of employees medical service,</li> <li>4. Public facilities for the employees</li> </ol>	

5. Data of pest and disease attack
6. Data of light and heavy vehicle
7. Data of the supporting machines
8. Data of CSR realization
9. Data of the type of the fertilizer used by the company
10. Type of the agrochemicals used by the company
11. Summary of Financial Data
12. Data of bridge
13. Data of road length
14. Data operationals building
15. Data public building
16. Data school building
17. Data permanent employees
18. Data of school students
19. EIA
20. Environmental management and monitoring plan
21. Plantation business permit

The procedure becomes the reference for composing the answer for information request sent by several parties to the operationals unit. According to the SOP of information request (No.AI 0900), the period of information request and response records is 5 years.

**Status: Fulfilled**

### 1.3

#### **Growers and millers commit to ethical conduct in all business operations and transactions.**

The company has had commitment over the code of integrity and ethic behaviour on the SOP of *Code of Conduct* Number 440/HRM-COC/07. It was legalized on April 27<sup>th</sup> 2007. The SOP describes that the company has sustainable commitment to maintain mutual long term relation with the stakeholders such as increasing the stock value of the shareholders, treating all employees equal regardless tribe, religion and race in all aspects, providing best, ethical and fair products and services, concerning the customer's complaint, giving positive contribution to the locals life quality/welfare, avoiding the political affiliation and political negative advantages such as bribery and corruption.

**Status: Fulfilled**

### **PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

#### 2.1

#### **There is compliance with all applicable local, national and ratified international laws and regulations.**

The company has investment permit letter from the Agriculture Ministry on April 11<sup>th</sup> 1990 number 255/Kpts/KB. 320/4/90 and location permit referring the letter from Kotabaru District National Land Agency number SK.01/PL-460/1993/KP-KTB dated December 15<sup>th</sup> 1993.

PT SHE has received letter of re-registration of plantation business permit from Tanah Bumbu Regent number 503/1770/HUTBUNLH on August 16<sup>th</sup> 2004 and decree of the Head of Investment Coordination Agency (BKPM) number 132/T/PERTANIAN/INDUSTRI/2009 in term of permanent business permit from the Head of Investment Coordination Agency (BKPM) on February 13<sup>th</sup>. Meanwhile the Land Use Title (HGU) is based on certificate number 26, 27, and 28 year 2000; and certificate number 34 and 35 year 2002.

According to the result of interview with the company, Manpower Agency and Environment Agency of Tanah Bumbu District, the company complies the applied regulations. For example, reporting the manpower data routinely, reporting the programs of OHS Guiding Committee and other reports to the Manpower Agency each quarter (the OHS Guiding Committee has reported the 1<sup>st</sup> quarter of 2015), reporting the implementation of environmental management and monitoring plan report, report of the hazardous waste, report of LA and report of land fire handling.

The company (Mustika POM, KKPA Sajang Heulang and Mustika Estate) has shown the evidence of the regulations

changes adjustment. For example, the implementation of district minimum standard on 2015 by Memorandum number. 014/HRM-i3/I/2015 dated January 12<sup>th</sup> 2015 from HRM GM. According to the Memorandum, the wage of the permanent daily workers is IDR 1,913,000 per month, and deduction when the workers are bunking off for IDR 76,520. Meanwhile, the monthly permanent works is divided into class started from the lowest class (G1) for IDR 1,940,505 and the highest (A8) for IDR 2,378,005,- the term is valid from January 1<sup>st</sup> 2015. According to the decree of South Kalimantan Governor number 188.44/0633/KUM/2014, dated December 16<sup>th</sup> 2014 in term of district minimum wage standard for period of 2015. The wage for period of 2015 is IDR 1,913,000/month,-

The company (Mustika POM, KKPA Sajang Heulang and Mustika Estate) has had the documented system which. It gives the information of the must-complied regulation as written on the SOP of sustainable estate management number 724/TQEM-SPMS/09 on Chapter 1.2. it describes the compliance over the Government Regulation and SOP of law requirements of PT Sajang Heulang (KKPA) Minamas Plantation No.701/TQEM-ESH/10. It was legalized on March 6<sup>th</sup> 2012. It describes the procedure of identification of the applied and associated regulations.

For example:

- Decree of Environment Ministry number 349/2013 in term of PROPER assessment on 2014; PT Sajang Heulang achieves blue ribbon referring the attachment.
- Decree of South Kalimantan Governor number 188.44/0633/KUM/2014 dated December 16<sup>th</sup> 2014 in term of the district minimum standard in South Kalimantan Province which is IDR 1,913,000,-/month.
- Government Regulation number 101 year 2014 in term of hazardous waste management.
- Agriculture Ministry Regulation number 11 /OT.140/3/2015 in term of Sustainable Palm Oil Certification System (ISPO).

Management units shows the documentation in term of the law requirements. However, there is no enough evidence that the regulations have been updated referring the changes on the statute of aspects of plantation, environment and manpower.

For example: Statute number 37 year 2014 in term of soil and water conservation. **NC Number 2015.1**

#### **Verification on May 22<sup>nd</sup> 2014**

The company is able to show the evidence of corrective action in form of the list of the applied regulation for estate and mill operationals. The list has attached the annual regulation updates for period of 2014/2015. For example:

Statute number 37 year 2014, Government Regulation number 71 year 2014, Environment Ministry Regulation number 5 year 2014 and Agriculture Ministry Regulation number 11/OT.140/3/2015.

Therefore, the NC is now closed.

The company has procedure of evaluation of the applied law requirements on the SOP of law requirements of PT. Sajang Heulang (KKPA) Minamas Plantation Number 701/TQEM-ESH/10.

<b>Minor 2.1.4</b>	<b>Status: Fulfilled</b>
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## **2.2**

**The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights**

### **KKPA 2, 3 & 5**

Acquisition and investment on scheme smallholder with system of KKPA (Kredit Koperasi Primer Anggota) between PT. Sajang Heulang with Tumbuh Sari Cooperative Unit is based on:

- Recommendation from Kotabaru District Government number 590/1849/Tibum dated March 18<sup>th</sup> 2000 and recommendation from Tanah Bumbu Regent number 525/1023/BUN/2005 dated December 22<sup>nd</sup> 2005.
- Management of scheme smallholders is legalized with the cooperative agreement letter between PT. Sajang Heulang with Tumbuh Sari Cooperative Unit on January 5<sup>th</sup> 2000. The total of area hectarage managed by 5 KKPA is 16,000 Ha, it is distributed on 27 villages on 4 sub-districts. The number of the smallholders is 8,100 smallholders.

### **Mustike Estate:**

1. Decree of the Head of Kotabaru District National Land Agency number 460.2/03.P/98/KP-KTB dated April 3<sup>rd</sup> 1998 in term of the location permit for the land purposed for estate for 9,000 Ha. It is located in Villages of Sumber Baru,

Angsana, Karang Indah, Satui Sub-District and in Villages of Mustika and Sebambaru, Sungai Loban Sub-District and Villages of Karang Mulya and Bekarangan, Kusan Hulu Sub-District on behalf of PT Sajang Heulang.

2. Decree number 188.45/395/DISHUTBUN/TAHUN 2013 in term of PT Sajang Heulang Plantation Business Permit for 7,794 Ha and POM/CPO Angsana Mini Mill with capacity of 15 Ton of FFB/hour and Mustika Mill with capacity of 60 ton of FFB/hour in Sub-Districts of Kusan Hulu, Satui, Angsana and Sungai Loban, Tanah Bumbu District.
3. Land Use Title (HGU) certificate is consisted of:
  - Land Use Title (HGU) certificate number 26, dated December 4<sup>th</sup> 2000 for 150 Ha.
  - Land Use Title (HGU) certificate number 27, dated December 4<sup>th</sup> 2000 for 56 Ha
  - Land Use Title (HGU) certificate number 28, dated December 4<sup>th</sup> 2000 for 200 Ha
  - Land Use Title (HGU) certificate number 34, dated May 14<sup>th</sup> 2002 for 5,260 Ha
  - Land Use Title (HGU) certificate number 35, dated May 14<sup>th</sup> 2002 for 2,128 Ha

Total of PT. SHE Land Use Title (HGU) certificate is 7,794 Ha.

According to the result of field visit to block L26, L28, L29 and K33, Division IV MTE, there is a palm oil plant planting beyond the National Land Agency poles, however, PT SHE is not able to show the location permit over the planted palm oil plants beyond the Land Use Title (HGU) area. **NC Number 2015.2**

#### **Verification on 26 June 2015**

The management unit has shown statement letter dated 10 June 2015 been signed by Estate Manager and temporary officials of General Manager of Sebambaru Estate. The content of the statement is as follows :

Associated with oil palm cultivation out of boundaries at block L26, L27 and K33 bordering with Tibarau Panjang village, with details: boundary number 57 on bush area, boundary number 58 there are as many as 98 trunks of oil palm cultivation, block L27 with boundary marker number 59 there are as many as 42 trunks of oil palm cultivation. Block K33 with boundary marker number 15 there are as many as 2 trunks of oil palm cultivation. Total of oil palm cultivation are 142 trunks (1.044 Ha), the company declare :

1. It is not in accordance with regulations
2. The company has sought to manage licensing (location permit), however the acreage is under 5 ha is not in accordance with regulation (PP No. 40 th 1996)

Associated with that the company declared no longer manage the area and plants economically (not perform manuring and harvesting). Based on the evidence of the corrective action, the nonconformity is closed and will be observed on next surveillance.

PT SHE has book of pole on 2004. It was composed by Tanah Bumbu District National Land Agency. Furthermore, there is also result of pole monitoring. The latest pole monitoring was conducted on January 2015. According to the result of field visit to Land Use Title (HGU) pole in block K33, the pole number 15 is not well maintained and there are still several improperly installed poles referring the coordinate on the map. For example, pole number 12 and 13. **NC Number 2015.3**

#### **Verification on May 22<sup>nd</sup> 2015**

The company has shown enough evidence that they have conducted attempt to maintain the pole in form of the document of pole monitoring. The document describes the pole number information, previous condition, maintenance process, actual condition and follow up date. **NC is closed.**

Meanwhile, the right over the land of KKPA Estate is the ownership certificate of the locals. Therefore, the pole maintenance of the border between KKPA Estate and the nucleus estate is conducted by each manager of nucleus estate during the boundary pole maintenance.

PT SHE is not able to show the conflict resolution of the parties involved on the occupied area case for 222 Ha (Division II for 74 ha, Division III for 1 Ha and Division IV for 147 hektar). **NC Number 2015.4**

The company has shown the corrective action evidence in form of the official record of the agreement for the occupied area with 12 parties of the community (land owners) and is witnessed by the chief of village on May 2015. According to the document, the land cultivated by the locals is the land owned by PT SHE referring the Land Use Title (HGU). There is no

dispute nor conflict in term of the occupied land with the locals. **The NC is closed**

PT SHE is not able to show the occupied area mapping which is collectively composed with the impacted parties. **NC Number 2015.5**

**Verification on May 22<sup>nd</sup> 2015**

The company has shown the evidence of the corrective action in form of the document of the occupied area map. It informs the area within the occupied area. The supporting documents such as the land owner and status are also attached.

The company has shown the corrective action evidence in form of the official record of the agreement for the occupied area with 12 parties of the community (land owners) and is witnessed by the chief of village on May 2015. According to the document, the land cultivated by the locals is the land owned by PT SHE referring the Land Use Title (HGU). There is no dispute nor conflict in term of the occupied land with the locals. **The NC is closed.**

PT SHE is not able to show the document of the commitment for not using the violence in order to keep peace. **NC Number 2015.6**

**Verification on May 12<sup>th</sup> 2015**

The company has shown the evidence of corrective action in form of the document of conflict resolution policy. It has been legalized by the unit manager of PT SHE (EM MTE, EM KKPA2, EM KKPA3, EM KKPA5, MM MTM). The document describes that the conflict resolution procedure shall not use the mercenaries or hustlers. **NC Number 2015.6 is closed.**

According to the Map of KKPA area and area statement and the document of the report of the process of identification and analysis of HCV area existence on KKPA Sajang Heulang on 2012 by cooperating with IPB Forestry Faculty and the field visit, there is no traditional right area within KKPA area.

There was a letter from Tanah Bumbu District National Land Agency number 000/171/KP.12 dated July 15<sup>th</sup> 2010. It describes that the estate area of PT. Sajang Heulang is not within or under the customary right or traditional right. It refers to the report of PT. Sajang Heulang HCVA identification. The HCVA identification was composed by Pollito on 2010.

<b>Major 2.2.1.</b>	<b>Status: Comply</b>	
<b>Minor 2.2.2.</b>		
<b>Major 2.2.4.</b>		
<b>Minor 2.2.5</b>		

**2.3**

**Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.**

According to the Map of KKPA area and area statement and the document of the report of the process of identification and analysis of HCV area existence on KKPA Sajang Heulang on 2012 by cooperating with IPB Forestry Faculty and the field visit, there is no traditional right area within KKPA area.

There was a letter from Tanah Bumbu District National Land Agency number 000/171/KP.12 dated July 15<sup>th</sup> 2010. It describes that the estate area of PT. Sajang Heulang is not within or under the customary right or traditional right. It refers to the report of PT. Sajang Heulang HCVA identification. The HCVA identification was composed by Pollito on 2010.

	<b>Status: Fulfilled</b>	
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**PRINCIPLE #3 Commitment to long-term economic and financial viability**

**3.1**

**There is an implemented management plan that aims to achieve long term economic and financial viability.**

PT. SHE has long term plan document (5 years) for the mill and estate. The budget period at the Minamas group was from June to July. For example:

**Mustika POM**

The budget for the next 5 years is expected to produce 32,277 ton to 33,710 ton of CPO and produce 6,846 ton to 7,200 ton PK with the OER estimation between 23.00 % - 23.39 % and KER estimation between 4.75 % - 5.02 %. Furthermore,



the budget is also showing the cost and income projection. The cost projection is contributed by POM variable cost and fixed cost.

#### **Mustika Estate**

The budget for the next 5 years is expected to produce 78,721 ton to 89,524 ton with yield projection between 21.14 % - 23.68 %. Furthermore, the budget is also showing the cost and income projection. The cost projection is contributed by estate variable cost and fixed cost.

#### **KKPA 3 Estate**

The production budget for the next 5 years is expected to produce 63,691 ton to 70,759 ton with yield projection between 21.15% - 23.49%. Furthermore, the budget is also showing the cost and income projection. The cost projection is contributed by estate variable cost and fixed cost.

According to the result of interview with the management, there is no plan of replanting for the next 5 years in MTE and KKPA estate. According to the SOP of Agronomy Manual Reference (AGRICULTURAL REFERENCE MANUAL) Policy number: 110/EST-ARM/08, the requirements for the replanting are that the plant age is 25 years old, the yield is below 18 ton/ha, the plant height more than 15 meter.

**Status: Fulfilled**

### **PRINCIPLE #4 Use of appropriate best practices by growers and millers**

#### **4.1**

#### **Operating procedures are appropriately documented and consistently implemented and monitored.**

The company has had procedure for the estate and POM. For example:

- SOP of Agronomy Manual Reference (AGRICULTURAL REFERENCE MANUAL) Policy number: 110/EST-ARM/08. It was legalized on December 22<sup>nd</sup> 2008.
- Procedure of POM started from FFB receipt, processing to CPO & PKO dispatch for POM operationals in number 110/POD-FAC/07 Chapter I and SOP Number 130/POD-FAC/07 Chapter I in term of the basic of palm oil processing.

The company has had procedure of estate and POM operationals as written on Plantation Advisory dan Mill Advisory. It would be conducted at least once a year.

Monitoring over the operationals is can be shown on the monthly report. It contains information in term of rainfall rate, FFB production, mature plant maintenance, immature plant maintenance, traction, general cost, production cost (harvesting and collecting cost, mature and immature plant maintenance cost, overhead cost).

According to the result of interview with the management, the company receives the FFB from nucleus estate and KKPA only. It could be seen on the report of FFB receipt in POM. The agreement of the FFB trade between the company and KKPA is written on the official record and cooperative agreement letter.

**Status: Fulfilled**

#### **4.2**

#### **Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.**

The company conducts manuring program as an attempt to maintain soil fertility. The manuring program is conducted by referring the recommendation of manuring based on the result of leaf analysis sample.

The company has records of the programs to maintain soil fertility through the controlled manuring program. The records are started from the manuring recommendation to the manuring realization report. For example:

- Mustika Estate: ZA = 175.5 ton, MOP = 391.9 ton, RP = 100.7 ton, HGFB = 33.3 ton, Kieserite = 0.083 ton
- KKPA3 Estate: UREA/ZA = 2,227 Ha, MOP = 2,976 Ha, RP = 3,012 Ha, HGFB = 33.3 ton, Kieserite = 304 ha, HGFB = 3,012 Ha

The company has conducted regular leaf analysis. For example, the leaf analysis was conducted by MRC Service Laboratory on May 15<sup>th</sup> 2014. It determines the manuring recommendation for period of 2014 – 2015. The company also conducts soil analysis as written on the report of the soil analysis. It was analyzed by Environment R&D of the Education Ministry (Lambung Mangkurat University) number 111/UN8.2.1/PL/2015 kode file SQ-027/2015 dated March 24<sup>th</sup> 2015. According to the result of field observation to MTE in division 4, block I25 and I26, there was LSU training which was participated by 24 LSU workers (representatives of each division). It was taught by MRC.

The company has strategy of nutrient recycle by using Empty Fruit Bunches (EFB). For example, for the period of 2014 – 2015 to March 2015. There is also POME application. For example, the report of POME application on March 2015. According to the field observation in term of the EFB application in division 4, block J25 and J26, there was EFB application with dosage of 40 ton/ha which is distributed between plants fairly without covering the circle. Meanwhile, the POME application was found in division 3, block J32 in the interrow. It is all well maintained and there is no leakage.

<b>Status: Fulfilled</b>
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#### 4.3

##### **Practices minimize and control erosion and degradation of soils.**

The company has a map of marginal soil such as Map of *Soil Fertility Status*. It is composed based on the report of MTE *Soil Fertility Survey* for period of 2013 – 2018 and based on document verification of Soil Map in scale of 1:250,000 and oil Survey and evaluation of land suitability for palm oil plant estate in KKPA-3 of PT Sajang Heulang. Those all were composed by Minamas Plantation Research Department on 2012.

According to the result of semi-detail soil survey on 2013, the topography of PT SHE MTE is between 0 – 6%. Meanwhile, according to the document verification of document Soil Survey and evaluation of land suitability for palm oil plant estate in KKPA-3 of PT Sajang Heulang which is composed by Minamas Plantation Research Department on 2012, the topography of KKPA 3 is dominated by flat (70%) and wavy area with slope between 2-6% (30%). Therefore, according to the description, the cleared and planted area is not located on the area with slope more than 40%. However, there are several attempts such as long bed and U shape front stacking application to anticipate the loss of the soil nutrient and water at the wavy area.

The company has had program of the road maintenance to support the estate operational such as FFB transport. According to the result of field observation in MTE, the road at division 1, block C5/C6 and B2/B3, there were several manual road maintenance. The road maintenance workers also have aware of the tasks such as disposing the flooded water and mud at the road and constructing drainage to avoid the flooded water and hoard the hole with the provided stone. Meanwhile, according to the field visit to KKPA 3 in block H14, there is no road maintenance. However, the road condition is well maintained.

According to the result of semi-detail soil survey which was conducted by PT. Anugerah Sumber Makmur Minamas Research Center (MRC) on 2006 and 2013, no peatland area found within PT SHE area. The soil at MTE is the ordo of Ultisol with soil type of Typic Hapludults, Alfisol with soil type of Lithic Hapludalfs, Oxisol with soil type of Plintic Hapludox, and Plintic Eutrodox and ordo Incepticol with soil type of Humic Endoaquepts.

The company attempts to manage the marginal soil by using Empty Fruit Bunches (EFB). For example, for the period of 2014 – 2015 to March 2015. There is also POME application. For example, the report of POME application on March 2015. According to the field observation in term of the EFB application in division 4, block J25 and J26, there was EFB application with dosage of 40 ton/ha which is distributed between plants fairly without covering the circle. Meanwhile, the POME application was found in division 3, block J32 in the interrow. It is all well maintained and there is no leakage.

<b>Status: Fulfilled</b>
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#### 4.4

**Practices maintain the quality and availability of surface and ground water.**

Plan of the company water management is written on the document of environmental management and monitoring plan. It describes effluent management at the WWTP before the land application, conservation of vegetation in riparian area, prohibition of chemicals application at riparian area, effluent quality test, monitoring well test, water biodiversity test, river water quality test and reporting the result of the test to the Tanah Bumbu District Environment Agency.

According to the result of field observation, the WWTP condition is well maintained, the *flometer* is well functioned and there is an effluent debit monitoring in m<sup>3</sup>. The effluent has been applied on the permitted block such as block J32. There is no leakage or overflow over the trench or river. The workers have also been facilitated with PPE, they have been facilitated with housing complex, clean water, electricity, medical service center and health insurance.

According to the result of field observation to the Bekarangan Riparian, the company attempts to protect riparian area by installing *buffer zone* signboard, spraying program limit area signboards. Installing chemicals application signboards.

Mustika POM has conducted effluent test on the inlet and outlet ponds routinely. It is recorded on the document of implementation of environmental management and monitoring plan report (each semester) and report of test result (monthly). The monitored parameters are pH, BOD<sub>5</sub>, COD, Oil & Fat, Kadmium, Tembaga, Reciprocal and Zinc. According to the result of the test, the effluent quality is still complying the quality threshold. According to the interview with the environment division of the company and Tanah Bumbu District Environment Agency, the company has conducted effluent quality test and has reported the test to Tanah Bumbu District Environment Agency routinely. For example, the official record of the report handover of the effluent test in 4<sup>th</sup> quarter of 2014 (November 2014 – January 2015) on March 26<sup>th</sup> 2015 and the handover of the report of implementation of environmental management and monitoring plan in 2<sup>nd</sup> semester of 2014 on April 13<sup>th</sup> 2014. Furthermore, there is no issues nor reports in term of the negative impacts caused by mill operational.

According to the document review over the monitoring on water usage for mill operational, the average of water usage for processing FFB in period of 2014 was 1.4 m<sup>3</sup>/ton of FFB and the planned average water usage was 1.5 m<sup>3</sup>/ton of FFB. According to the data, the water usage complies the budget plan.

According to the result of field observation in WTP, the flowmeter of the inlet and outlet water debit is well functioned. According to the interview with the WTP Officer, the recording of mill water usage is conducted by monitoring the early and final data of flowmeter. The workers have also been facilitated with PPE (masker, gloves, etc), wage referring the standard of minimum wage, housing complex, clean water, electricity, medical service center and health insurance.

**Status: Fulfilled**

**4.5**
**Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.**

The company has planned and implemented the well-monitored IPM program such as regular pest and disease census, biological pest control (barn owl box installation and beneficial plants planting). According to the result of observation to MTE in division 1, block D10, C9 and D9, there are well maintained and active nest box application. The beneficial plants planting such as *turnera subulata*, *casio cobanensis* and *antigonon* dijumpai was found during the field observation to MTE in division 1, block B2, B3, C5, C6, C9, C10, D9, D10, division 4, block I25, I26, J25, J26, J27.

The company provides IPM training to the maintenance workers. For example, record of pest and disease attach in division IV, block I25 on February 27<sup>th</sup> 2015. The training was attended by 10 participants. The training in division IV, block G25 on February 18<sup>th</sup> 2015. It was attended by 9 participants. According to the result of observation to MTE in division 4, block I25 and I26, there were LSE training which was attended by 24 participants (representatives of each division). It was taught by MRC. The workers are also the pest and disease census collector. They have participated on the pest and disease census training as well.

**Status: Fulfilled**

**4.6**
**Pesticides are used in ways that do not endanger health or the environment**

The company has used the pesticide commission – registered pesticide referring the weed and pest and disease target at estate. According to the result of observation to MTE in division 4, block J26 and J27, there is a herbicide used by the company is a mix (mix of 50%). The herbicide is the mix between glyphosat and flouroxiphir (wide leaf weed and narrow leaf weed). The dosage of glyphosat is 250 cc per hectare and flouroxiphir is 60 cc per hectare. There are 12 sprayers during the field visit with the work achievement for 4 Ha/sprayer (using cap with VLV type nozzle). The sprayers have aware of the proper spraying technique

The company has recorded the pesticide usage per hectare routinely (monthly). For example, the recapitulation till April 2015 (period of 2014 – 2015).

The company has determined a policy for not using paraquat as written on the document of memorandum of the Head of Plantations Operation (number: POD-UM-127/X/2008, dated November 4<sup>th</sup> 2008). The company also has recommendation of the usage of ratgone / brodifacoum from Plantation Advisory dated July 16<sup>th</sup> – 18<sup>th</sup> 2013. The company implements Early warning system (EWS) by conducting routine monitoring before using chemicals to terminate the pest and disease and stop the attack.

The company has held training for the sprayers as shown by the record of spray training on September 11<sup>th</sup> 2015. The company is cooperating with PT. Agritama Multi Sarana for holding the training at GOR ASE. According to the result of observation to MTE in division 4, block J26 and J27, the herbicide used by the company is a mix (mix of 50%). The herbicide is the mix between glyphosat and flouroxiphir (wide leaf weed and narrow leaf weed). The dosage of glyphosat is 250 cc per hectare and flouroxiphir is 60 cc per hectare. There are 12 sprayers during the field visit with the work achievement for 4 Ha/sprayer (using cap with VLV type nozzle). The sprayers have aware of the proper spraying technique. According to the interview with the sprayers, the company is not applying pesticide by using plan.

According to the field observation to MTE, there are equipment washing station, herbicide mixing station and PPE storing warehouse and sewer to flow the ex-washing water to be then reused for the spraying water combination. Those place are constructed to minimize the negative risk and impacts caused by pesticide chemicals.

The hazardous waste including the pesticide containers in KKPA 3 is transported to MTE to be then stored at the licensed hazardous waste storage. According to the document review on the MTE waste balance sheet, 431 Kg of the herbicide waste has been delivered to PT Nazar on April 23<sup>rd</sup> 2015.

According to the result of field observation to mill and estate hazardous waste storage, the hazardous waste like used oil and rag (mill) and Kenlon and Starrin pesticide containers (estate) and others have been stored referring the waste type. The hazardous waste storage is proper with the allowed coordinate and away from the settlement and flood risk area. Furthermore, it has been supported with symbols of hazardous waste, fire extinguisher, *showereye wash*, and has oil trap and accomodating tank. According to the result of interview with the hazardous waste Officers, they have aware of the SOP of waste management. The Officers have also been facilitated with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.

The regular medical check up is routinely conducted by the company's doctor. For example, medical check up at MTE for 102 workers. The worker on behalf of Sri Winarsih was checked up on February 7<sup>th</sup> 2014, she was checked up for the blood pressure and respiration. According to the result of medical check up, she was declared fit to work. The high-risk medical check up was held by cooperating with Healthy care laboratory on August 2014. There were 16 checked up MTE sprayers and 20 checked up KKPA sprayers. For example, the worker on behalf Sri Winarsih was declared fit in term of physical check up, she has normal CHE (75%) and spirometri. According to the document review, there was 1 employee

whom experience medium restrictive (spirometri) and 1 employee whom experience light poison/radiation (CHE). The company doctor has evaluated the result of medical check up, the employees whom experience medium restriction shall be monitored and ordered to use PPE as well as those whom experience light poison/radiation. Furthermore, they have to clean their body afterwork (afterspraying).

According to the field visit to KKPA 3 spraying program such as spraying program in block H14 field B11, division 1 of KKPA 3, the company does not empower the pregnant and breastfeeding women workers to work with chemicals. The company has implemented H1 monitoring on the sprayers to ensure that there is no pregnant nor breastfeeding women workers. The company also conducts regular medical check up routinely (each semester).

**Status: Fulfilled**

#### 4.7

#### **An occupational health and safety plan is documented, effectively communicated and implemented.**

The OHS policy has been legalized by CEO of Minamas Plantation on July 5<sup>th</sup> 2008. It describes the commitment of the company to implement OHS programs in all estate and mill operationals. In order to achieve the target of the policy, the company determine the procedure of all estate and mill operationals. The company attempts are conducted to comply the statute in term of workers OHS and conducting sustainable corrective action to control the risk and management of the company business.

##### **Objective and Target:**

- Providing protection over all people involved on the company operationals (Zero accident) including the company's assets.
- Creating safe and healthy business and increase the employees awareness to Safety culture.
- Implementing statutes in term of OHS.

There are documents of the procedure of emergency response and readiness. For example:

- Procedure of first aid action on the accident, AMF/SOP.ESH/07, dated April 9<sup>th</sup> 2010
- Procedure of emergency response, AMF/SOP.ESH/14, dated April 8<sup>th</sup> 2010
- Fire handling, 727/TQEM-ESH/10 dated April 1<sup>st</sup> 2010
- Emergency potential identification and evaluation, 724/TQEM-ESH/10 dated April 1<sup>st</sup> 2010,

There are implementation of OHS policy as written on the quarter-based report of OHS Guiding Committee. For example:

- The OHS Guiding Committee has been legalized by the Manpower Agency and the OHS expert has also been certified.
- Monitoring over work accident
- OHS Guiding Committee programs
- OHS Guiding Committee monthly assembly
- Recommendation of OHS Guiding Committee for the company

The company has identified and analyzed the risk and danger potentials over all mill and estate operationals. The report of identification and risk analysis are written on the document of HIRARC (Hazard Identification, Risk Asesment and Risk Control). The HIRARC report describes the type of work, work accident potential (Hazard), the effect (Effect), risk level (Risk), recommendation over risk control (Risk Control). The result of risk analysis has been socialized to the employees by morning safety briefing and place the result of risk identification result at warehouses, processing stations and the company units. According to the field visit to block B12, field I14 of division 1 of KKPA 3 during the harvesting program and to block H14, field B11 of division 1 of KKPA 3 during the spraying program, all workers have aware of the risk type might impact them. All employees have been trained and equipped with PPE and first aid kit.

The company has held training in term of OHS. The company shows the evidence of the training. For example:

- Proper spraying technique and PPE usage standard training (MTE and KKPA) which was held on March 6<sup>th</sup> 2015. It was attended by 19 participants. The attendance list and training event photographs are available.
- Land fire simulation and fire extinguishing equipments usage training (MTE, MTM and KKPA) which was held on



April 15<sup>th</sup> 2015. The training was teaching the simulation of land fire, the equipments, evaluation of the simulation and fire extinguishing equipments usage. It was attended by 37 participants. The attendance list and training event photographs are available.

- First aid training (MTE, MTM and KKPA) which was held on April 15<sup>th</sup> 2015. The training was teaching the basic training of OHS, basic of OHS, first aid action. It was attended by 35 participants. The attendance list and training event photographs are available.

According to the field visit to block B12, field I14 of division 1 of KKPA 3 during the harvesting program and to block H14, field B11 of division 1 of KKPA 3 during the spraying program, all workers have received OHS training and they could also demonstrate the safety work procedure.

The company has had the people in charge on aspect of OHS, the company shows the structure of OHS Guiding Committee. It has been legalized by Tanah Bumbu District Manpower Agency in number 565/33/BNWS-WAS/2014 dated February 20<sup>th</sup> 2014 in term of the legalization of OHS Guiding Committee. It consisted of the caretaker, leader, secretary, employee representative, company representative and medical assistant. The OHS Guiding Committee secretary on behalf of Ali Syafi'i has been certified as OHS expert in certificate number 6218/PK3/AJ/31/2013/PO. It was issued by Manpower Ministry on July 4<sup>th</sup> 2013.

The assembly of OHS Guiding Committee has been routinely conducted (monthly). For example, the assembly of OHS Guiding Committee on MTM on March 3<sup>rd</sup> 2015. It was attended by 11 participants. It discussed the preparation of the Mill Advisor visit (ensuring PPE usage, preparing fire extinguishing equipments, machines and equipments safety, implementing sime card usage) and health and sanitation (follow up the Environment Agency finding, corrective action over the stations, metal crap and hazardous waste sale plan and construction of housing complex trench).

The OHS Guiding Committee programs reporting is conducted routinely (each quarter) by sending report to manpower agency. For example, the report of the 3<sup>rd</sup> quarter of 2015 (period of January 2015 to March 2015). It was reported on April 21<sup>st</sup> 2015 in report number 041/MTE.Sp/IV/2015. There are copies of reports. For example, report of OHS Guiding Committee, OHS Guiding Committee structure, OHS Guiding Committee program realization, recapitulation of work accidents, physical and chemical workplace, report of sanitation and lighting inspection and report of employees medical check up.

The company shows the SOP of emergency response in document of SOP-SHE No. Revision 01. It is valid since January 2<sup>nd</sup> 2014. The SOP is purposed to give guideline to deal and handle the emergency situation. The procedure describes the stages of the programs started from the dangers potential identification, reporting of dangerous situation, implementation of emergency response procedure, recovery, training and simulation of emergency response. There is a flowchart of the emergency response for mill on the attachment. The company was holding emergency response simulation and simulation on April 15<sup>th</sup> 2015. It was teaching the basic of OHS, basis of first aid, first aid. The photographs of the training and attendance list are available. The training was attended by 35 participants.

According to the field visit to block B12, field I14 of division 1 of KKPA 3 during the harvesting program and to block H14, field B11 of division 1 of KKPA 3 during the spraying program, the foreman has been equipped with first aid kit. All employees have been equipped with proper PPE and work tools.

The regular medical check up is routinely conducted by the company's doctor. For example, medical check up at MTE for 102 workers. The worker on behalf of Sri Winarsih was checked up on February 7<sup>th</sup> 2014, she was checked up for the blood pressure and respiration. According to the result of medical check up, she was declared fit to work. The high-risk medical check up was held by cooperating with Healthy care laboratory on August 2014. There were 16 checked up MTE sprayers and 20 checked up KKPA sprayers. For example, the worker on behalf Sri Winarsih was declared fit in term of physical check up, she has normal CHE (75%) and spirometri. According to the document review, there was 1 employee whom experience medium restrictive (spirometri) and 1 employee whom experience light poison/radiation (CHE). The company doctor has evaluated the result of medical check up, the employees whom experience medium restriction shall be monitored and ordered to use PPE as well as those whom experience light poison/radiation. Furthermore, they have to

clean their body afterwork (afterspraying).

The company has registered all employees on the labour social assurance program (Jamsostek). The company can also show the detail and evidence of the payment for labour social assurance (Jamsostek). For example:

- **MTE:** labour social assurance payment for period of March 2015 was paid on March 30<sup>th</sup> 2015 via bank transfer (Bank of BRI). The labour social assurance for 7 contract workers and 577 permanent workers were paid.
- **MTF:** labour social assurance payment for period of March 2015 was paid on April 2<sup>nd</sup> 2015 via bank transfer (Bank of BRI). The labour social assurance for 91 workers were paid.
- **KKPA 3:** labour social assurance payment was paid on April 9<sup>th</sup> 2015 via bank transfer (Bank of BRI). The labour social assurance for 68 temporary daily workers and 270 permanent workers were paid.

The company has monitored and recorded all work accidents occurred during estate and mill operations. The report informs the date, name of the victim, gender, employee status, accident scene, type of accident, number of people, missing days, work accident category and causes of accident. According to the document review of the work accident for period of January – April 2015 in KKPA 3 and MTE, there was work accident with missing days for 2 days. Type of the accident was light accident. The company has evaluated the corrective action by planning to hold training, ordering the workers to use proper PPE, conducting routine monitoring (conducted by safety officer). According to the document review of the statistic document over the work accident at mill, there was no work accident during period of January to March 2015.

**Status: Fulfilled**

#### 4.8

##### **All staff, workers, smallholders and contract workers are appropriately trained**

The company has training programs such as harvesting training program, maintenance training program, manuring training program, spraying training program, FFB sortation training program, fire extinguishing training program, contamination avoidance training program, OHS and chemicals training program. It was composed on January 2015.

The company has identified the manpower training referring the positions. Furthermore, it is also based on the result of routine evaluation at the end of the year. The training program on 2015 is based on evaluation result.

The held training during period of 2014 and 2015 were the harvesting training, manuring team of KKPA 3 Estate training, proper spraying method training, spraying equipments introduction training, KKPA 3 Estate maintenance training, road maintenance training.

**Status: Fulfilled**

#### **PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity**

#### 5.1

##### **Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.**

EIA (EIA, environmental management and monitoring plan) of PT. Sajang Heulang for estate and POM of KKPA in Sub-Districts of Satui, Sungai Loban and Kusan Hulu, Kotabaru District, South Kalimantan Province. The land hectareage is 40,000 ha, the hectareage of estate area is 26,000 ha. The capacity of POM X 60 ton of FFB/jam. It was approved by the Head of EIA Commission of Department of Forestry and Plantation number 154/Menhut-II/2000 on December 26<sup>th</sup> 2000.

The area of nucleus estate is ±12,000 ha. It covers ±6,200 ha of the nucleus estate I (Mustika Estate) which is located at northern and 5,800 ha of nucleus estate II (Pantai Bunati Estate) which is located in southern area. The planned effective area for palm oil planting is 10,000 ha which is divided into 5,000 ha area for nucleus estate I and 5,000 ha area for nucleus estate II. In order to process the FFB production output, the company build 2 POM with capacity of 60 ton of FFB/hour (each POM capacity) in Mustika Estate and Pantai Bonati Estate.

Type of the managed and monitored impacts are:

1. Reduction of Bekarangan and Sebamban River water quality due to the POM operational.
2. Social restlessness caused by the inappropriate compensation.
3. The job opportunity and business opportunity.
4. Land fire potential.
5. Erosion
6. Reduction of air quality and noise.
7. Changes of behaviour and perception of the locals.

The company has shown the implementation of environmental management and monitoring as written on the report of environmental management and monitoring plan in 2<sup>nd</sup> semester of 2014. For example:

- **Reduction of river water quality.** The company has set the buffer zone are up for the river (riparian area), the company also has constructed WWTP, utilized the effluent on the soil, tested the river water quality and reported the result to Tanah Bumbu District Environment Agency.

According to the document review of the effluent monitoring, the company has used effluent as fertilizer. For example, the company used 912,777 m<sup>3</sup> of effluent to division VI, block J004 during period of July 2014 – March 2015. According to the field observation on block J32, there is no overflow nor leakage and the application block is referring the government permit. The management unit also has reported the effluent management to Tanah Bumbu District Environment Agency on March 26<sup>th</sup> 2015.

- **Air quality and noise.** The company also has conducted reforestation nearby mill and housing complex area, the company also has been repairing the machine regularly, facilitating the workers with PPE (masker, ear plug and ear muff), testing the air quality and reporting it to the Tanah Bumbu District Environment Agency.

According to the result of observation on the engine room and boiler of Mustika POM, the workers have used *ear plug*. Furthermore, the officers also have been facilitated with housing complex, clean water, electricity, medical service center and health insurance and they have been paid referring the minimum standard.

- **Job Opportunity.** The company has recruited the local and non-local workers. The locals constitutes 76.69 % and the non local contributes 20.31 %.

According to the result of interview with the community figures of Villages of Mustika, Waringin Tunggal and Kuranji, the company existence contributes positive impacts such as job opportunity for the locals.

<b>Status: Fulfilled</b>
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## 5.2

**The status of rare, threatened or endangered species and high conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.**

### Mustika Estate

According to the document of HCV identification which was conducted by Pollito on 2010, there is no *Critically Endangered*, CR species according to the red list of IUCN. Furthermore, there is no endanger and threatened ecosystem. There is only HCV area within PT SHE operational area for 449.10 Ha. The HCV attributes within Mustika Estate (according to the scope of Mustika POM assessment):

1. Bekarangan Riparian in MTE for 209.5 Ha (HCV1.1 and HCV 4.1)
2. Ecosystem of Bekarangan Riparian in MTE for 72.5 Ha (HCV1.1, HCV 1.4 and HCV 4.1)
3. Secondary forest in MTE for 3.9 Ha (HCV1.1, HCV 1.4 and HCV 4.1).
4. Springs in MTE for 21.5 Ha (HCV1.1, HCV 1.4 and HCV 4.1).
5. Swamp in MTE for 28.8 Ha (HCV1.1, HCV 1.4, HCV 4.1 and HCV 4.3).

According to the result of field visit to HCV1.1 and HCV4.1 (Bekarangan Riparian) in Mustika Estate, there have been

signboard installed in term of HCV attribute. All maintenance are conducted manually. Furthermore, the manuring have used organic fertilizer. Meanwhile, according to the result of field visit to HCV area at secondary forest, there are several Pig tail macaque (*Macaca fascicularis*), and the HCV signboards as well.

### **KKPA**

According to the result of HCV identification which was conducted by IPE team on 2012, there is no flora and fauna considered as Vulnerable, Endangered dan Critical Endangered category of Red List IUCN. HCV3 is identified in riparian area of block E60/61 in form of 13.27 Ha mangrove ecosystem in KKPA 4 Estate. 3 HCV attributes are identified such as HCV 3 in riparian area of E60/61 for 13.27 Ha; HCV4.1 which is located in riparian area of Nibung for 19.27 ha, Anak Nibung riparian area for 3.26 Ha, Rasau riparian area for 10.92 Ha; K-28 riparian area for 5.46 Ha; Setarap riparian area for 7.14 Ha, Block of LA riparian area for 6.1 Ha; Banyansari riparian area for 1.69 Ha; Badur riparian area for 1.54 Ha; Angle riparian area for 3.19 Ha; Bantaian riparian area for 2.86 Ha; D32 riparian area for 1.4 Ha; Sarimah riparian area for 10.62 ha; Pinangkadir riparian area for 0.36 Ha; Kuranji riparian area for 1.25 Ha; Mustika riparian area for 3.59 Ha; H37/38 riparian area for 9.04 Ha; J39/40 riparian area for 3.28 Ha; J37/38 riparian area for 3.41 Ha; 29/40 riparian area for 3.28 Ha; Karuh riparian area for 5.54 Ha; Pejukungan riparian area for 10.47 Ha; Tiban Springs area for 2.7 Ha; and then HCV6 is identified in form of cemetery of BL P56 for 0.0006 Ha; BL cemetery for S52 0.0006 Ha; H41 cemetery for 0.001 Ha; and J60 cemetery for 0.0006 Ha. Total of the HCV area in KKPA area is 126.49 Ha.

According to the result of field visit to Kuranji and Mustika Riparian, there has been HCV management conducted by the company. For example, there has been HCV signboard installed on the area. All maintenances are conducted manually. The manuring is conducted by using organic fertilizer only.

### **KKPA 3**

The stages conducted by KKPA management have been shown at S-1 assessment. For example:

1. Composing SOP of wildlife handling.
2. Creating signboard which informs the prohibition to hunt and disturb riparian area.
3. Socialization of HCV to the employees and to the locals.
  - Socialization of riparian area to the employees was held on February 27<sup>th</sup> 2015. It was attended by 30 employees.
4. Improving riparian area condition.
  - Installation of signboard, map of signboard location and table of the number of signboard in each estate/KKPA.
  - Woody plants planting in riparian area.

According to the field visit to Kuranji and Mustika Riparian in KKPA 3 estate, all HCV area signboards contains the warning and the area where the manuring and spraying programs are prohibited are painted in yellow. There are also several woody plants such as New Guinea Rosewood (*pterocarpus indicus*).

### **Mustika Estate**

The programs to protect HCV area have been conducted by the company. For example, boundary marking, information signboard installation, construction of permanent plot for vegetation and wildlife, beneficial plants and woody plants planting, construction of erosion plot monitoring, frond stacking at the slope land. There are also records of HCV socialization. For example, documentation of socialization of the result of HCV identification in PT Sajang Heulang estate area on February 27<sup>th</sup> 2015. It was attended by 30 employees.

According to the result of field visit to Bekarangan Riparian in block F33 of division IV, there is a HCV signboard; the company has opportunity to make the bufferzone at riparian area within MTE area more obvious (no spraying and manuring), #OFI. On the area linked to the riparian (Pulau Buah Forest), the ecosystem has been naturally grown, there is also a HCV area signboard and boundary marks. Furthermore, there is a record of woody plants planting. It was conducted on 2011. There are still 4,766 woody plants at the area. According to the result of field visit to HCV1.1 and HCV4.1 (Bekarangan Riparian) in Mustika Estate, there have been signboard installed in term of HCV attribute. All

maintenance are conducted manually. Furthermore, the manuring have used organic fertilizer. Meanwhile, according to the result of field visit to HCV area at secondary forest, there are several Pig tail macaque (*Macaca fascicularis*), and the HCV signboards as well.

According to the circular which was signed by each estate (KKPA 2, KKPA 3, KKPA 5 and MTE) on May 2<sup>nd</sup> 2014 in term of the compliance over the terms in HCV area. It describes that:

The employees and the locals are not allowed to hunt nor catch the animals, to spray and manure the area, to electrocute nor catch fish within HCV. Once it crossed, there will be sanctions. For example:

1. The employees shall be given warning letter 1, 2 and 3 and if possible contract termination.
2. The locals shall be given warning letter from the village apparatus and it will be reported to the law officer (police) if they keep doing it.

Mustika Estate and KKPA Estate have conducted sustainable monitoring over the species living within RTE and HCV area. For example:

- Monthly flora and fauna monitoring.
- HCV area signboard monitoring and no chemicals application.
- Conducting socialization over HCV area to all employees and to the locals.

PT. SHE has had an agreement with the KKPA smallholders to manage and monitor HCV area.

	<b>Status: Fulfilled</b>	
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### 5.3

#### **Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.**

The company has conducted waste management as written on the document of waste source identification and its management. It was legalized on February 12<sup>th</sup> 2015. There are 5 (five) identified contamination sources. Those are the processing unit, domestic contamination, workshop, warehouse and office. The waste source in workshop are the used oil, used battery, used filter, used rag are transported to the licensed hazardous waste collector (PT Nazar). The mill effluent has been managed on the WWTP and it will be applied to the land once it complies the quality threshold, it will be then reported to the associated agency. The emission is regularly tested and reported to the associated agency. The shell and fiber are used as boiler fuel and the EFB is used as organic.

According to the result of observation the hazardous waste is disposed and delivered to the licensed hazardous waste storage. The Officers have also been facilitated with with PPE (masker, gloves, etc), the received wage is referring the minimum wage standard, the workers have also been facilitated with housing complex, clean water, electricity, medical facilities and health insurance.

According to the result of field observation, the hazardous waste of KKPA 3 is delivered to the hazardous waste storage at Mustika Estate. There are official records of the hazardous waste handover. For example, the hazardous waste handover on March 5<sup>th</sup> 2015 and April 23<sup>rd</sup> 2015.

According to the observation on the medical center (policlinic in Mustika Estate), the medical waste are stored and delivered to the central clinic in Angsana Estate on December 30<sup>th</sup> 2014. The medical waste are then delivered to the hospital to be incinerated.

According to the result of field observation on block J32, there is no overflowed effluent to the river nor trench and the application block is referring the government-permitted block. The management unit also has reported to the effluent management to Tanah Bumbu District Environment Agency on March 26<sup>th</sup> 2015.

	<b>Status: Fulfilled</b>	
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### 5.4

#### **Efficiency of fossil fuel use and the use of renewable energy is optimised.**

The company has analysed the renewable energy usage such as fiber and shell as boiler fuel. The analysis is recorded on the document of renewable energy monitoring and analysis for period of July 2014 – December 2014. According to the



data, the energy efficiency was 0.039 Kwh/ton of FFB. According to the result of field visit to mill, the fiber and shell are stored at dry warehouse and it will be used as fuel.

**Status: Fulfilled**

### 5.5

**Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.**

The company has zero burning policy (mechanical land clearing) as written on the procedure of land preparation, chapter 3 SOP in policy number 110/EST-ARM/08. The policy is supported with the Memorandum of HPO (Head Plantation Office) number POD-UM-0065/VI/2008 in term of drought season anticipation over the land fire potential. The company has:

- SOP of Fire : number: 727/TQEM-ESH/10
- SOP of land fire emergency response : number 724/TQEM-ESH/10

According to the result of interview with the management, there is no new land clearing nor replanting program.

**Status: Fulfilled**

### 5.6

**Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.**

The management unit has had document of the identification of waste and pollution source. It was legalized on February 12<sup>th</sup> 2015. There are 5 (five) identified contamination sources. Those are the processing unit, domestic contamination, workshop, warehouse and office. The waste source in workshop are the used oil, used battery, used filter, used rag. The waste source of the mill are the effluent, emission of gas, shell, fiber, EFB and used oil.

According to the document review on the SOP of GHG number 700/PSQM-GRK-01/12, the company has conducted estate emission inventory. The SOP of GHG was legalized on February 4<sup>th</sup> 2014. The inventory conducted by the company are that the land clearing generates CO<sub>2</sub>, fertilizer generates N<sub>2</sub>O, peatland management generates CO<sub>2</sub> & CH<sub>4</sub>, diesel fuel usage generates CO<sub>2</sub>, and FFB transportation from estate to mill generates CO<sub>2</sub>.

According to the document of identification of PT SHE GHG emission source, the company has conducted GHG emission source identification. The document of identification of PT SHE GHG emission source was legalized by the head of SOU-5 on December 12<sup>th</sup> 2014. According to the identification, the land clearing generates CO<sub>2</sub>, fertilizer generates N<sub>2</sub>O, peatland management generates CO<sub>2</sub> & CH<sub>4</sub>, diesel fuel usage generates CO<sub>2</sub>, and FFB transportation from estate to mill generates CO<sub>2</sub>, the FFB processing generates CO<sub>2</sub>, and POME generates CH<sub>4</sub>. The attempts of the managements conducted by the company are by implementing *zero burning* policy, using the fertilizer based on the recommendation, utilizing the solid waste in form o EFB for mulsa, reducing the diesel fuel and replacing it with the fiber and shell as boiler fuel. Testing the emission and maintaining the machine.

The company has conducted regular emission quality test as written on the report of environmental management and monitoring plan in 2<sup>nd</sup> semester of 2014. The air quality test covers the test of emission of chimney generator number 1 and 3, conducting ambient air test in employees housing compelx, in front of office and staff housing complex. It was conducted by Hyperker of Banjarmasin Province on April 1<sup>st</sup> 2014. According to the result of the tests, the parameters were still complying the quality threshold.

**Status: Fulfilled**

**PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills.**

### 6.1

**Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate the continuous improvement.**

The company has document of *Sosial Impact Asssesment* (SIA) on 2010. It is composed by cooperating with Pollito. The managed and monitored impacts are the changes of the profession, welfare improvement. The attempts to manage and monitor the impact is by recruiting the local workers and establishing KKPA program. According to the interview with the community figures of Villages of Mustika, Waringin Tunggal and Kuranji, the company existence provides the availability of job opportunity and the KKPA program increase the economy development of the locals nearby estate.

Analysis of *Sosial Impact Asssesment* (SIA) on 2010 has involved the participation of the community as recorded on the signed visum book. The involved stakeholders were 46 people from Villages of Kulipak, Betung, Bekambit Asri, Sejakah, Tanjung Pengnarapan, Sebambang Barum Banjarsari, Purwodadi, Bayansari, Persiapan Makmur, Waringin Tunggal, Giri Mulya, Kuranji, Mustika, karang Mulya, Tuwuh Sari, Karang Indah, Bunata, and others.

According to the document of *Sosial Impact Asssesment* (SIA) on 2010, the plan of social impact management has been conducted by the company. For example, recruiting the local workers and establishing the KKPA program. Furthermore, the company has provided assistance on education, health, religiousity, villages road maintenance, and others through CSR programs such as assistance for providing compactor 26 HM to repair Mustika Village on December 2013, assistance of the Mustika Elementary School Teacher honorarium as weel as the honorarium for Kindergarten teacher of Al Ikhwan Kindergarten in Kuranji Village on December 2013. Furthermore, the company also cooperates with the local contractor on behalf of Purwanto (villagers of Mustika Village) on January 2014 to transport FFB, contractor on behalf of Siddiq Martujet (villagers of Girimulyo Village) on January 2014 to construct the reservoir embankment and contractor on behalf of Dahman villagers of Batumeranti Village) on February 2014 to transport FFB.

The company also establishes KKPA program to increase the community welfare. The total of area hectarage managed by 5 KKPA is 16,000 Ha, it is distributed on 27 villages (Purwodadi, Bayansari, Angsana, Karang Indah, Karang Mulya, Banjarsari, Dwi Marga Utama, Sebamban Bru, Sebamban Lama, Sei Dua Laut, Sai Utama, Harapan Jaya, Hatiif, Bekarangan, Mustika, Kuranji, Waringin Tunggal, Batu Meranti, Indra Loka Jaya, Giri Mulya, Bekarangan, Tapus, Tibarau Panjang, Trimertani, Kerta Buwana, Sari Utama) on 4 sub-districts. The number of the smallholders is 8,100 smallholders. Furthermore, the company also conduct sosicalization of the report of KKPA 3 estate management routinely (monthly). For example, the socialization on March 13<sup>th</sup> 2015. It was attended by 15 participants. The socialized information are in term of the production, production cost, plant maintenance cost, management fee, instalment to pay debt on bank, surplus and etc.

	<b>Status: Fulfilled</b>	
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## 6.2

**There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.**

The company has procedure of communication (704/TQEM-ESH/10, dated April 2<sup>nd</sup> 2012. It was legalized by SM KKPA1 and EM KKPA 2, 3, 4, and 5), the procedure is purposed to give practical guideline for handling communication in aspect of Environment OHS and RSPO (internal and external with maximum response for 14 days).

Relation of community of KKPA, Mustika Estate, Mustika Factory PT Sajang Heulang on behalf of I Ketut Subakti Hadiono per October 1st 2011 in promotion letter: GM-Asst/271/X/11/s it was legalized by GM KKPA Masziwa Bahcrum. Public relation Officer has coordinated the information and communication with the stakeholders.

The company has had the list of stakeholders. It consisted of the stakeholders from the highest government to the lowest government and the business partner, NGO and mass media.

	<b>Status: Fulfilled</b>	
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## 6.3

**There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.**

The company has SOP of conflict resolution KP. 77. It valid since April 1<sup>st</sup> 2012 and procedure of communication, Policy number: 704/TQEM-ESH/10. According to the SOP, the complaint is informed in writing to the management unit and it will be recorded on the incoming letter record.

The company has document of record of the incoming and outgoing letter to and from MTE, KKPA3 and MTM for period of 2014 – 2015. There is no incoming letter which contains the complaint over the company operationals. Most of the incoming letter are the assistance request letter. According to the interview with the community figures of Villages of Waringin Tunggal, Kuranji and Mustika, there is no complaint over the company operationals and environment contamination.

**Status: Fulfilled**

#### 6.4

**Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

The company has SOP of the occupied land compensation (Policy number: 343/PSD-OKUP/11 from Minamas Plantation Indonesia, per February 23<sup>rd</sup> 2013 and the distribution date on July 1<sup>st</sup> 2012). It describes the purpose of the occupied land compensation according to the area within and nearby location permit of the company in form of the Land Use Title; procedure of land compensation, flowchart, specific condition and person in charge such as Manager Estate to HPUI.

The company has a record of land compensation before the issuance of Land Use Title (HGU). For example, the compensation payment to the villagers of Kuranji Village, Kusan Hulu Sub-District, Kotabaru District for 220.90 on August 13<sup>th</sup> 1997 for compensating the cattle for 10 villagers, barbed wire compensation and rice field compensation for 11 villagers.

**Status: Fulfilled**

#### 6.5

**Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.**

The company is able to show the decree of South Kalimantan Governor number 188.44/0633/KUM/2014 in term of the minimum wage standard for period of 2015 in Tanah Bumbu District. According to the decree, the province minimum standard is determined for IDR 1,913,000.00.

According to the issued decree, the company issues memorandum of GM HRM number 014/HRM-i3/II/2015 dated January 12<sup>th</sup> 2015 in term of daily permanent workers salary and the structure of monthly permanent workers for period of 2015 in South Kalimantan District for IDR 1,913,000.00.

The company is able to show the list of the wage for period of March 2015. It informs the NIK, name, salary (wage, premium, overtime, the calculated salary), allowance of labour social assurance (jamsostek), rice, deduction for labour social assurance, allowance, total of deduction and the paid salary. According to the interview with the sprayers in block H14 field B11 Division 1 of KKPA3 and document review on the list of the wage, the company has paid the wage referring the applied regulation.

The company has a regulation which has been legalized by Tanah Bumbu District Manpower Agency number 560/483/PP/Naker/2012 in term of the legalization of the company regulation of PT Sajang Heulang dated July 10<sup>th</sup> 2012. It valid for 2 years (July 2012 to July 2014). The company shows the collective agreement of the extension of the company regulation for period of 2012 – 2014 between the company and the workers. The collective labour agreement of Minamas Plantation shall be extended for maximum 1 year. The company is able to show the process of the extension of the company regulation such as the new draft of the company regulation and the proposal of the new company regulation signing from HRM KPW Banjar Baru to the Management dan HRM of Jakart. It attaches the document of matrix of position of the company regulation changes and extension of PT LSI and PT SHE 2014-2016. There are 27 points which are suggested to be added or changed on the new company regulation

The company has provided facilities for the workers such as housing complex (staff and non staff), clean water facility, electricity, place of worship, sport facility and entertainment facility (volley court, pingpong table), bus/van for picking and dropping the workers, school and etc. according to the field observation, the facilities are well maintained. The clean water is flowed from the mill. The company is able to show the evidence of the domestic water quality test by cooperating with Institute of Research and Standardization of Industry in number 4265-E/BPKIMI/BRSBB/10/2014 dated October 2<sup>nd</sup> 2014 referring the Health Ministry Regulation number 416/Menkes/Per/IX/1990. However, according to the document review, there is still coliform parameter which exceeds the quality threshold (7000). **NC Number 2015.7**

**Verification on May 22<sup>nd</sup> 2015**

The company is able to show the corrective action evidence in form of the interim MM Manger number 111/MTF-Int/V/2015 dated May 12<sup>th</sup> 2015 in term of the prohibition to use domestic water as drinkable water.

**The NC is now closed.**

The company has attempted to monitor and improve the access to the proper food supply and affordable for the employees. The company shows the result of supply commodities market which describes 3 accessible markets with bike. For example, Giri Mulya market (the distance is 4 – 7 km of the employees housing complex). Furthermore, there are supply shops within the emplacement (1 – 2 supply shops per division).

<b>Minor 6.5.3</b>	<b>Status: Fulfilled</b>
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**6.6**

**The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.**

The company has document of SOP of sustainable estate management (Policy number 724/TQEM-SPMS/09) which regulates the social policy. According to point 5, the company is expected to respect the employee rights to form and join the labour union and collectively negotiating the manpower issues with them.

The company is able to show the evidence of labour union recording to the associated agency in decree number 565/014/Naker dated October 15<sup>th</sup> 2015. The structure of the cooperative unit is: Fajar Nurkhaifid (leader), he is supported with the regional leader, regional secretary, manpower division, sport division, art division and religiousity division.

There is a minutes of meeting of the communication with the management of PT SHE. For example, letter form the labour union in term of the consideration and suggestion over the company regulations changes number 010/HRM-KPW/MGG-SHE/III/2015 dated March 9<sup>th</sup> 2015 with the labour union board which is represented by their 3 members.

	<b>Status: Fulfilled</b>
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**6.7**

**Children are not employed or exploited.**

The company has document of SOP of sustainable estate management (Policy number 724/TQEM-SPMS/09) which regulates the social policy. According to point 6, the Plantation Upstream of Indonesia shall not employ the underage workers. There is also collective labour agreement for period of 2012 – 2014. According to the clause 16 of the workers recruitment, verse 1.1.2.2 the general must complied requirements is that the workers must be at least 18 years old. The company is able to show the list of employees (KKPA3, MTE dan MTF), the list of employee describes the employee number, gang code, name, status of checkroll, position, date of birth, tribe, region, date and place of birth and address. According to the document review, the company does not employ the underage workers. According to the observation on the harvesting program in block B12 field I14, Division 1 of KKPA3 on the planting yeat of 2004 and the spraying program in block H14 field B11 of Division 1 of KKPA3, there is no underage workers employed by the company.

	<b>Status: Fulfilled</b>
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**6.8**

**Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.**

The company has document of SOP of sustainable estate management (Policy number 724/TQEM-SPMS/09) which regulates the social policy. According to point 1, all staff must be treated fairly and equally in term of recruitment, development and work description regardless race, class, tribes, skin colour, disability, sexual orientation, organization membership, political thought, religion and age. According to collective labour agreement for period of 2012 – 2014 on clause 21, the promotion is also described especially at verse 1, 2 & 3.

The company is able to show the list of employees (KKPA3, MTE and MTM), the list of employees describes the employee number, gang code, nama, checkroll status, position, date of birth, tribe, region, date and place of birth and address. According to the document review, the company does not employ the underage workers. According to the observation and interview with the harvesters in block B12 field I14 Division 1 of KKPA3 on planting year of 2004 and sprayers in block H14 field B11 Division 1 of KKPA3, the company does not discriminate the job recruitment and improvement on career path.

PT SHE is able to describe and demonstrate the process of selection, recruitment and promotion based on the competence, capability, skills, quality and medical reference referring the position qualification. The company is able to show the SOP of staff recruitment (SOP of Recruitment in policy number: 431/HRM-RCT/07) dated May 24<sup>th</sup> 2007. It was legalized by GM Bussness Development and System Procedure, GM HRM, SGM Administrtion & Corporate Service, HPO)

- According to the request to recruit the workers to work on the position left by the employees or lack of employees.
- The workers additions used formulir of workforce need.
- Announcing the position by mass media advertisement, electronic media and by cooperating with education institution or consultant.
- Process of selection, interview, medical check up.
- Salary negotiation
- 3 months probation

The issuance of the workers promotion to be permanent by the HRM Department once they pass the probation.

**Status: Fulfilled**

### 6.9

#### **There is no harassment or abuse in the work place, and reproductive rights are protected.**

The company has document of SOP of sustainable estate management (Policy number 724/TQEM-SPMS/09) which regulates the social policy. According to point 4, the company has commitment to protect the women workers from the sexual harasshment and protect the women reproduction rights. In order to implement the commitments, the company forms gender committee.th company is able to show the structure of gender committee (MTE, MTM, KKPA2, KKPA3 and KKPA5) which consisted of: leader (Sartini), secretary (Agus), coordinator of each unit, and member of coordinator of each unit.

According to the collective labour agreement for period of 2012 – 2014 on clause 33 in term of childbirth and missbirth day of, verse 1, the women workers whom experience such a thing are given 45 days off after and before the childbirth, according to verse 2, the women workers are given 45 days off after the missbirth referring the doctor recommendation. The verse 3 describes the procedure for proposing day off and the verse 4 describes the time dispensation for breastfeeding at office.

According to the field visito n the spraying program in KKPA 3 (in block H14 field B11, división 1 of KKPA3), the Company does not employ the pregnant nor breastfeeding women workers to work with chemiclas. The Company has implemented H1 monitoring for the sprayers to ensure that there is no pregnant nor breastfeeding women workers. The company also hold routine medical check up each semester.

The procedure of complaint handling on point 6.4 has been described on the SOP of guideline of gender committee policy implementation. The victim should fill the complaint formulir and give it to gender committee (attachment 93), the gender committee shall then receive the complaint and report it to the management.



**Status: Fulfilled**
**6.10**
**Growers and mills deal fairly and transparently with smallholders and other local businesses.**

All the agreements are carefully maintained by the company. The company and KKPA implements the contract agreement consistently and transparently. All the disputes shall be solved in forum. For example, cooperative agreement letter number MTE/SPK-LKL/III/2015/039-AGKT between Herry Tambunan (Estate Manager Mustika) with Dahman for transporting FFB. The job is started on March 26<sup>th</sup> 2015 to June 25<sup>th</sup> 2015.

According to the interview with the local contractor which cooperates with PT Sajang Heulang berjalan, the cooperation is running well. The payment is always conducted on time and the obstacle shall be solved in forum. The company emphasize the contractor to comply OHS regulation and to implement it consistently. The commitment is written on the cooperative agreement letter. The contractor provides PPE and pays the insurance for their workers. The contractor employs the locals.

The price of FFB is informed to the smallholders by the FFB pricing team which consisted of the representative of smallholders. Furthermore, the FFB price information is also informed transparently to the smallholders. The FFB price is written on the monthly report of KKPA 3 estate management. The company does not has procedure to determine their own price. However, the FFB pricing is conducted with the FFB pricing team and it is recognized by the smallholder.

**Status: Fulfilled**
**6.11**
**Growers and millers contribute to local sustainable development wherever appropriate.**

Record of the realization over all type contribution of the company over the regional and community development on the CSR program contains type of the annually-paid contribution such as amount/nominal of contribution, evidence and realization of payment.

According to the interview with the community of Kuranji Village, the company is able to improve the economy welfare of the community nearby estate. The KKPA program helps the improvement of community's welfare and availability of job opportunity.

**Status: Fulfilled**
**6.12**
**No forms of forced or trafficked labour are used.**

The company is able to show the list of employees (KKPA3, MTE and MTM), the list of employee describes the employee number, gang code, name, status of checkroll, position, date of birth, tribe, region, date and place of birth and address. According to the document review, the company does not employ the illegal workers.

The company does not substitute the contract over the workers, all workers are registered on behalf of PT Sajang Heulang.

The company does not have migrant workers. According to the interview with the workers and the document review, all workers of PT SHE are come from the regional nearby estate.

**6.13**
**Growers and millers respect human rights**

Minamas Sime Darby Plantation Company has social policy which was signed by the Head Plantation Upstream Indonesia on December 2011, the social policy describes:

- All employees should be treated fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, physical, union membership, political view, religion and/or age.

- The company shall respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively.

According to the result of interview with the employees in Mustika Estate, KKPA Estate and Mustika Mill. The company has had policies to respect human rights.

**PRINCIPLE #7 Responsible development of new plantings**
**7.1**

**A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**

There is no changes of the operational area hectareage nor other operationals. Therefore, there is no new environment document.

There are documents of EIA (EIA, environmental management and monitoring plan) of PT. Sajang Heulang for estate and POM of KKPA in Sub-Districts of Satui, Sungai Loban and Kusan Hulu, Kotabaru District, South Kalimantan Province. The land hectareage is 40,000 ha, the hectareage of estate area is 26,000 ha. The capacity of POM X 60 ton of FFB/jam. It was approved by the Head of EIA Commission of Department of Forestry and Plantation number 154/Menhut-II/2000 on December 26<sup>th</sup> 2000.

The company has report of the social impact assessment of the PT SHE estate operationals. It was composed by Pollito on 2010.

There is a report of environmental management and monitoring plan implementation of PT Sajang Heulang for period of January – Juni 2014 and for period of July – Desember 2014.

**Status: Fulfilled**

**7.2**

**Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.**

The company has a map of marginal soil such as Map of *Soil Fertility Status*. It is composed based on the report of MTE *Soil Fertility Survey* for period of 2013 – 2018 by by Minamas Plantation Research Department on 2012. The soil at MTE is the ordo of Ultisol with soil type of Typic Hapludults, Alfisol with soil type of Lithic Hapludalfs, Oxisol with soil type of Plintic Hapludox, and Plintic Eutrodox and ordo Incepticol with soil type of Humic Endoaquepts. The recommendation of MRC agronomy are for example:

- Increasing soil organic matter.
- Increasing soil pH (soil acidity).
- Increasing the Phospor availability (Available P).
- Fixing Cation Exchange Capacity and improving the base saturation (KB).
- Manuring management: nutrient balance, maximising fertilizer use efficiency.
- Reducing erosion, soil nutrient loss and increasing the water availability.
- Application of mycoriza 50 gr in main nursery, anorganic manuring on mature plant, planting legume cover crop, u shape fronds stacking, applying 40 ton of FFB/ha on mature plant, POME application.

According to the result of semi-detail soil survey on 2013, the topography of PT SHE MTE is between 0 – 6%. Meanwhile, according to the document verification of document of Soil Survey and evaluation of land suitability for palm oil plant estate in KKPA-3 of PT Sajang Heulang which is composed by Minamas Plantation Research Department on 2012, the topography of KKPA 3 is dominated by flat (70%) and wavy area with slope between 2-6% (30%). Therefore, according to the description, the cleared and planted area is not located on the area with slope more than 40%. However, there are several attempts such as long bed and U shape front stacking application to anticipate the loss of the soil nutrient and water at the wavy area.

**Status: Fulfilled**
**7.3**

**New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.**

Unit of MTE and KKPA have conducted replanting during 2005 – 2007. However, they cannot prove that the planting was not replacing the primary forest. **NC Number 2015.8**

**Verification on May 29<sup>th</sup> 2015**

The management unit shows the image of landsat map for period of 2003 in KKPA area. According to the map, the land is consisted of estate, other plantation, community plantation and enclave, bushes, plain and settlement.

The management units shows the Unit Land Use Clasification Map 2005, according to it, land use cover in form of mono culture and enclave. According to to RSPO proxy, it has coefficienty 0. According to the evidence of **Land Use Clasification Map 2005, the indicator 7.3.1 is considered closed.**

MTE unit is not able to show the evidence of the reporting of Land Use Change Analysis to RSPO referring the RSPO Remediation and Compesation Prosedure, May 2014. **NC Number 2015.9**

**Observation on May 29<sup>th</sup> 2015**

The management unit has shown the report of Unit manajemen telah Land Use/ Cover Chancge Analyasis and Compensataion Liability referring the template of RSPO including the evidence of its report delivery via email on December 5<sup>th</sup> 2014. It was responded by RSPO (Compensation Excecutive) on January 12<sup>th</sup> 2015 as described that the reviewer shall process the report of LUC. **NC is closed**

MTE and KKPA management unit has conducted planting during period of 2005 to 2007. However, the date of land clearing is not able to be shown yet. **NC Number 2015.10**

**Verification on June 7<sup>th</sup> 2015**

The company has shown the evidence of corrective action in form of the document of report of work realization on period of 2005 (planting program). The document informs the type of work, date and month of the land clearing, location, volume (Ha) and other information. According to the document review, the land clearing has been conducted since November 2005 on field I006, I004, I003, J004, J002, H006 and G004 for road construction, road clearing and mechanical stacking for 280.09 Ha.

**The NC is now closed.**

According to the field visit to Kuranji and Mustika Riparian in KKPA 3 estate, all HCV area signboards contains the warning and the area where the manuring and spraying programs are prohibited are painted in yellow. There are also several woody plants such as New Guinea Rosewood (*pterocarpus indicus*).

According to the result of field visit to HCV1.1 and HCV4.1 (Bekarangan Riparian) in Mustika Estate, there have been signboard installed in term of HCV attribute. All maintenance are conducted manually. Furthermore, the manuring have used organic fertilizer. Meanwhile, according to the result of field visit to HCV area at secondary forest, there are several Pig tail macaque (*Macaca fascicularis*), and the HCV signboards as well.

Major 7.3.1. **Status: Fulfilled**

Major 7.3.2.

Minor 7.3.3

**7.4**

**Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.**

The company has a map of marginal soil such as Map of *Soil Fertility Status*. It is composed based on the report of MTE *Soil Fertility Survey* for period of 2013 – 2018 and based on document verification of the Soil Map in scale of 1:250,000 and document of Soil Survey and evaluation of land suitability for palm oil plant estate in KKPA-3 of PT Sajang Heulang.

Those all were composed by Minamas Plantation Research Department on 2012.

The company has strategy of nutrient recycle by using Empty Fruit Bunches (EFB). For example, for the period of 2014 – 2015 to March 2015. There is also POME application. For example, the report of POME application on March 2015. According to the field observation in term of the EFB application in division 4, block J25 and J26, there was EFB application with dosage of 40 ton/ha which is distributed between plants fairly without covering the circle. Meanwhile, the POME application was found in division 3, block J32 in the interrow. It is all well maintained and there is no leakage. there are several attempts such as long bed and U shape front stacking application to anticipate the loss of the soil nutrient and water at the wavy area.

**Status: Fulfilled**

### 7.5

**No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

There is no new planting in area of nucleus and KKPA estate until Surveillance 2.

Social and environment impact assessment of KKPA 1 – 5 estate management is integrated on the documents. For example:

1. Document of EIA (EIA) of PT. Sajang Heulang year 2000 (page VI .11 – 17). Data collecting of aspects of economy, social, culture and health. It is conducted by interviewing the locals and the newcomers.
2. Document of social impact assessment of PT. Sajang Heulang (including KKPA 1 – 5). It was conducted by Pollito on 2010. There is an attachment of the document of the name of the parties whom are involved on the socialization of social impact assessment on the book of visum. The signature and stamp are available as well.

**Status: Fulfilled**

### 7.6

**Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

According to the interview with the villagers of Villages of Mustika, Kuranji and Waringin Tunggal and the result of HCV document review which is composed on 2010, there is no customary land within PT SHE nucleus estate and KKPA.

There is no compensation process because all KKPA estate area are belong to the smallholders of KKPA member (the land status is the ownership certificate). The total of area hectarage managed by 5 KKPA is 16,000 Ha, it is distributed on 27 villages on 4 sub-districts. The number of the smallholders is 8,100 smallholders. There is a record of the cooperative agreement letter between PT. Sajang Heulang with Koperasi Tuwuh Sari. The agreement was signed on January 5<sup>th</sup> 2000.

**Status: Fulfilled**

### 7.7

**No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.**

The company has zero burning policy (mechanical land clearing) as written on the procedure of land preparation, chapter 3 SOP in policy number 110/EST-ARM/08. The policy is supported with the Memorandum of HPO (Head Plantation Office) number POD-UM-0065/VI/2008 in term of drought season anticipation over the land fire potential. The company has:

- SOP of Fire : number: 727/TQEM-ESH/10
- SOP of land fire emergency response : number 724/TQEM-ESH/10

According to the result of interview with the management, there is no new land clearing nor replanting program.

**Status: Fulfilled**

### 7.8

**New plantation developments are designed to minimise net greenhouse gas emissions.**

The calculation of the carbon stock shall be conducted when the company develop new estate after August 1<sup>st</sup> 2014. According to the observation on the area statement of PT WNL, there is no new estate development after August 1<sup>st</sup> 2014. However, the company has calculated the estimation of the GHG and the company has had plan to reduce the GHG emission as written on the document of GHG emission source management.

According to the document review, the company has attempted to mitigate the GHG emission with several attempts. For example: implementing *zero burning* policy, managing the manuring program properly, utilizing fiber and shell to replace petroleum fuel, maintaining the emission-generating machines regularly, testing the emission quality regularly. Furthermore, the company has calculated GHG calculation for period of 2013 to 2014. The result of GHG emission estimation was that the emission generated by estate was 0.59 kg CO<sub>2</sub>eq/kg of CPO, emission generated by processing stage was 0.439 kg CO<sub>2</sub>eq/kg of CPO, emission generated by transport was 0.012 kg CO<sub>2</sub>eq/kg of CPO

**Status: Fulfilled**

## **PRINCIPLE #8 Commitment to continuous improvement in key areas of activity**

### **8.1**

**Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.**

PT. SHE does not use paraquat and brodifakum since 2012.

The company has determined the policy to not use paraquat as written on the document of memorandum of the Head of Plantations Operation (number: POD-UM-127/X/2008, dated November 4<sup>th</sup> 2008) in term of the recommendation of the replacement of paraquat-gramoxone within Minamas area. There is also recommendation of the prohibition of the usage of ratgone/brodifacoum issued by Plantation Advisory on July 16<sup>th</sup> – 18<sup>th</sup> 2013. According to the result of interview in MTE, division 4, block J26, J27 and KKPA 3 estate, block H14 of division 3 with the sprayer, the company does not use the paraquat.

Environment impact management. For example:

- **Reduction of river water quality.** The company has set the buffer zone are up for the river (riparian area), the company also has constructed WWTP, utilized the effluent on the soil, tested the river water quality and reported the result to Tanah Bumbu District Environment Agency.
- **Air quality and noise.** The company also has conducted reforestation nearby mill and housing complex area, the company also has been repairing the machine regularly, facilitating the workers with PPE (masker, ear plug and ear muff), testing the air quality and reporting it to the Tanah Bumbu District Environment Agency.
- **Waste utilization:** The company utilizes the effluent to the soil, utilizes the EFB as soil supplement and utilizes the fiber and shell as boiler fuel.

**Greenhouse Gas (GHG).** The company has had attempts to mitigate the GHG emission by implementing *zero burning* policy, managing the manuring program properly, utilizing fiber and shell to replace petroleum fuel, maintaining the emission-generating machines regularly, testing the emission quality regularly.

The company has had questionnaires of social economy, EIA on 2014. The questionnaire contains informations that will be considered as reference for the company to compose CD/CSR and document of realization of environmental management and monitoring plan report for the ongoing program as well as KKPA program.

**Status: Fulfilled**



**3.2. Summary of Assessment Report of Supply Chain**

Klausul	(Module D) Pabrik CPO – Persyaratan Identity Preserved
D.1	Definition
D.1.1	<p><b>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&amp;C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</b></p> <p>MTM is only receiving the FFB from the certified estate (MTE, KKPA2, KKPA3, KKPA5). MTM is able to describe the process of FFB receipt and processing. According to the actual implementation, the MTM implements SCCS Modul D (IP) standard. The document of FFB receipt is stamped with RSPO Certified.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>Weightbridge ticket on April 25<sup>th</sup> 2015 for FFB from MTE informs the vehicle police number of DA9145ZE, driver name Sarju, the early weighing was 13,410 kg, the final weighing 4,400 kg and the weight minus was 9,010 kg (nett). The weighbridge ticket has been stamped with RSPO Certified. The FFB covering letter informs the afdeling, FFB covering letter number, trip number, hour of the outgoing truck, date of harvest, planting year, section, block, quantity of FFB and tonnage. Weighbridge ticket and FFB covering letter has been stamped with RSPO Certified.</li> <li>FFB covering letter dated April 25<sup>th</sup> 2015 for the FFB from KKPA 3 informs the vehicle police number of DK9544FF, driver name Muhammad Zaki, the harvesting date was April 25<sup>th</sup> 2015. The quantity of FFB was 598 FFB, the weight of FFB was 6,680 Kg. the weighbridge ticket on April 25<sup>th</sup> 2015 informs the weight at early weighing, the final weight and the net weight (7,870 Kg). The weighbridge ticket and FFB covering has been stamped with RSPO Certified.</li> </ul>
	<b>Status: Fulfilled</b>
D.2	Explanation
D.2.1	<p><b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</b></p> <p>MTF has determined the estimation of mill-generated CPO and PK product tonnage. During the period of April 2015 – March 2016, 225,821 ton of FFB, 50,403 ton of CPO and 9,687.72 ton of the PK shall be projected.</p>
	<b>Status: Fulfilled</b>
D.2.2	<p><b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b></p> <p>MTF is not able to show the requirements of registration and reporting for the supply chain through the RSPO Supply Chain managing organization (RSPO IT). <b>NC Number 2015.11</b></p> <p><b>Verification on May 12<sup>th</sup> 2015</b></p> <p>The company has shown the evidence of corrective action in form of the document of requirements of registration and reporting of supply chain through RSPO IT Platform. The company is registered on behalf of PT Sime Darby Plantation Sdn Bhd. It has been registered as the member since September 6<sup>th</sup> 2004. The company also has reported the RSPO certification activity for period of 2013</p>

and 2014. **NC number 2015.11 is closed.**

**Status: Fulfilled**

**D.3 Documented Procedure**

**D.3.1**

**The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:**

- a. Complete and up to date procedures covering the implementation of all the elements in these requirements;**
- b. The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.**

- a) The company has SOP of product identification and traceability in Minamas Plantation POM (Policy Number RSPO/65/SCPP/SHE) Revision 1 dated January 14<sup>th</sup> 2013. It describes the identification of raw material and product, FFB and product quality grading in POM, product traceability, product dispatch from POM to *Bulking Stasiun* (sampling, sealing on truck and compiling the official record), CPO product dispatch to the buyer (it is conducted by referring the contract, the product is sent after the manager receives Delivery Order), CPO loading to the ship (verification of ship condition, the hatch must be closed and sealed, the official record must be composed).
- b) The personnels in charge of the implementation are:
  - Manager (Febrizal) and Head of Administrasi Division (Sutaji) maintain and keep all the documents and records of raw material usage since the production process to the final product and CPO dispatch.
  - Assistant of Laboratory and PSQM (Kholid Rahmadani) analyses and tests the raw material quality and the product in all production process. Monitoring of dispatch and load and unload of product.
  - Senior Assistant of processing (Dodi Kusuma) monitors the work process at mill
  - Interim of Manager of Logistic & Distribution (Achmad Jauhari) is responsible to monitor the CPO and PK transportation from POM to the bulking station and monitor the sales as well and transpot in Bulking area (Sebamban Area)
  - Manager of Logistic & Distribution (Jhon Sinambela) is monitoring the sales, transport in bulking area of Kalimantan Sulawesi.
  - Manager of Mill verifies the dispatched product.

According to the document review, there are several facts. For example:

- MTM has had SOP of SCCS in document number RSPO/65/SCPP/SHE, however, the SOP is not adjusting the new SCCS standard (SCCS Nov 2014)
- SOP of SCCS in document number RSPO/65/SCPP/SHE is not describing the procedure to inform the overproduction the associated CB yet.
- According to the interview, the security Officer and weighbridge Operator are not trained (SCCS training) yet.

**NC Number 2015.12**

**Verification on May 22<sup>nd</sup> 2015**

The company has shown the evidence of corrective action in form of the copy of the procedure of product identification dn product traceability in POM in document number RSPO/65/SCPP/SHE No Revision 2 dated May 1<sup>st</sup> 2015. The SOP adjusts the new SCCS standard. According to the clause 7.2, there is a procedure to handle the overproduction by reporting the case to the CB.

The company has shown the evidence of the corrective action in form of the report of SCCS training, the training materials is the SCCS standard 2014, the attended participants are consisted of the key personnels on the supply chain including the security Officers and weighbridge Operator. **The NC is closed.**

**SCCS**  
**D.2.2** **Status: Fulfilled**

**D.3.2**
**The site shall have documented procedures for receiving and processing certified and non-certified FFBs.**

MTM is only receiving the FFB from the certified estate (MTE, KKPA2, KKPA3, KKPA5). MTM is able to describe the process of FFB receipt and processing. According to the actual implementation, the MTM implements SCCS Modul D (IP) standard. The company has had procedure to receive the FFB as described on the SOP in document number MTF/SOP.PBR dated June 22<sup>nd</sup> 2010. According to the document, all drivers must show the FFB covering letter from each estate and FFB contractor. The FFB covering letter describes the origin of the FFB and its quantity. For example:

**Mustika Estate:** Weighbridge ticket on April 25<sup>th</sup> 2015 for FFB from MTE informs the vehicle police number of DA9145ZE, driver name Sarju, the early weighing was 13,410 kg, the final weighing 4,400 kg and the weight minus was 9,010 kg (nett). The weighbridge ticket has been stamped with RSPO Certified. The FFB covering letter informs the afdeling, FFB covering letter number, trip number, hour of the outgoing truck, date of harvest, planting year, section, block, quantity of FFB and tonnage. Weighbridge ticket and FFB covering letter has been stamped with RSPO Certified.

**KKPA 3:** FFB covering letter dated April 25<sup>th</sup> 2015 for the FFB from KKPA 3 informs the vehicle police number of DK9544FF, driver name Muhammad Zaki, the harvesting date was April 25<sup>th</sup> 2015. The quantity of FFB was 598 FFB, the weight of FFB was 6,680 Kg. the weighbridge ticket on April 25<sup>th</sup> 2015 informs the weight at early weighing, the final weight and the net weight (7,870 Kg). The weighbridge ticket and FFB covering has been stamped with RSPO Certified.

**Status: Fulfilled**
**D.4**
**Purchasing and goods in**
**D.4.1**
**The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.**

The FFB receipt is documented on the FFB covering document and weighbridge. For example:

**MTE:** Weighbridge ticket on April 25<sup>th</sup> 2015 for FFB from MTE informs the vehicle police number of DA9145ZE, driver name Sarju, the early weighing was 13,410 kg, the final weighing 4,400 kg and the weight minus was 9,010 kg (nett). The weighbridge ticket has been stamped with RSPO Certified. The FFB covering letter informs the afdeling, FFB covering letter number, trip number, hour of the outgoing truck, date of harvest, planting year, section, block, quantity of FFB and tonnage. Weighbridge ticket and FFB covering letter has been stamped with RSPO Certified.

**KKPA 3 :** FFB covering letter dated April 25<sup>th</sup> 2015 for the FFB from KKPA 3 informs the vehicle police number of DK9544FF, driver name Muhammad Zaki, the harvesting date was April 25<sup>th</sup> 2015. The quantity of FFB was 598 FFB, the weight of FFB was 6,680 Kg. the weighbridge ticket on April 25<sup>th</sup> 2015 informs the weight at early weighing, the final weight and the net weight (7,870 Kg). The weighbridge ticket and FFB covering has been stamped with RSPO Certified.

Record of the daily FFB receipt is recorded on the report of FFB receipt. According to the document, the company is just receiving the FFB from MTE, KKPA 2, KKPA 3 and KKPA 5. The document is also informing the origin of FFB (nucleus and KKPA), tonnage and hours of receipt. According to the document review, the company received 619,640 Kg of FFB on April 25<sup>th</sup> 2015.

**Status: Fulfilled**
**D.4.2**
**The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.**

MTM is able to show the report of FFB, CPO and Kernel production for period of July 3<sup>rd</sup> 2014 to April 25<sup>th</sup> 2015 as follow:

- FFB production (MTE, KKPA 2, KKPA 3 and KKPA 5) : 149,792.60 ton
- Processed FFB : 149,852.59 ton (the differences will be the extract of FFB)
- CPO production : 33,129.62 ton
- PK production: 7,394.75 ton.

According to the document review, the actual production is not exceeding the projected production (attachment of certificate).

**Status: Fulfilled**

**D.5 Record keeping**

**D.5.1**  
**The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.**

MTM has recorded and balanced the RSPO certified FFB receipt, the CPO and Kernel dispatch in daily-based, quarter-based and annual-based period:

- MTF is able to show the monthly production report. For example, the report of production for period of April 2015 shows the FFB production was 12,494.35 ton, CPO production was 2,734.84 ton and kernel production was 530.58 ton.
- MTF is able to show the annual production report. For example, the production of FFB, CPO and Kernel for period of July 3<sup>rd</sup> 2014 to April 25<sup>th</sup> 2015 is as follow:
  - FFB production (MTE, KKPA 2, KKPA 3 and KKPA 5): 149,792.60 ton
  - Processed FFB: 149,852.59 ton (the differences will be the extract of FFB)
  - CPO production: 33,718.17 ton
  - PK production: 7,394.75 ton.

The CPO is sold to PT Wilmar Nabati Indonesia, PT SMART Tbk, PT Berkah Emas Sumber Terang dan PT Golden Hope Nusantara during the period.

According to the CPO and kernel weighbridge, the sold products are attached. For example:

- CPO weighbridge on April 19<sup>th</sup> 2015 on behalf of PT Golden Hope Nusantara (buyer), CPO product, it informs the vehicle police number (DA1371ZB), nett 7,980 kg, driver name, seal number, it has remarks of RSPO Certified – Segregasi.
- PK weighbridge on April 20<sup>th</sup> 2015 on behalf of PT Sinar Mas Agro Resources and Technology Tbk(buyer). t informs the vehicle police number, driver name, seal number and nett, it has remarks of RSPO Certified –Segregasi.

The company is able to show the other documents which describe the produced and traded products:

- Sales contract Number 00250/SHE/KTR-MKS/LOK/II/2015 on behalf of PT SMART Tbk dated February 18<sup>th</sup> 2015, invoice document number 00516/SHE/II/2015 dated February 28<sup>th</sup> 2015 for 1,488,567 Kg of CPO sales with DO number 00413/00249/02/15/L-SHE-MKS. According to the invoice document, the name and address of the buyer (PT SMART Tbk) in Jl. MH Thamrin Kav 28-30, The Plaza Office Tower, Lt 36, Godangdia, Jakarta Pusat is attached.
- Sales contract IKS in number 00197/SHE/KTR-IKS/LOK/XII/2014 with PT SMART Tbk for 200,000 kg. Invoice No. 00498/SHE/XII/2014 dated December 12<sup>th</sup> 2014, DO Number: 00221/00197/12/14/L-SHE-IKS.

The documents have shown the name of the RSPO-Certified Segregation stamped product. MTM is not able to show the evidence related to the name of the generated and traded product (IKS and MKS) is referring to the existed supply chain model yet. **NC Number 2015.13**

**Verification on May 28<sup>th</sup> 2015**

The company has shown the evidence of corrective action in form of documents of DO and sales contract as the record of the traded product. The document describes the name of the product for the SG supply chain in form of stamp. **The company should adjust the traded product document referring the SCCS standard on November 2014. It describes that the requirements of the CPO mill supply chain are Modul D (IP) and Modul E (MB), before March 31<sup>st</sup> 2016. #OFI**

The NC is considered as comply with observation.

**SCCS Status: Fulfilled**

**D.5.1**

**D.6 Processing**

**6.1**

**The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.**

According to the interview with the interim of Mill Manager, MTM receives and process the FFB from Mustika Estate, KKPA 2, KKPA 3 and KKPA 5 only (RSPO certified product). The stages is started from the processing stage to the load at the bulking station. The product contamination should not more than 5%. According to the SOP of SG Supply Chain of PT Sajang Heulang Minamas Plantation (RSPO/65/SCPP/SHE), it describes that the facility must ensure and verifies the procedure and record maintaining in term of RSPO certified CPO. It should be separately maintained (between the certified and the non-certified one). The facility should also must be able to prove that all contamination are avoided on its process. However, the SOP is not adjusting the new SCCS standard yet (SCCS on November 2014). **NC Number 2015.14**

**Verification on May 22<sup>nd</sup> 2015**

The company has shown the evidence of corrective action in form of the copy of procedure of product identification and traceability in POM in document number RSPO/65/SCPP/SHE No Revision 2 dated May 1<sup>st</sup> 2015. The SOP has adjusted the new SCCS standard. **NC is closed**

**SCCS 6.1** | **Status: Fulfilled**

**6.2**

**The objective is for 100 % segregated material to be reached.**

According to the interview with the security Officer, weighbridge Operator, the Head of Administration and interim of Mill Manager, MTF receives and process the FFB from Mustika Estate, KKPA 2, KKPA 3 and KKPA 5 only (RSPO certified product). According to the document of FFB receipt (FFB covering letter and weightbridge), daily report of FFB receipt and production report shows that the processing, storing and dispatch is only for the certified product.

According to the document review on the FFB receipt data and MTM production data, 100% of the processed FFB is the certified products.

The stages is started from the processing stage to the load at the bulking station. The product contamination should not more than 5%. According to the SOP of SG Supply Chain of PT Sajang Heulang Minamas Plantation (RSPO/65/SCPP/SHE), it describes that the facility must ensure and verifies the procedure and record maintaining in term of RSPO certified CPO. It should be separately maintained (between the certified and the non-certified one). The facility should also must be able to prove that all contamination are avoided on its process. However, the SOP is not adjusting the new SCCS standard yet (SCCS on November 2014). **NC Number 2015.14.**

**Verification on May 22<sup>nd</sup> 2015**

The company has shown the evidence of corrective action in form of the copy of procedure of product identification and traceability in POM in document number RSPO/65/SCPP/SHE No Revision 2 dated May 1<sup>st</sup> 2015. The SOP has adjusted the new SCCS standard. **NC is closed**

**SCCS 6.2** | **Status: Fulfilled**



**3.3. Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Bukti Persetujuan/ijin mengenai penggunaan Sertifikat dan logo dari lembaga sertifikasi</b>	<b>X or√</b>
<b>ASA-2</b>	The management unit does not use RSPO logo.	√
<b>2.</b>	<b>Implementasi/penerapan sertifikat dan logo oleh klien yang sesuai dengan bentuk dan ukuran seperti yang dijelaskan dalam pedoman penggunaan logo</b>	<b>X or√</b>
<b>ASA-2</b>	The management unit does not use RSPO logo.	√
<b>3.</b>	<b>Implementasi/penerapan sertifikat dan logo yang tidak digunakan pada produk</b>	<b>X or√</b>
<b>ASA-2</b>	The management unit does not use RSPO logo.	√
<b>4.</b>	<b>Pengendalian sertifikat dan logo oleh klien termasuk pengendalian/ penarikan Logo yang tidak sesuai</b>	<b>X or√</b>
<b>ASA-2</b>	The management unit does not use RSPO logo.	√

**3.4. Summary of RSPO Partial Certification.**

<b>Summary:</b> At the beginning of 2015, Sime Darby Plantation Sdn Bhd (SDPSB), owns and manages 34 palm oil mills in Malaysia and through their subsidiary ownership of PT Minamas Gemilang, own 25 palm oil mills in Indonesia. The time bound plan under 1.9 highlights all certified units and uncertified units.  As of this assessment, SDPSB has successfully certified all their mills with the exception of one, which has been audited and pending certification. The progress of this last mill will be reviewed during the next surveillance assessment.  <b>Sime Darby Plantation Sdn Bhd</b> is a member of RSPO and has been involved in the certification since 7 September 2004. The membership number with RSPO is <b>1-0008-04-000-00</b> .		
<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	<p>Sustainable Plantation Management System (SPMS) is a common set of policies and documents used by all SOU's. The Plantation Quality Management system (PQMS) are manuals also used by all operations. The sustainability polies will also address legal concerns that need to be adhered by the company.</p> <p>These manuals and polies abide by local and national land laws. ie. Compliance with legal documents such as the "Land Rules Applicable to the States in Malaysia" and relevant acts.</p> <p>The group has a common human resource policy which is also cascaded to all operating units. There are several handbooks and guides, shared with employees. Examples: "The Group Employee Handbook" latest revision May 2014, explains to employees their benefits and company rules. The manual and policies are used to educate and inform employees of their rights and responsibilities.</p> <p>Issues relating to employees are all operating units are monitored on a monthly basis and reported through the monthly Plantation Management Committee Meeting (PMC) attended by head of departments. Monitoring is also done via e-mail and official communications with the respective departments. For example: PSQM monitors HR and Social related matters with the help of the internal audit team and reviewed by the PSQM Head of Department.</p>	√
	<b>Status: Compliance</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	Legal ownership of land and its land use is available for all operating units and demonstrated through the respective land titles.	√
	<b>Status: Compliance</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	There is a standard complaints procedure that is communicated to all facilities and locations. The procedure, under the SPMS manual, "Complaints & Grievances, Appendix 5", is made available from the head office and cascaded to all operating units.	√
	<b>Status: Compliance</b>	
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	SDPSB has Social Welfare Officers are based regionally across the nation, where internal and external stakeholders can share their views and concerns. On a monthly basis, the reports are shared with Head of Social and Environmental Projects Units under PSQM, and reviewed during the monthly PMC meetings. The PSQM with the HR department will monitor any issues and reviewed with the Head of Department.	√

	<b>Status: Compliance</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	No new planting has taken place since 2011, where the last NPP notification was carried out for operations in Liberia.	√
	<b>Status: Compliance</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	For any new land acquisitions, the RSPO NPP procedure is followed where the company will complete the required HCV and EIA assessments.	√
	<b>Status: Compliance</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	Any new land acquisition will be done by mean of a participatory process with local villages and land owners. No complaints received during this audit process.	√
	<b>Status: Compliance</b>	

**3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**
**3.5.1 Identification of Findings, Corrective Actions and Observations at ASA-1 Assessment**

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2014.01	Major 2.1.1	<p>Evidence of company's compliance with applicable and relevant policies:</p> <ul style="list-style-type: none"> <li>The company has not made a particular medical check up for workers who works under high risk working area in accordance with the existing procedures (SOP: SHE / Revision 2, dated January 2, 2014) and relevant policy (Permenakertrans No. 2/1980 on medical check).</li> <li>The company has not reported the balance sheet of hazardous material disposal to BLHD Mustika POM in accordance with the license held.</li> <li>There are hazardous waste that is stored in location without permit, for example in the KKPA 5 warehouse (used battery &amp; used pesticide package) and used pesticide's package at KKPA 5 and BSS Mustika Estate.</li> </ul>	Estate and Mill	NC	07 July 2014	<ul style="list-style-type: none"> <li>The company must show proof of evidence that the particular medical check up for workers with working high risk has been carried out in accordance with existing procedures (SOP: SHE / Revision 2, dated January 2, 2014) and relevant policy (Permenakertrans No. 2/1980, on medical check).</li> <li>The company must report the waste balance sheet from BLHD in accordance with the license.</li> <li>The company must store hazardous waste in a licensed storage.</li> </ul>	<p><b>The root cause:</b></p> <ul style="list-style-type: none"> <li>A change of leadership of KalSul has caused the delays of the medical check up program proposal approval in 2013.</li> <li>The hazardous waste is stored in the no licensed storage.</li> <li>Lack understanding of hazardous waste SOP by operator / officer.</li> <li>Control supervision on the implementation of the SOP of hazardous waste.</li> </ul> <p><b>Corrective action:</b> <b>June 19, 2014</b></p> <ul style="list-style-type: none"> <li>There is hazardous waste's balance sheet receipt for the period of February - April from PT. Sajang Heulang Mustika dated May 5, 2014 accepted by BLHD Tanah Bumbu district (on behalf of Zain Arsyad).</li> <li>Hazardous waste generated by the KKPA 5 should immediately send to licensed hazardous waste's storage, therefore there is no illegal storage. There is evidence of balance sheet of Mustika Mill's hazardous waste storage that shows handed over activity from KKPA 5's central warehouse to Mustika Mill's hazardous waste storage including</li> </ul>	Closed	July 03, 2014

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>photographic documentation of central warehouse and BSS house that have been cleaned from hazardous waste and evidence of balance sheet of MTE's hazardous waste storage that shows the handed over of hazardous waste from MTE (including used pesticide package from BSS house to MTE hazardous waste storage).</p> <p><b>June 23, 2014</b></p> <ul style="list-style-type: none"> <li>• There is application for medical check-up approval for employees of estate, mill and KKPA- of PT SHE &amp; LSI, that has been approved and planned by HIC PO of Kalsul in early July 2014.</li> <li>• A letter from the doctor of Sebamban area to Kenun &amp; Mill's Manager dated June 21, 2014 concerning employee medical check that will be held on 1 and 2 July 2014.</li> </ul> <p><b>July 3, 2014</b></p> <p>The company has shown evidence of periodic health examinations (medical check up) for manuring worker, spraying worker and mill's worker on 02 July 2014. Supporting evidence are:</p> <ul style="list-style-type: none"> <li>• Acknowledgement letter (No: 704 / ADM-MHC / SPK / VII / 2014, dated July 2, 2014) from Mandiri Health Care Clinic, Kotabaru-South Kalimantan.</li> </ul>		



CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<ul style="list-style-type: none"> <li>Attendance list of periodical medical check up.</li> <li>Photographic documentation of periodical medical check up.</li> </ul> <p><b>Precautions:</b></p> <ul style="list-style-type: none"> <li>Delivering information routinely as stated within the procedure (SOP) to management concerning annual medical check for employee.</li> <li>To disseminate hazardous waste SOP to operator in charge.</li> <li>Hazardous waste monitoring in each unit.</li> </ul> <p><b>Auditor Conclusion:</b>  <b>June 23, 2014</b>            The company has not been able to show evidence of a particular medical check up for workers with high risk working area in accordance with the relevant regulation and procedure. (Permenakertrans No. 2/1980, on medical check up)</p> <p><b>July 3, 2014</b>            Based on the submitted evidence, <b>the non compliance is closed.</b></p>		
2014.02	Major 4.6.4	The waste of used pesticide package should be disposed in responsible manners comply with existing regulations. There is existing water container at BSS	Estat e	NC	07 July 2014	The company must be able to show evidence that the reuse activity of used pesticide package is comply with Government	<p><b>The grassroot problems:</b>            Lack understanding of operator / officer on hazardous waste SOP.</p> <p><b>Corrective action:</b></p>	Closed	June 17, 2014

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
		<p>KKPA 5 made from used pesticide container (20 L). It is used as source for plantation spraying activities.</p> <p>The company has not been able to show evidence that the utilization of used pesticide container waste is in accordance with Regulation No. 18/1999 on hazardous waste Management)</p>				Regulation No. 18/1999	<p><b>June 17, 2014</b></p> <p>KKPA and MTE management decided not to conduct utilization (re-use) of used pesticide containers waste. The waste generated is sent to hazardous waste storage at Mustika POM &amp; MTE. Improvement activities are:</p> <ul style="list-style-type: none"> <li>• Documentation system (process) of high concentration pre-mix solution for spraying using used pesticide jerry-can in KKPA 5 and MTE.</li> <li>• There is documentation of hazardous waste disposal balance sheet that show handover of hazardous waste from KKPA 5's central warehouse to temporary hazardous storage in Mustika POM with total of 29 of used pesticide jerry-cans.</li> <li>• There is a balance sheet on hazardous waste that shows hand over of used pesticide package from BSS house of MTE to temporary hazardous waste storage in MTE.</li> <li>• There is photographic documentation on KKPA 5 SHE traction/central warehouse that has been cleared from hazardous waste including used pesticide package.</li> <li>• There is photographic documentation of BSS house in KKPA 5 SHE that has been cleared from used pesticide package.</li> </ul> <p><b>Precautions:</b></p> <ul style="list-style-type: none"> <li>• To socialize SOP of hazardous waste for</li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>operator / officer in charge.</p> <ul style="list-style-type: none"> <li>Monitoring on hazardous waste in each unit.</li> </ul> <p><b>Auditor Conclusion:</b> Based on the explained evidence above, <b>non compliance is closed.</b></p>		
2014.03	Major 5.1.2 Minor 6.1.3	<p><b>Records of periodic reporting of environmental management in accordance with applicable regulations.</b></p> <ul style="list-style-type: none"> <li>The company has not been able to show evidence of Environmental Management and Monitoring Plan report for Semester II/2013 addressed to the concerned agencies.</li> <li>The company has not been able to show evidence that Environmental Management and Monitoring Plan implementation has complied with the directive of AMDAL document (Environmental Management and Monitoring Plan matrix), i.e. erosion monitoring, job opportunities, changes of community's attitude and perception have not been included in Environmental Management and Monitoring Plan's implementation report.</li> </ul>	Estate and Mill	NC	07 July 2014	<ul style="list-style-type: none"> <li>The company must be able to demonstrate evidence of reporting Environmental Management and Monitoring Plan Semester II / 2014 to the relevant agency.</li> <li>The companies must be able to show evidence of the not been able to show evidence of Environmental Management and Monitoring Plan's implementation in accordance with the directives stated in the EIA document (not been able to show evidence of Environmental Management and Monitoring Plan's matrix).</li> </ul>	<p><b>The grassroot problems:</b></p> <ul style="list-style-type: none"> <li>There was a delay in waste water analysis report submission.</li> <li>Erosion monitoring data and environmental impact assessment questionnaire were not attached in the document submitted.</li> </ul> <p><b>Corrective action:</b> <b>June 17, 2014</b> There are:</p> <ul style="list-style-type: none"> <li>PT Sajang Heulang not been able to show evidence of Environmental Management and Monitoring Plan for semester II 2013 Receipt note of delivery to Ministry of Environment (MoE) dated May 7, 2014 (receipt stamped by MoE dated May 9, 2014).</li> <li>PT Sajang Heulang not been able to show evidence of Environmental Management and Monitoring Plan for semester II /2013 Receipt note of delivery to Local Environmental Bodies Agency Tanah Bumbu dated June 4, 2014.</li> <li>The cover letter of PT Sajang Heulang</li> </ul>	Closed	June 23, 2014

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>not been able to show evidence of Environmental Management and Monitoring Plan Report No. 63 / SHE / PSQM / III / 2014 dated March 20, 2014 to Environment Bodies Agency (EBA) South Kalimantan, cc MoE</p> <ul style="list-style-type: none"> <li>Monitoring of erosion, job opportunity and changes in attitudes and perceptions of the community have been stated in Environmental Management and Monitoring Plan semester II of PT Sajang Heulang Estate and Mill,</li> </ul> <p><b>June 23, 2014</b></p> <ul style="list-style-type: none"> <li>There is receipt note of delivery of PT Sajang Heulang's Environmental Management and Monitoring Plan semester II /2013 to Local Environmental Bodies Agency, South Kalimantan Province dated June 19, 2014.</li> <li>The attachment of questionnaire of Environmental Impact Assessment Study (Social, Economic &amp; Cultural) of KKPA - SHE and Mustika Estate in March 2014.</li> </ul> <p><b>Precautions:</b></p> <ul style="list-style-type: none"> <li>Submitting samples of waste analysis earlier.</li> <li>Attach the sample of questionnaire records of EIA study.</li> </ul> <p><b>Auditor Conclusion:</b> Based on the submitted evidence, <b>the non</b></p>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<b>compliance is closed</b>		
2014.04	Major SCCS Segregate 3.4	<p><b>The following trade names should be used and described in the related documents.</b></p> <p>Mustika Mill has not been able to show evidence on the name of the products produced (traded) and described in the related documents according to the existing supply chain model.</p>	Mill	NC	07 June 2014	The company should be able to indicate the name of the products produced / traded and described in related documents according to the existing supply chain model.	<p><b>The grassroots problems:</b> Documents related to supply chain has not been informed to unit (PT.SHE) by marketing dept. on a regular basis.</p> <p><b>Corrective action:</b> May 12, 2014 There are sales document of:</p> <ul style="list-style-type: none"> <li>• Sales Contract: 00214 / SHE / KTR-MKS / LOK / III / 2014, dated March 19, 2014 (CPO Sales).</li> <li>• Sales Contract: 00172 / SHE / KTR-IKS / LOK / IV / 2014, dated April 4, 2014 (Palm Kernel Sales).</li> </ul> <p>In both document contracts there are <b>CERTIFIED RSPO – SEGREGATION</b> stamp's code.</p> <p><b>Precautions:</b> Communication on the supply chain document between unit (PT. SHE) with Marketing Dept. should be improved.</p> <p><b>Auditor Conclusion:</b> Based on the submitted evidence above, <b>the non compliance is closed.</b></p>	Closed	May 12, 2014
2014.05	Major SCCS	<p><b>Sales and material expenses</b></p> <p>Mustika POM has not been able to show</p>	Mill	NC	07 June 2014	The company must be able to show evidence of	<p><b>The grassroots problems:</b> Documents related to the supply chain</p>	Closed	May 12, 014



CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
	<b>Segregate 4.1</b>	evidence of material (production)'s sales and expenses record in accordance with the existing supply chain model.				material (production)'s sales and expenses record in accordance with the existing supply chain model.	<p>made by marketing department has not been distributed regularly to the unit (PT.SHE) on a regular basis.</p> <p><b>Corrective action:</b> There are invoice available i.e:</p> <ul style="list-style-type: none"> <li>• Tax Invoice: 070.000-14.22170852, date. March 25 2014 The information contained in these documents, are: <ul style="list-style-type: none"> <li>- Name and Address of Purchaser: PT Sinar Mas Agro Resources and Technology Tbk (PT Smart Tbk).</li> <li>- Invoice Date published: March 25, 2014.</li> <li>- Product Name: Crude Palm Oil In Bulk-<b>RSPO Certified Segregation, PT Mustika Sajang Heulang- POM</b>, Contract: 00214 / / SHE / KTR-MKS / LOK / III / 2014, dated March 19, 2014.</li> <li>- Amount (Volume &amp; Value Sales listed in IDR).</li> </ul> </li> <li>• Tax Invoice: 070.000-14.58980660, date. April 11, 2014. information contained in these documents, are: <ul style="list-style-type: none"> <li>- Name and Address of Purchaser: PT Sinar Mas Agro Resources And Technology Tbk (PT Smart Tbk).</li> <li>- Invoice Date published: April 11, 2014.</li> <li>- Product Name: Palm Kernel -<b>RSPO Certified Segregation, PT Mustika Sajang Heulang- POM</b>, Contract:</li> </ul> </li> </ul>		

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
							<p>00172 / SHE / KTR-IKS / LOK / IV / 2014, dated April 4, 2014.</p> <p>- Amount (Volume &amp; Value Sales listed in IDR).</p> <p><b>Precautions:</b> Communication between unit (PT. SHE) with Marketing Dept. on the supply chain document requirement should be improved.</p> <p><b>Auditor Conclusion:</b> Based on the submitted evidence above, <b>the non compliance is closed.</b></p>		

**3.5.2 Identification of Findings, Corrective Actions and Observations at ASA-2 Assessment**

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
2015.1	Minor 2.1.4	<b>Written information in term of legal requirements</b> Management units shows the documentation in term of the law requirements. However, there is no enough evidence that the regulations have been updated referring the changes on the statute of aspects of plantation, environment and manpower. For example: Statute number 37 year 2014 in term of soil and water conservation.	Minor	PT. SHE	S-03	The management unit must ensure that the documentation in term of the company operational-relevant law requirements to be always be updated.	<b>Root Cause:</b>  <b>Corrective Action:</b>  <b>Preventive Action:</b>  <b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2014</b> The company is able to show the evidence of corrective action in form of the list of the applied regulation for estate and mill operationals. The list has attached the annual regulation updates for period of 2014/2015. For example: Statute number 37 year 2014, Government Regulation number 71 year 2014, Environment Ministry Regulation number 5 year 2014 and Agriculture Ministry Regulation number 11/OT.140/3/2015. Therefore, the NC is now closed.	Closed	May 22 <sup>nd</sup> 2015
2015.2	Major 2.2.1	<b>Documents in term of legal aspect which shows the legal ownership of the land must be available.</b> According to the result of field visit	Major	PT. SHE	June 29 <sup>th</sup> 2015	PT. SHE must be able to show the document of location permit, plantation business permit and Land Use Title (HGU) for all the	<b>Root Cause:</b>  <b>Corrective Action:</b>	Closed	26 June 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
		to block L26, L28, L29 and K33, Division IV MTE, there is a palm oil plant planting beyond the National Land Agency poles, however, PT SHE is not able to show the location permit over the planted palm oil plants beyond the Land Use Title (HGU) area.				company-cultivated land.	<p><b>Preventive Action:</b> <b>Verification on 26 June 2015</b></p> <p>The management unit has shown statement letter dated 10 June 2015 been signed by Estate Manager and temporary officials of General Manager of Sebamban Estate. The content of the statement is as follows :</p> <p>Associated with oil palm cultivation out of boundaries at block L26, L27 and K33 bordering with Tibarau Panjang village, with details: boundary number 57 on bush area, boundary number 58 there are as many as 98 trunks of oil palm cultivation, block L27 with boundary marker number 59 there are as many as 42 trunks of oil palm cultivation. Block K33 with boundary marker number 15 there are as many as 2 trunks of oil palm cultivation. Total of oil palm cultivation are 142 trunks (1.044 Ha), the company declare :</p>		

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<ol style="list-style-type: none"> <li>1. It is not in accordance with regulations</li> <li>2. The company has sought to manage licensing (location permit), however the acreage is under 5 ha is not in accordance with regulation (PP No. 40 th 1996)</li> </ol> <p>Associated with that the company declared no longer manage the area and plants economically (not perform manuring and harvesting). Based on the evidence of the corrective action, the nonconformity is closed and will be observed on next surveillance.</p>		
2015.3	Minor 2.2.2	<p><b>The Legal boundary pole must be looked obvious and well maintained.</b></p> <p>According to the result of field visit to Land Use Title (HGU) pole in block K33, the pole number 15 is not well maintained and there are improperly installed poles such as pole number 12 and 13.</p>	Minor	PT. SHE	S-03	The company must be able to show the evidence of the obvious legal boundary poles which are obvious, complete and well maintained.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b></p> <p><b>Auditor Response:</b></p>	closed	May 25 <sup>th</sup> 2015



No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<p><b>Verification on May 22<sup>nd</sup> 2015</b> The company has shown enough evidence that they have conducted attempt to maintain the pole in form of the document of pole monitoring. The document describes the pole number information, previous condition, maintenance process, actual condition and follow up date.</p> <p><b>Verification on May 25<sup>th</sup> 2015</b> The company has shown the evidence of corrective action in form of the documentation of pole maintenance for pole number 15 and relocation of pole number 12, 13.</p> <p><b>NC is closed</b></p>		
2015.4	Major 2.2.4	<p><b>Land conflict and its resolution</b> PT SHE is not able to show the conflict resolution of the parties involved on the occupied area case for 222 Ha (Division II for 74 ha, Division III for 1 Ha and Division IV for 147 hektar).</p>	Major	Estate	June 29 <sup>th</sup> 2015	The company must be able to show the evidence of conflict resultion with the parties involved on the occupied area case for 222 Ha.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b></p> <p><b>Auditor Response</b> The company has shown the corrective action evidence in form of the official record of the agreement for the occupied area with 12 parties</p>	Closed	May 25 <sup>th</sup> 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							of the community (land owners) and is witnessed by the chief of village on May 2015. According to the document, the land cultivated by the locals is the land owned by PT SHE referring the Land Use Title (HGU). There is no dispute nor conflict in term of the occupied land with the locals. <b>The NC is closed</b>		
2015.5	Minor 2.2.5	<b>Conflict or dispute mapping</b> PT SHE is not able to show the occupied area mapping which is collectively composed with the impacted parties.	Minor	Estate	S-03	PT SHE must be able to show the occupied area mapping.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b></p> <p><b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2015</b> The company has shown the evidence of the corrective action in form of the document of the occupied area map. It informs the area within the occupied area. The supporting documents such as the land owner and status are also attached.</p> <p><b>May 25<sup>th</sup> 2015</b> The company has shown the corrective action evidence in form of</p>	Closed	May 25 <sup>th</sup> 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							the official record of the agreement for the occupied area with 12 parties of the community (land owners) and is witnessed by the chief of village on May 2015. According to the document, the land cultivated by the locals is the land owned by PT SHE referring the Land Use Title (HGU). There is no dispute nor conflict in term of the occupied land with the locals. <b>The NC is closed</b>		
2015.6	Major 2.2.6	<b>The commitment for not using violence</b> PT SHE is not able to show the document of the commitment for not using the violence in order to keep peace.	Major	Estate and Mill	June 29 <sup>th</sup> 2015	The company must be able to show the commitment for not using violence in order to keep peace.	<b>Root Cause:</b>  <b>Corrective Action:</b>  <b>Preventive Action:</b>  <b>Auditor Response:</b> <b>Verification on May 12<sup>th</sup> 2015</b> The company has shown the evidence of corrective action in form of the document of conflict resolution policy. It has been legalized by the unit manager of PT SHE (EM MTE, EM KKPA2, EM KKPA3, EM KKPA5, MM MTM). The document describes that the conflict resolution procedure shall not use the mercenaries or hustlers.	Closed	May 12 <sup>th</sup> 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							According to the document review, the NC is now closed.		
2015.7	Minor 6.5.3	<b>Employees clean water facilities</b> The company is able to show the evidence of the domestic water quality test by cooperating with Institue of Research and Standardization of Industry in number 4265-E/BPKIMI/BRSBB/10/2014 dated October 2 <sup>nd</sup> 2014 referring the Health Ministry Regulation number 416/Menkes/Per/IX/1990. However, according to the document review, there is still coliform parameter which exceeds the quality threshold (7000).	Minor	Estate and Mill	S-03	The company must be able to show the availability of the clean water for the employees.	<b>Root Cause:</b>  <b>Corrective Action:</b>  <b>Preventive Action:</b>  <b>Auditor Response:</b> <b>Verification on May 22<sup>nd</sup> 2015</b> The company is able to show the corrective action evidence in form of the interim MM Manger number 111/MTF-Int/V/2015 dated May 12 <sup>th</sup> 2015 in term of the prohibition to use domestic water as drinkable water. <b>The NC is now closed.</b>	Closed	May 22 <sup>nd</sup> 2015
2015.8	Major 7.3.1.	<b>Evidence to prove that there is no ne planting replacing the primary forest (HCV) since November 2005.</b> Unit of MTE and KKPA have conducted replanting during 2005 – 2007. However, they cannot prove that the planting was not replacing the primary forest.	Major	MTE, KKPA	June 29 <sup>th</sup> 2015	The management unit must prove that the planting program during 2005 to 2007 was not replacing the primary forest.	<b>Root Cause:</b>  <b>Corrective Action:</b>  <b>Preventive Action:</b>  <b>Auditor Response:</b> Observation on May 25 <sup>th</sup> 2015 The management unit shows the image of landsat map for period of	Closed	May 29 <sup>th</sup> 2015

No.	Ref Std/ Indikator	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<p>2003 in KKPA area. According to the map, the land is consisted of estate, other plantation, community plantation and enclave, bushes, plain and settlement.</p> <p>However, the image of landsat map during period of new planting in 2005 to 2007 is not able to be shown. It is needed because during the ASA-02 field visit, there are planting at Bekarangan Riparian.</p> <p>The management unit must also shows the Land Use Change Analysis for the changes on the land layer in Bekarangan Riparian referring the RSPO Proxy (method of re-mediation and compensation of RSPO) related to the indicator 7.3.2.</p> <p>The NC is not closed.</p> <p><b>Verification on May 28<sup>th</sup> 2015</b></p> <p>The company has sent the evidence of corrective action in form of the data of planting during period of 2005-2007, image of landsat on KKPA year 2003 and image of landsat of PT SHE-MTE on 1999.</p> <p>The company is not showing the evidence of the changes on the land layer for period of 2005-2007 MTE</p>		



No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<p>(nucleus) and KKPA referring the request of indicator which states that the requirements of the land changes analysis is for period of 2005-2007. The NC is not closed.</p> <p><b>Observation on May 29<sup>th</sup> 2015</b> The management unit shows the Land Use Clasification Map 2005, according to it, there are land use cover in formd of mono culture and enclave. According to the RSPO proxy, it has coefficiency 0.</p> <p>Auditor Conclusion According to the evidence of the Land Use Clasification Map 2005, the indicator of 7.3.1. is closed</p>		
2015.9	Major 7.3.2.	<p><b>Comprehensive HCV analysis by involving the stakeholders. It must be conducted before the conversion or new planting.</b></p> <p>MTE unit is not able to show the evidence of the reporting of Land Use Change Analysis to RSPO referring the RSPO Remediation and Compesation Prosedure, May 2014.</p>	Major	MTE, KKPA	June 29 <sup>th</sup> 2015	The management unit must be able to show the report of Land Use Change Analysis, and its evidence of reporting to RSPO referring RSPO Remediation and Compesation Prosedure, May 2014.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b></p> <p><b>Observation on May 29<sup>th</sup> 2015</b> The management unit has shown the report of Unit manajemen telah Land Use/ Cover Chancge Anlyasis and Compensataion Liability referring the</p>	closed	May 29 <sup>th</sup> 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<p>template of RSPO including the evidence of its report delivery via email on December 5<sup>th</sup> 2014. It was responded by RSPO (Compensation Executive) on January 12<sup>th</sup> 2015 as described that the reviewer shall process the report of LUC.</p> <p>Auditor Conclusion: Closed</p>		
2015.10	Minor 7.3.3.	<p><b>Date of land clearing must be recorded.</b></p> <p>MTE and KKPA management unit has conducted planting during period of 2005 to 2007. However, the date of land clearing is not able to be shown yet.</p>	Minor	MTE, KKPA	S-03	The management unit must be able to show the date of land clearing for the planting on period of 2005 to 2007.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b></p> <p><b>Auditor Response:</b> <b>Verification on June 7<sup>th</sup> 2015</b> The company has shown the evidence of corrective action in form of the document of report of work realization on period of 2005 (planting program). The document informs the type of work, date and month of the land clearing, location, volume (Ha) and other information. According to the document review, the land clearing has been</p>	Closed	June 7 <sup>th</sup> 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							conducted since November 2005 on field I006, I004, I003, J004, J002, H006 and G004 for road construction, road clearing and mechanical stacking for 280.09 Ha. The NC is now closed.		
2015.11	SCCS D.2.2	<b>Registration and requirement of the reporting for the supply chain via RSPO IT</b> MTM is not able to show the requirements of the registration and reporting for the supply chain via the organization which manages RSPO Supply Chain (RSPO IT).	Major	MTF	March 31 <sup>st</sup> 2016	MTM must be able to show the requirements of the registration and reporting for the supply chain via the organization which manages RSPO Supply Chain (RSPO IT).	<b>Root Cause:</b>  <b>Corrective Action:</b>  <b>Preventive Action:</b>  <b>Auditor Response:</b> Verification on May 12 <sup>th</sup> 2015 The company has shown the evidence of the corrective action in form of the document of requirements of the registration and reporting for the supply chain via the organization which manages RSPO Supply Chain (RSPO IT). The company is registered on behalf of PT Sime Darby Plantation Sdn Bhd. The company has been registered as member since September 6 <sup>th</sup> 2004. The company also has reported the activity of RSPO certification for period of 2013 and 2014.	Closed	May 12 <sup>th</sup> 2015

No.	Ref Std/ Indikat or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							The NC is closed.		
2015.12	SCCS D.3.1	<p><b>Procedure and/or SOP to ensure the SCCS implementation</b></p> <ul style="list-style-type: none"> <li>MTM has had SOP of SOP SCCS in document number RSPO/65/SCPP/SHE. However, the SOP is not adjusting the new SCCS standard yet (SCCS on November 2014)</li> <li>MTM is not able to show the procedure to inform the overproduction to the associated CB.</li> <li>According to the interview with the security Officer and weightbridge Operator, they do not participate on the SCCS training yet.</li> </ul>	Major	MTF	March 31 <sup>st</sup> 2016	<p>The company must be able to show the evidence that:</p> <ul style="list-style-type: none"> <li>The SOP of SCCS implementation has adjusted the new SCCS standard (SCCS on November 2014)</li> <li>There is procedure to inform the overproduction to the associated CB.</li> <li>The SCCS training has been held for the key personnels such as security Officers and weightbridge Operator.</li> </ul>	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b> <b>May 22<sup>nd</sup> 2015</b></p> <p>The company has shown the evidence of the corrective action in form of the copy of product identification and traceability procedure in POM in document number RSPO/65/SCPP/SHE No Revision 2 dated May 1<sup>st</sup> 2015. The SOP has adjusted the new SCCS. According to the clause tanggal 1 Mei 2015. SOP 7.2, the overproduction shall be reported to the CS via direct reporting.</p> <p>The company has shown the evidence of corrective action in form of the report of SCCS training, the training materials is the SCCS standard on 2014. The training was attended by the security Officers and Weighbridge Operator.</p> <p>The NC is now closed.</p>	Closed	May 22 <sup>nd</sup> 2015

No.	Ref Std/ Indikator	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
2015.13	SCCS D.5.1	<p><b>Document which describes the produced / traded products.</b></p> <p>MTM is able to show the documents in term of the produced and traded products (IKS and MKS). However, the document is not recording the produced products referring the implemented model of supply chain yet.</p>	Major	MTF	March 31 <sup>st</sup> 2016	The company must be able to show the evidence that the produced and traded products (IKS and MKS) has been described on the documents associated with the implemented supply chain.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p> <p><b>Preventive Action:</b></p> <p><b>Auditor Response:</b> <b>May 28<sup>th</sup> 2015</b> The company has shown the evidence of the corrective action in form of DO and sales contract as records of the traded products. The document describes the nae of the product for the SG supply chain in form of stamp. The company should adjust the document of the traded products referring the SCCS standard on November 2014. The requirements for CPO supply chain is the <b>Modul D (IP) and Modul E (MB), before March 31<sup>st</sup> 2016. #OFI</b> The NC is considered comply with observation.</p>	Closed with observat ion	May 29 <sup>th</sup> 2015
2015.14	SCCS 6.1  SCCS 6.2	<p><b>Prosedur dan penyimpanan catatan jelas minyak sawit bersertifikasi RSPO dan target pemisahan 100%</b></p> <p>MTM has had SOP of SCCS in</p>	Major	MTF	March 31 <sup>st</sup> 2016	The company must be able to show the evidence that the SCCS procedure has adjusted the SCCS standard on November 2014.	<p><b>Root Cause:</b></p> <p><b>Corrective Action:</b></p>	closed	May 22 <sup>nd</sup> 2015



No.	Ref Std/ Indikator or	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
		document number RSPO/65/SCPP/SHE. However, the SOP is not adjusting the new SCCS standard yet (SCCS on November 2014)					<b>Preventive Action:</b> <b>May 22<sup>nd</sup> 2015</b> The company has shown the evidence of the corrective action in form of the copy of procedure of product identification and traceability in POM in document number RSPO/65/SCPP/SHE No Revision 2 dated May 1 <sup>st</sup> 2015. The SOP has adjusted the new SCCS standard. The NC is closed		
2015.15	<b>Sistem Sertifikasi RSPO 4.2.4 dan lamp 4.2.2</b>	<b>Plan of the binding time management</b> PT Minamas Plantation (Sime Darby Group) is not able to show the evidence of the review over the binding time management for all units associated with PT Minamas Plantation such as PT Budidaya Agro Lestari which is planned to be certified on 2014	Minor	Sime Darby	Before S-03	PT Minamas Plantation (Sime Darby Group) must be able to show the evidence of the review over the binding time management for all units associated with PT Minamas Plantation.	<b>Root Cause:</b>  <b>Corrective Action:</b>  <b>Preventive Action:</b>  <b>Auditor Response:</b> Verification on May 12 <sup>th</sup> 2015 The company has shown the evidence of the corrective action in form of the document of SDP-RSPO Certification Status for Indonesia Operation. It describes the status of certification of all units associated with Sime Darby Plantation Sdn, Bhd in Indonesia.	<b>Closed</b>	26 June 2016

No.	Ref Std/ Indikator	Nonconformity	Grade	Area	Deadline	Corrective Action Request	Observation and Date	Status	Closed Date
							<p><b>Verification on 18 Jun 2015</b> The company has shown evidence of corrective action in form time bound plan document for PT Minamas Plantation that has been endorsed by Head of PSQM Minamas Plantation. In the document has explained about certification programme for all units under PT Minamas Plantation .</p> <p><b>Verification on 26 June 2015</b> Minamas Simedarby Plantation Sdn Bhd has been revised time bound plan (TBP) been signed by Head of PSQM on 11 June 2015, whereas certification programme for PT BAL has been change to 2018, explanation for the changes was wait for decree of spatial plan for West Kalimantan. The document explains certification plan for Karya Palma Estate wich is on progress for the new project. <b>Nonconformity is closed</b></p>		

**3.5.3 Opportunity for Improvement during ASA-2 Assessment**

No	Ref Std	Descriptions
1	<b>Major 5.2.2</b>	The company has opportunity to make the Bekarangan riparian area spraying boundary pole more obvious
2	<b>SCCS D.5.1</b>	The company should adjust the document of the traded products referring the SCCS standard on November 2014. It describes the requirements of supply chain of CPO Mill was the Modul D (IP) and Modul E (MB) before March 31 <sup>st</sup> 2016

**3.5.4 Noteworthy Positive Components**

No	Ref Std	Descriptions
1		The company's commitment to implement sustainable palm oil estate management
2		Personnal enthusiasm to demonstrate the RSPO standard requirements
3		Human resource who has good competence and awareness in term of standard of sustainability

**3.6 Summary of Arising Issues from Public, Management and Auditor Response**

Issues from Stakeholders	Management Response	Auditor Response
<p><b>Tanah Bumbu District Forestry and Plantation Agency, South Kalimantan Province</b></p> <ul style="list-style-type: none"> <li>- The report of Plantation Business Program for period of 2014 was no complete, the report for period of 1<sup>st</sup> semester 2014 has not been given (January – June 2014) and for the period of 2<sup>nd</sup> semester of 2014 has been given.</li> <li>- The ricefield within estate area cultivated by the community has been enclaved.</li> <li>- The FFB price follows the price determined by Plantation Agency of South Kalimantan Province.</li> <li>- According to the map of forest area appointment of the South Kalimantan Province (Attachment of Forestry Ministry Decree number 435/Menhut-II/2009), several of the location of PT Sajang Heulang Land Use Title (HGU) for 7,794 Ha is located in the forest area (production forest for 561 Ha and the conversed production forest for 518 Ha).</li> <li>- PT Sajang Heulang is not processing the process of forest area lease and exchange of the forest area to Forestry Ministry.</li> </ul>	<p>Prices Fluctuations in particulat on FFBs price should be reported on monthly basis and Cooperative Village Unit (CVU) must present in the FFBs pricing that conducted by Plantation Agency of South Kalimantan Province. Operating costs rebate should done officially by the management through a Management Fee in accordance with the MOU with Tumbuh Sari CVU</p>	<p>FFBs pricing mechanism and other matters related to the activity of farmers' production management should be disseminated to the members of the cooperative villages unit.</p>
<p><b>Tanah Bumbu District Manpower Agency, South Kalimantan Province</b></p> <ul style="list-style-type: none"> <li>- There is no issue in term of manpower in PT Sajang Heulang. The waging is referring the applied regulation. The Manpower Agency never receives the written nor orall complaint from the workers of PT Sajang Heulang.</li> <li>- The company is routinely reporting the manpower (WLTK), is reporting the OHS Guiding Committee programs and other reports to Manpower Agency. The report of OHS Guiding Committee in 1<sup>st</sup> semester of 2015 has been reported.</li> <li>- There were 4 (four) work accidents during period of 2014. The Manpower Agency has received the report of work accident occurred on May (1 case), July (2 cases) and September (1 case).</li> </ul>	<p>Thank you for the positive response that PT SHE will mainten and give the best for its employee, community and local government.</p>	<p>The company should in obey with employment policy and regulation, in order to reduce negative impacts of estate and mill's operation on the existence of its employees.</p>

Issues from Stakeholders	Management Response	Auditor Response
<b>Tanah Bumbu District National Land Agency, South Kalimantan Province</b> - There was an official letter from Dwi Marga Utama and Sarimulya Village community whom was asking the re-measurement of Land Use Title (HGU) cadastral of PT Sajang Heulang.		-
<b>Tanah Bumbu District Environment Agency</b> - PT Sajang Heulang complies the regulations and acts cooperatively with the government. - The company routinely gives the report of environmental management and monitoring plan implementation, LA report, non-moving source quality test result, report of land fire and other reports. - There is no fire occurred within PT Sajang Heulang area. - Tanah Bumbu District Environment Agency never receives the written nor oral complaints from the locals in term of the environment contamination caused by estate and mill operationals. - Location of LA Agsana Mini Fuctory is located in Ladang Rumpin Estate, PT Ladang Rumpun Subur Indonesia.	CSR program has been managed in specific areas, Those are: Education, Health, Infrastructure, Community Development and Social Affairs Religious	CD / CSR program undertaken by the company should be tailored to the needs of the community and local conditions.
<b>Local Contractor</b> - Partnership with Mustika Estate such as the FFB transport, bidge construction, harvest bridge construction. The cooperation has been maintaining since 2002. The most updated new contract has been signed for the period of March 25 <sup>th</sup> – June 25 <sup>th</sup> 2015 for transporting FFB. - The contractor has 4 workers. The PPE is provided by the contractor. The workers must wear PPE when they are working such as safety boots and helmet. - The cooperation between Mustika Estate and the contractors runs well. The payment is paid in time and the problem shall be solved in forum. The road of the estate is well maintained. - Average of FFB transport is ± 200 ton/month. Each ton of the transported FFB will be priced for 47,000. It is a goo agreement.	-	

Issues from Stakeholders	Management Response	Auditor Response
<ul style="list-style-type: none"> <li>- The company insist that the contractor must comply the OHS regulations and implements the regulation consistently. The commitment is written on the cooperative agreement letter. The contractor provides PPE and pays the workers insurance.</li> <li>- Complaint: the company only wants to pay the the transported FFB referring to the contract (maximum 8.5 ton). If the contractor transport more than 8.5 ton, it will only be calculated for 8.5. the contractor asks for consideration.</li> </ul>		
<b>Waringin Tunggal Village, Kuranji Sub-District, Tanah Bumbu District</b> <ul style="list-style-type: none"> <li>- Waringin Tunggal Village is the transmigrant village since 1983 of the transmigrant from Bali, Java, Sunda and Madura. 98% settlers are transmigrants and 2% are Banjar Tribe. Waringin Tunggal is the general transmigrant program.</li> <li>- The partnership with PT Sajang Heulang for the last 5 years works well.</li> <li>- The company assist the provision of sacrificial animal routinely (annually) and providing heavy equipment to maintain the road.</li> <li>- The villagers who become member of KKPA3 of PT Sajang Heulang are 507 head of family for 1.75 ha. The planting year was 2002, 2003, 2004. The highest income is IDR 6,000,000/month to IDR 900,000/month.</li> <li>- The FFB price follows the price determined by Plantation Agency of South Kalimantan Province.</li> <li>- There is no contamination caused by estate and mill of PT SHE operations.</li> <li>- There is land of LU2 for ± 85 which is planted by PT. Sajang Heulang in hamlet I.</li> <li>- There was a mining complex (gold and diamond) within estate area.</li> <li>- There is no contamination caused by the company's operations, there is no customary land within the company estate area.</li> <li>- Suggestion: the price of the fertilizer for the locals must be described transparently.</li> </ul>	<p>Thank you for the good cooperation of all parties, may Tuwuh sari Cooperative Village Unit as a partner could develop better professionally and have a positive impacts for development of SMEs in the region of PT SHE</p>	<p>The company is expected to maintain the good relation with the locals and empower more of the locals.</p> <p>The company is expected to provide complete information in term of the environment management efforts such as permits and the stages of effort.</p> <p>The company is expected to maintain good relation with the employees and respond the issues carefully to avoid misunderstanding.</p>
<b>Kuranji Village, Kuranji Sub-District, Tanah Bumbu District</b> <ul style="list-style-type: none"> <li>- The existence of the company opens job and business opportunity and the</li> </ul>		<p>The company is expected to maintain the good relation with the locals and</p>




Issues from Stakeholders	Management Response	Auditor Response
<p>KKPA program improves the economy of the locals.</p> <ul style="list-style-type: none"> <li>- The company assist the provision of sacrificial animal routinely (annually) and providing heavy equipment to maintain the road.</li> <li>- Request to the company: the poor students are expected to be given scholarship (poor students of elementary school, secondary school and high school). The honorarium for the Al-Quran teacher is expected to be paid by the company as well as the mosque operationals.</li> <li>- There is no contamination caused by the company's operationals, there is no customary land within the company estate area.</li> </ul>	<p>Thank you for the good cooperation of all parties, may Tuwuh sari Cooperative Village Unit as a partner could develop better professionally and have a positive impacts for development of SMEs in the region of PT SHE</p>	<p>empower more of the locals.</p> <p>The company is expected to provide complete information in term of the environment management efforts such as permits and the stages of effort.</p> <p>The company is expected to maintain good relation with the employees and respond the issues carefully to avoid misunderstanding.</p>
<p><b>Mustika Village, Kuranji Sub-District, Tanah Bumbu District</b></p> <ul style="list-style-type: none"> <li>- Mustika Village is the transmigrant village since 1983 of the transmigrant from Bali, Java and Banjar.</li> <li>- The existence of the company opens job and business opportunity and the KKPA program improves the economy of the locals.</li> <li>- There is no contamination caused by the company's operationals, there is no customary land within the company estate area.</li> <li>- Suggestion: the nucleus estate is expected to improve CSR program, the price of the fertilizer for the locals must be described transparently. The locals are involved on the LPKP however, the explanation is not satisfying the locals.</li> <li>- The cooperative unit receives information of FFB price determined by Plantation Agency of South Kalimantan Province routinely (Monthly).</li> </ul>	<p>Thank you for the good cooperation of all parties, may Tuwuh sari Cooperative Village Unit as a partner could develop better professionally and have a positive impacts for development of SMEs in the region of PT SHE</p>	<p>The company is expected to maintain the good relation with the locals and empower more of the locals.</p> <p>The company is expected to provide complete information in term of the environment management efforts such as permits and the stages of effort.</p> <p>The company is expected to maintain good relation with the employees and respond the issues carefully to avoid misunderstanding.</p>

**4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY****4.1 Formal Sign-off of Assessment Findings**

Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.

Signed on behalf of:

PT SAJANG HEULANG – SIME DARBY  
PLANTATION, Sdn Bhd  
Head of PSQM



Mohamad Pirabaharan  
Friday, 26 Junel 2015

Mutuagung Lestari  
Lead Auditor



Sandra Purba  
Friday, 26 Junel 2015

**Appendix 1. List of Stakeholder Contacted in the RSPO Certification Process**

No	Institution / NGO / Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Environment Agency of Tanah Bumbu District	District of Tanah Bumbu, South Kalimantan Province	(0518) 6076050	Face to face consultation	27 April 2015	✓	
2	Labour Agency	District of Tanah Bumbu, South Kalimantan Province	(0518) 6076012	Face to face consultation	27 April 2015	✓	
3	Agricultural Agency	District of Tanah Bumbu, South Kalimantan Province	(0518) 38120	Face to face consultation	27 April 2015	✓	
4	National Land Agency	District of Tanah Bumbu, South Kalimantan Province	-	Face to face consultation	27 April 2015		
5	Villager of Waringin Tunggal Village	Waringin Tunggal Village, Sub District of Kuranji, District of Tanah Bumbu	-	Face to face consultation	29 April 2015	✓	
6	Villagers of Kuranji Village	Kuranji village, Sub District of Kuranji, District of Tanah Bumbu	-	Face to face consultation	29 April 2015	✓	
7	Villager of Mustika Village	Mustika Village, Sub District of Kuranji, District of Tanah Bumbu	-	Face to face consultation	29 April 2015	✓	
8	Local Contractor	District of Tanah Bumbu, South Kalimantan Province	-	Face to face consultation	29 April 2015	✓	

**Appendix 2. Assessment Program**

DATE / TANGGAL		26 April 2015 s.d 1 Mei 2015					
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR				
			TN	SP	LN	DN	SHL
Minggu/Sunday, 26 April 2015							
11.00 – 13.00		JAKARTA → BANJARMASIN	√	√	√	√	√
13.30 – 19.30		BANJARMASIN → SITE					
Senin/Monday, 26 April 2015							
08.00 - 09.00		Opening Meeting	√	√	√	√	√
09.00 – 12.00		Verifikasi Temuan kegiatan audit sebelumnya (ASA-01 RSPO)	√	√	√	√	√
12.00 – 14.00		Break	√	√	√	√	√
14.00 – 17.00		Mustika POM : Observasi kegiatan proses pengolahan, penerimaan TBS, pengelolaan limbah pabrik (IPAL dan LB3), pengelolaan air (WTP), bengkel, Penerapan K3 dan SCCS	√	√			√
		Verikasi temuan sebelumnya dan kajian dokumen			√	√	
Selasa/Tuesday, 28 April 2015							
08.00 – 12.00		Observasi lapangan ke Mustika Estate, KKPA3 dan Konsultasi Publik					
		Konsultasi publik ke instansi (BPN, BLHD, DISBUN dan Disnaker) Kab. Kota Baru				√	
		MTE : Observasi lapangan ke kegiatan agronomi (Best Management Practices) dan pemanfaatan limbah pabrik			√		
		KKPA 3 : Observasi lapangan ke konservasi dan pemanfaatan limbah pabrik	√	√			
		Batas legal dan konservasi	√	√			
		MTE dan KKPA 3 : Observasi lapangan ke fasilitas umum, gudang, bengkel, prasarana kebakaran dan pengelolaan limbah B3 dan Fasilitas karyawan (perumahan, klinik, air bersih, dll)					√
12.00 – 14.00		Break	√	√	√	√	√
14.00 – 17.00		<ul style="list-style-type: none"><li>• Lanjutan Verifikasi Temuan kegiatan audit sebelumnya (ASA 1 RSPO) dan verifikasi dokumen</li><li>• Klarifikasi hasil konsultasi publik dan hasil kunjungan lapangan</li></ul>	√	√	√	√	√
Rabu/Wednesday, 29 April 2015							
08.00 – 12.00		Interview dengan komite gender, serikat pekerja, kontraktor dan transporter (TBS dan CPO)	√	√			
		Konsultasi public dengan desa sekitar dan anggota koperasi (Plasma)				√	
12.00 – 14.00		BREAK	√	√	√	√	√

DATE / TANGGAL		26 April 2015 s.d 1 Mei 2015					
PLANNED TIME RENCANA WAKTU	ACTUAL DURATION DURASI AKTUAL	PROCESSES / CLAUSES TO BE AUDITED PROSES / HAL YANG DIAUDIT	AUDITOR				
			TN	SP	LN	DN	SHL
14.00 – 17.00		Lanjutan Verifikasi Temuan kegiatan audit sebelumnya (ASA 1 RSPO) dan verifikasi dokumen	√	√	√	√	√
		Klarifikasi hasil konsultasi publik dan hasil kunjungan lapangan	√	√	√	√	√
Kamis/Thursday, 30 April 2015							
08.00 – 12.00		- Lanjutan Verifikasi Temuan kegiatan audit sebelumnya (ASA 1 RSPO) dan verifikasi dokumen	√	√	√	√	√
		- Lanjutan observasi lapangan					
		- Lanjutan verifikasi dokumen SCCS	√	√			
12.00 – 14.00		BREAK	√	√	√	√	√
14.00 – 15.00		Persiapan closing meeting (Briefing Auditor)	√	√	√	√	√
15.00 – 17.00		Closing Meeting	√	√	√	√	√
Jumat/Friday, 1 Mei 2015							
08.00 – 14.00 14.30 – .....		SITE →BANJARMASIN BANJARMASIN → JAKARTA	√	√	√	√	√