

Roundtable on Sustainable Palm Oil Certification

[] Stage-1 [✓] Stage-2 [] Surveillance [] Re-Assessment

Plantation Management/Owner : **PT SMART Tbk**
 Plantation Name : **Muara Wahau Mill – PT Kresna Duta Agroindo**
 Location : **Sukamaju Village, Kongbeng Sub District
Kutai Timur District, East Kalimantan Province**

Certificate Code : **MUTU-RSPO/043**
 Date of certificate issue : **26 JUNE 2014**
 Date of expiry of certificate : **25 JUNE 2019**

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Checked by	Approved by
ST-1	13-15 November 2013	Yudwi Wisnu Rahmanto , Nanang Mualib, Moh Arif Yusni, Panggading Hariara, Abdul Rahman	Octo HPN Nainggolan	Taufik Margani
ST-2	27-30 January 2014	Oktovianus Rusmin, Nanang Mualib, Yudwi Wisnu Rahmanto, Isyana Dewi		

Assessment	Approved by MUTUAGUNG LESTARI on:
ST-2	26 June 2014

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MUTU Certification • Approved by RSPO Secretariat on June 2008

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Figure 1. Location Map of PT Kresna Duta Agroindo in Kutai Timur District Province of East Kalimantan

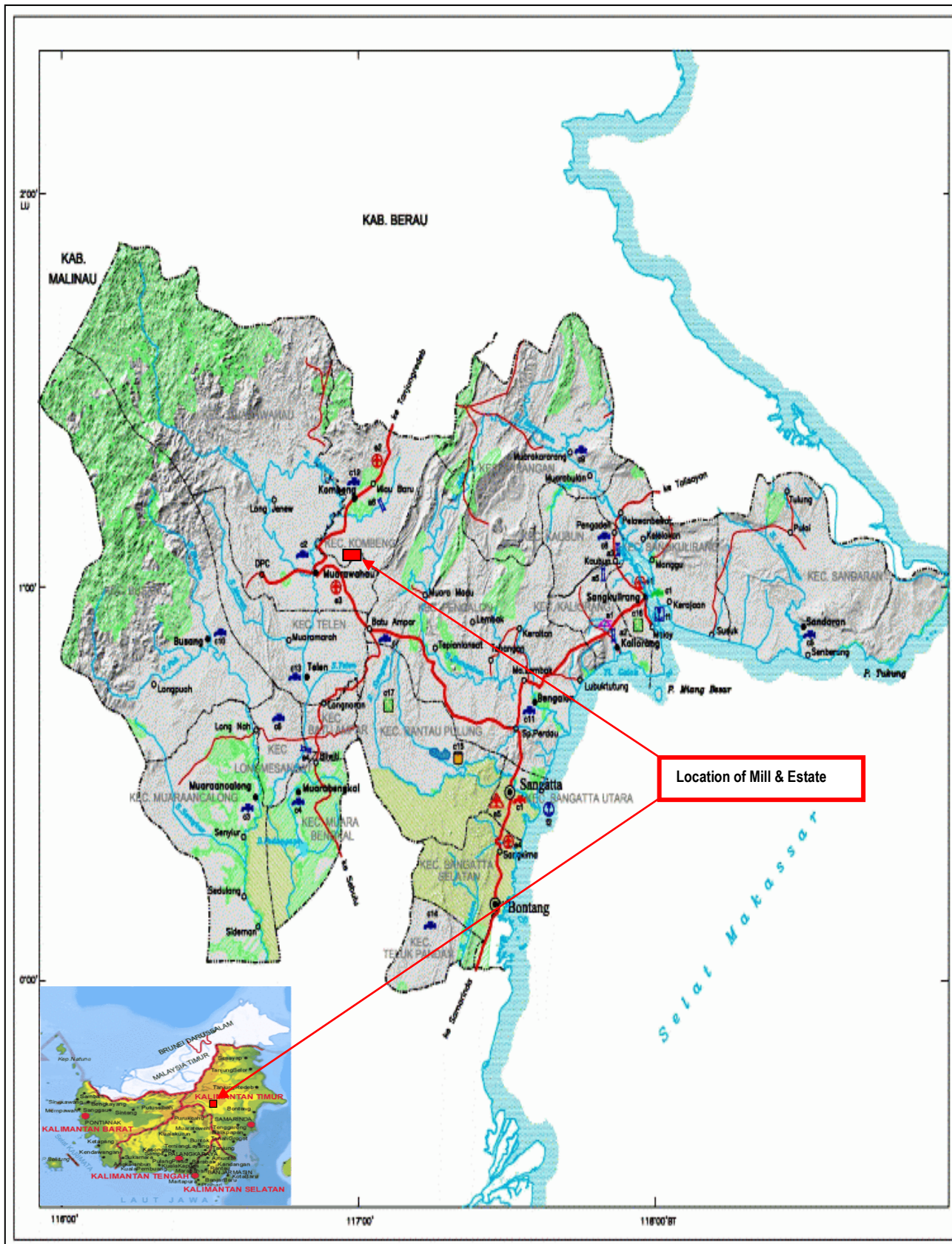


Figure 2. Operational Map of Muara Wahau Estate

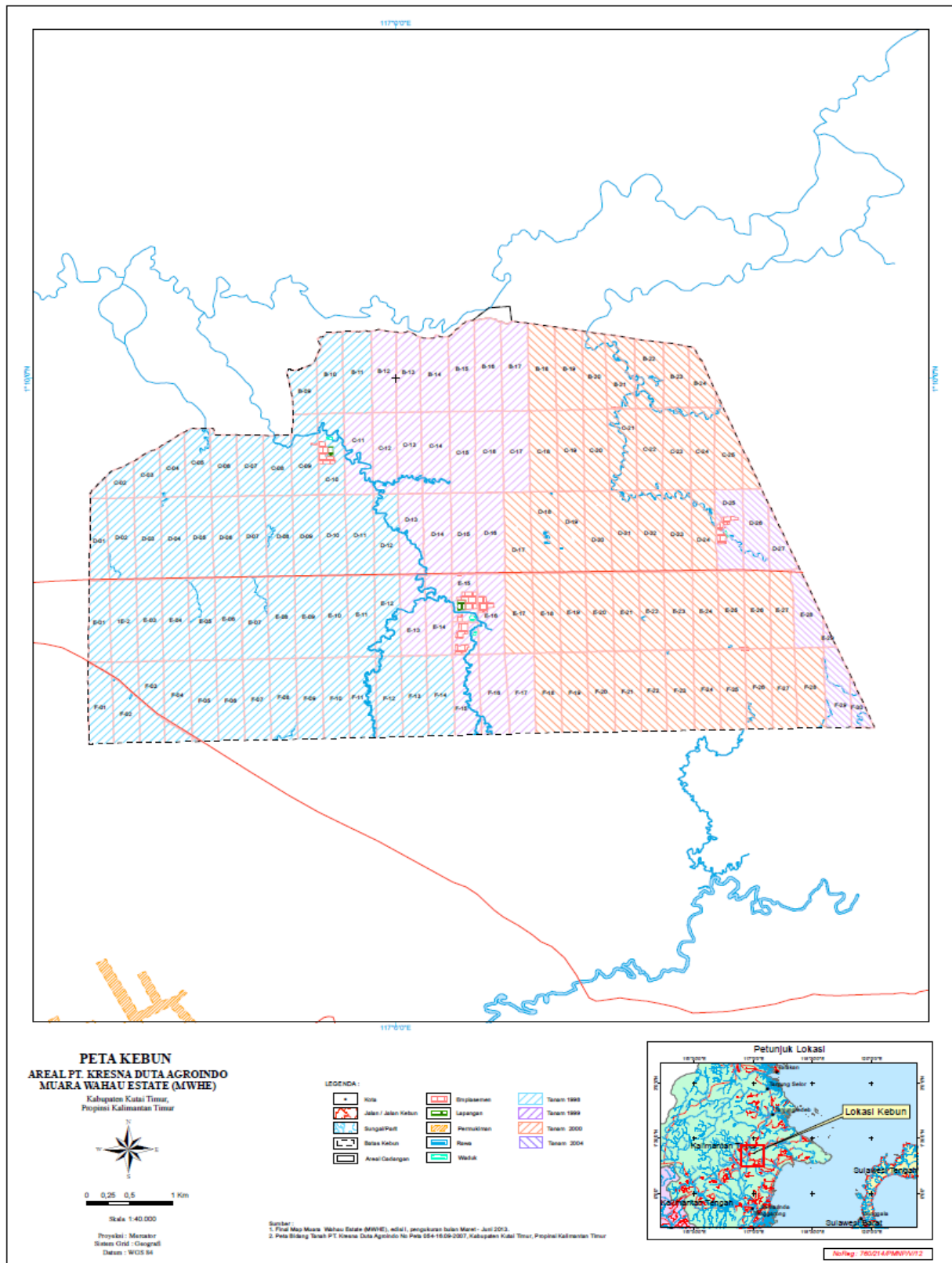
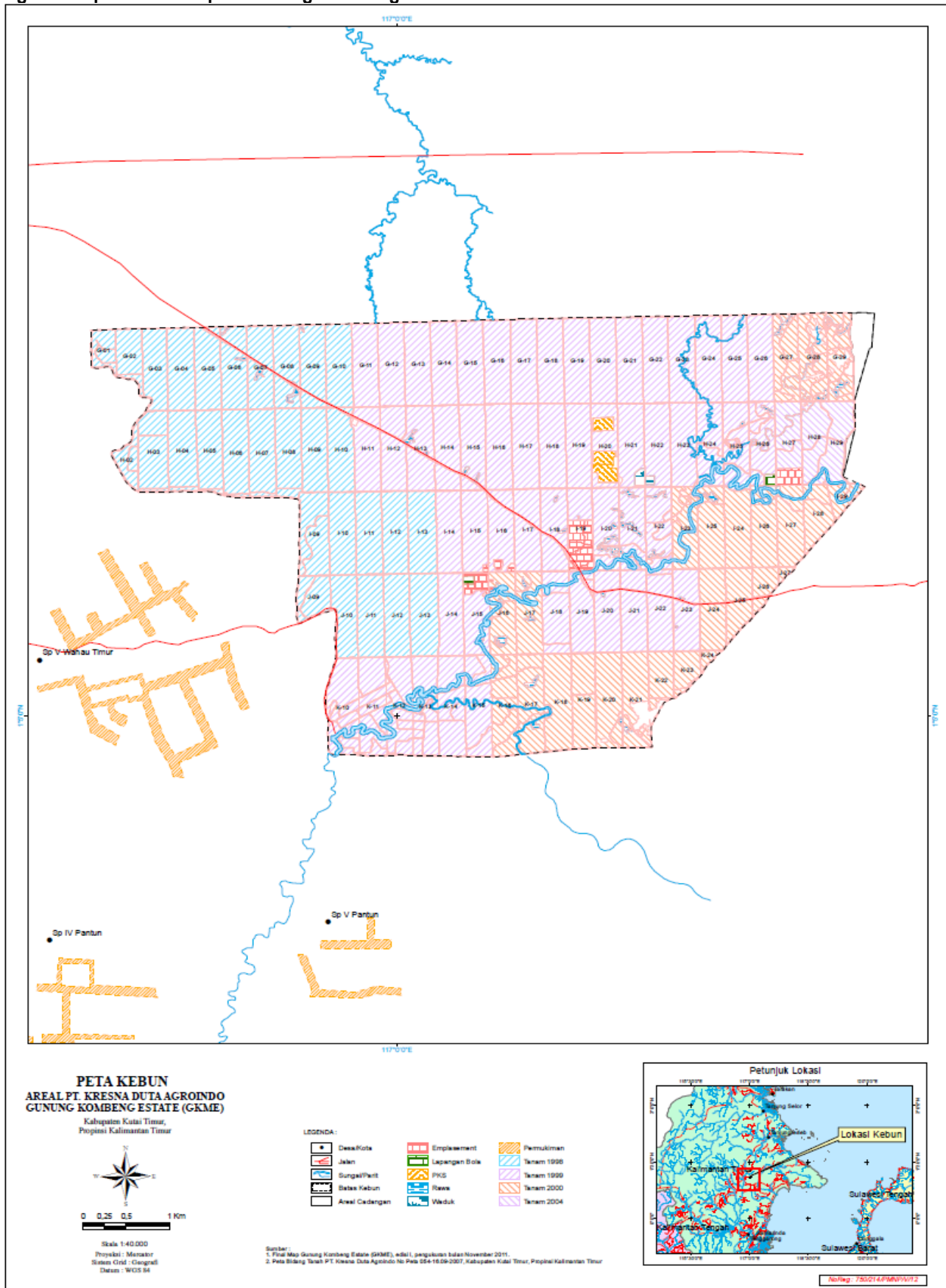


Figure 3. Operational Map of Gunung Kombeng Estate



1.0	SCOPE OF THE CERTIFICATION ASSESSMENT		
1.1	National Interpretation Used	National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 and RSPO Supply Chain Certification Standard November 2011.	
1.2	Organization Information		
1.2.1	Company name	PT SMART TBK	
1.2.2	Contact person	Ismu Zulfikar	
1.2.3	Company address and site address	Sinar Mas Land, Tower 2, 30th Floor JL. MH Thamrin No 51 Kav 22 Jakarta 10350 Indonesia	
1.2.4	Telephone	(+62-21) 318 1388	
1.2.5	Fax	(+62-21) 318 1389	
1.2.6	E-mail	ismu-zulfikar@smart-tbk.com	
1.2.7	Web page address	www.smart-tbk.com	
1.2.8	Company status	Swasta	
1.2.9	Management Representative who completed the application for certification	Ismu Zulfikar (Head of Environmental Departement)	
1.2.10	Registered as RSPO member	30 January 2005, 1-0019-05-000-00	
1.3	Type of Assessment		
1.3.1	Scope of Assessment	Mill and Estate	
1.3.2	Type of certificate	Tunggal	
1.3.3	Company names listed in the certificate	PT Kresna Duta Agroindo	
1.3.4	Number of management unit	1 (One) Muara Wahau Mill) which received FFB supply from 2 (two) Estate is Muara Wahau Estate and Gunung Kombeng Estate	
1.4	Locations of Mill, Plantations and Area Statement		
1.4.1	Location of Mill		
	Name of Mill	Location	GPS
			LatitudeLongitude
	Muara Wahau Mill	Sukamaju Village, Kongbeng Sub District, Kutai Timur District, East Kalimantan Province	01° 06' 40,18" N117° 01' 15.13" E
1.4.2	Location of Supply Base		
	Name of Supply Base	Location	GPS
			LatitudeLongitude
	Muara Wahau Estate	Makmur Jaya Village, Kongbeng Sub District, Kutai Timur District, East Kalimantan Province	01° 08' 09.81" N117° 00' 23.38" E
	Gunung Kombeng Estate	Sukamaju Village, Kongbeng Sub District, Kutai Timur District, East Kalimantan Province	01° 06' 09.48" N117° 01' 13.12" E

1.4.3	Tenure											
	• Private											
	• State		6,873.44 Ha									
	• Community											
1.4.7	Area Statement											
	• Total area		6,873.44 Ha									
	• Mature area		6,605.08 Ha									
	• Immature area		- Ha									
	• Mill		- Ha									
	• Emplishment		178.30 Ha									
	• Infrastructure		31.75 Ha									
	• Nursery		- Ha									
	• Occupation		27.28 Ha									
	• Others area		370.47 Ha									
	• HCV		19.63 Ha									
1.5	Description of Supply Base											
1.5.1	Description of Mill											
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel		PKO				
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)			
	Muara Wahau Mill	60	202,286.01	49,930.774	24.68	10,613.562	5.25	-	-			
	*Source Production Data on January 2013 – December 2013											
1.5.2	Description of Estate(s)											
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill						
						FFB (tonnes/ye ar)	%					
						Gunung Kombeng Estate	3,283.22	3,075.43	91,479.60	29.76	91,479.60	100
						Muara Wahau Estate	3,590.22	3,529.65	97,286.46	27.56	97,286.46	100
	TOTAL	6,873.44	6,605.08	188,766.06	28.58	188,766.06	100					
	*Source Production Data on 12 months before assessment											
1.5.3	Smallholder(s) and other source											
	Name of source(s)	Member(s)	Location	Total Area (Ha)	FFB (tonnes/year)	Supplied to Mill						
						FFB (tonnes/ye ar)	%					
	Gunung Kombeng Plasma	-	Makmur Jaya & Sukamaju Village	1,104	13,519.95	13,519.95	100					
	*Source Production Data on January 2013 – December 2013											
1.5.4	Product categories				FFB/CPO/PK/PKØ							

1.6	Dates of Plantings and Cycles								
1.6.1	Age profile of planted palms*								
	Planting Year	Hectarage							
		Name of Estate (Ha)	Name of Estate (Ha)	Total (Ha)					
	1998	814.16	1,390.36	2,204.52					
	1999	1,595.95	703.94	2,299.89					
	2000	591.16	1,304.03	1,895.19					
	2004	74.16	131.32	205.48					
	TOTAL	3,075.43	3,529.65	6,605.08					
1.6.2	New Planting area after November 2007		Ha						
1.6.3	Planting Cycle		1 st /2 nd Cycle		Years				
1.7	Approximate Tonnage Certified								
1.7.1	Past Annual Claim Certified Product								
	• FFB Production		- Tonnes/year						
	• CPO Production		- Tonnes/year						
	• Palm Kernel (PK) Production		- Tonnes/year						
	• Palm Kernel Oil (PKO) Production		- Tonnes/year						
1.7.2	Claim Certified Tonnage of FFB								
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)				
	Gunung Kombeng Estate	3,283.22	3,075.43	102,150.78	31.23				
	Muara Wahau Estate	3,590.22	3,529.65	96,053.58	28.94				
	TOTAL	6,873.44	6,605.08	198,204.36	30.01				
1.7.3	Claim Certified Tonnage of Palm Product								
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/ year)	CPO		Palm Kernel		PKO	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Muara Wahau Mill	60	198,204.36	50,046.60	25.25	10,405.73	5.25	-	--
* Projection of FFB process, CPO & PK production Muara Wahau POM based on FFB Own estates estimation (1.7.2) and actual production for Smallholders year 2013 (1.5.1). FFB (211,724.31 ton), CPO (53,460.39 ton), PK (11,644.84 ton).									
1.8	Other Certifications								
1.8.1	ISO 9001:2008/ISO 14001: 2004		-						
1.8.2	OHSAS 18001:2007		-						
1.8.3	HACCP		-						
1.8.4	Others		• Performance of Environmental Management Program (Proper Menteri Lingkungan Hidup) : Green • ISCC (International Sustaianability Carbon Certification)						

1.9	Time Bound Plan for Other Management Units					
	MANAGEMENT UNIT		Estate (Supply Base)	LOCATION	Time Bound	Remark
	P O M	Time Bound				
	Padang Halaban	Certified 2011	Padang Halaban	North Sumatera	Certified 2011	Certified
			Penantian		Certified 2011	Certified
			Adipati		Certified 2011	Certified
			Kanopan Ulu		Certified 2011	Certified
	Batu Ampar	Certified 2012	Batu Ampar	South Kalimantan	Certified 2012	Certified
			Batu Mulia		Certified 2012	Certified
			Sungai Panci		Certified 2012	Certified
			Sungai Panci KKPA		Certified 2012	Certified
	Tanah Laut	Certified 2012	Tanah Laut	South Kalimantan	Certified 2012	Certified
			Kinta Pura		Certified 2012	Certified
	Langga Payung	Certified 2012	Langga Payung	North Sumatera	Certified 2012	Certified
			Paya Baung		Certified 2012	Certified
			Normark		Certified 2012	Certified
	Hanau	Certified 2012	Hanau	Central Kalimantan	Certified 2012	Certified
			Tasik Mas		Certified 2012	Certified
			Tanjung Paring		Certified 2012	Certified
			Langadang		Certified 2012	Certified
			Medang Sari		Certified 2012	Certified
	Semilar	Certified 2013	Semilar	Central Kalimantan	Certified 2013	Certified
			Sei Rindu		Certified 2013	Certified
			Mandang		Certified 2013	Certified
			Puri		Certified 2013	Certified
	January	2014	Pantun Mas	East Kalimantan	2014	Audit Plan
			Pantun Mas KKPA		2014	Audit Plan
			Jak Luay		2014	Audit Plan
			Jak Luay KKPA		2014	Audit Plan
			Long Buluh		2014	Audit Plan
			Bukit Subur		2014	Audit Plan
			Bukit Subur KKPA		2014	Audit Plan
	Leidong West	2012 (audited 2013, RSPO review)	Leidong West Utara	Bangka Belitung	audited 2013, RSPO review	
			Leidong West Selatan		audited 2013, RSPO review	

	Muara Wahau	2012 (Audited 2014)	Muara Wahau	East Kalimantan	Audited 2014	
			Gunung Kombeng		Audited 2014	
	Gunung Kombeng	2015	Gunung Kombeng KKPA	East Kalimantan	2015	Audit Plan
			Rantau Panjang		2015	Audit Plan
			Rantau Panjang KKPA		2015	Audit Plan
	Jelatang	2013	Bangko Estate	Jambi	Audited 2013	CB Report
			Kubang Ujo Plasma		2015	Audit Plan
			Pamenang Plasma		2015	Audit Plan
	Pelakar	2014	Plakar Estate	Jambi	2014	Audit Plan
			Tiga Serumpun KKPA		2014	Audit Plan
			Batang Merangin Estate		2014	Audit Plan
	Langling	2013	Bangko Estate	Jambi	Audited 2013	CB Report
			Bangko Plasma		2015	Audit Plan
			Batang Gading Estate		2015	Audit Plan
			Batang Gading KKPA		2015	Audit Plan
			Bukit Bungkul KKPA		2015	Audit Plan
	Sungai Bengkal	2014	Sungai Bengkal Estate	Jambi	2014	Audit Plan
			Sungai Bengkal KKPA		2014	Audit Plan
			Kilis		2014	Audit Plan
			Kilis KKPA		2014	Audit Plan
	Bukit Kapur	2015	Bukit Kapur	South Kalimantan	2015	

2.0	ASSESSMENT PROCESS
2.1	Certification Body
	PT Mutuagung Lestari Jl. Raya Bogor Km 33,5 No. 19, Cimanggis - Depok 16953 Telp. +62-21-8740202; Fax +62-21-87740745/46 Website: www.mutucertification.com Email : agri@mutucertification.com
2.2	Assessment Team
2.2.1	Lead Assessor and Assessment Team
ST-1	<ol style="list-style-type: none"> Yudwi Wisnu Rahmanto (Lead Auditor). Bachelor of Forestry with Silviculture background. He worked at professional independent Certification Body as an Auditor for last 3 years and has involved in auditing activities with various certification schemes. Selected training which have been followed, such as RSPO Endorsed Lead Auditor Training Course, ISPO Auditor/Lead Auditor Course, Quality Management System (QMS) ISO 9001:2008 Auditor/Lead Auditor Course, GIS-Basic Mapping and Spatial Analysis, Timber Legality Assurance System (SVLK), Verification Organization Training C.A.F.E Practices (Starbucks) and others internal training programs. He has involved in auditing activities, such as Sustainable Forest Management by FSC FM/COC Scheme, Sustainable Palm Oil by RSPO and ISPO Scheme, Coffee And Farmer Equity (C.A.F.E Practices) Starbucks, Organic Standard (EU, NOP, JAS) for Coffee Farmers and Organic Exchange for Textile. Nanang Mualib (Auditor) Bachelor of Forestry Science, Forest Technology Department in Bogor Agriculture Institute. He had followed training such as Performance Evaluation in Sustainable Management of Natural Production Forest on Unit Management. Sustainable Natural Production Forest Management Assessor Training Course, Training Lead Assessor ISO 9001:2001/SNI 19-9001:2008. He worked in Forest Company in 2000 – 2004 as a technical assistant of Sustainable Forest Management Implementation, Joint program with Forest Faculty Bogor Agriculture Institute and WWF Indonesia in 2006 – 2010. As a professional, he was involved in HCV social study of Sustainable Forest Management, HCV Identification in 3 palm oil plantation in Indonesia. Currently, he works as professional HCV assessor. In Stage-1 activity he assessed legal, social, environment and HCV Identification Moh. Arif Yusni (Auditor) A bachelor of Agriculture, majoring of Plant Pest and Diseases (Plant Protection). He has a working experience for 2 (two) years in oil palm Plantation Company in Indonesia. Trainings attended namely: Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course and Auditor/Lead auditor Management System Certification (ISO 9001-2008),. Now he worked at Professional Certification Body. He has been several times following audit related to sustainable palm oil certification system as an auditor. Abdul Rahman (Auditor). Bachelor of Environmental Engineering, Islamic University of Indonesia and Master of Management & Utilization of Waste, Gadjah Mada University. He has experience in mitigation of greenhouse gas emissions. He was listed as the Social Carbon Validator for a carbon project in Indonesia. During this time he was active in various seminars and forums for the development of standards and methodology of greenhouse gases in Indonesia. In addition he has experience as document drafting team effort Environmental Management and Environmental Monitoring Effort (UKL - UPL) for 1 year at CV. Bismat Consultant. He has been involved in water sampling methodology and analysis training, waste management training, auditor ISO 9001, ISO 14064 and ISO 14001 training also Technical expert OHSAS training. Panggading Hariara (Auditor) Bachelor of Social and Political Science. Experience as a social activist in Indonesia and the Commonwealth Commission on Child Protection. Attended training including ISO 9001:2008 Auditor, Social Accountability 8000, Indonesian Sustainable Palm Oil (ISPO) Auditor and has attended five (5) times the related audit system of sustainable palm oil certification as an auditor.
ST-2	<ol style="list-style-type: none"> Oktovianus Rusmin (Lead Auditor). Bachelor's Degree in Social & Political Sciences Department of Anthropology. Specialists in the field of Social and Cultural (Social Impact & Conflict Resolution) and HCVF. Already participated in Forest Management Auditor Training (FSC Standard), ISO 14001, ISO 9001:2008, Environmental Management System Training, SVLK (wood legality) Auditor, Indonesian Sustainable Palm Oil (ISPO) and RSPO Lead Auditor Training. He was several times involved in the assessment of Sustainable Forest Management Certification (Standard LEI) and Gap Analysis Audit (FSC Standard). Had worked at the Center for study of Anthropology University of Indonesia and Social Advisor at Tropical Forest Trust (TFT) Indonesia. He was numerously involved in Social Impact Assessment and HCV Identification in Palm Oil Plantations and Natural Forest concessions. Have been approved as HCV assessor by RSPO for Social Discipline Specialist. Nanang Mualib (Lead Auditor). Bachelor of Forestry Science, Forest Technology Department in Bogor Agriculture

Institute. He had followed training such as Performance Evaluation in Sustainable Management of Natural Production Forest on Unit Management. Sustainable Natural Production Forest Management Assessor Training Course, Training Lead Assessor ISO 9001:2001/SNI 19-9001:2008. He worked in Forest Company in 2000 – 2004 as a technical assistant of Sustainable Forest Management Implementation, Joint program with Forest Faculty Bogor Agriculture Institute and WWF Indonesia in 2006 – 2010. As a professional, he was involved in HCV social study of Sustainable Forest Management, HCV Identification in 3 palm oil plantation in Indonesia. Currently, he works as professional HCV assessor. In Stage-1 activity he assessed legal, social, environment and HCV Identification

3. **Yudwi Wisnu Rahmanto (Auditor).** Bachelor of Forestry with Silviculture background. He worked at professional independent Certification Body as an Auditor for last 3 years and has involved in auditing activities with various certification schemes. Selected training which have been followed, such as RSPO Endorsed Lead Auditor Training Course, ISPO Auditor/Lead Auditor Course, Quality Management System (QMS) ISO 9001:2008 Auditor/Lead Auditor Course, GIS-Basic Mapping and Spatial Analysis, Timber Legality Assurance System (SVLK), Verification Organization Training C.A.F.E Practices (Starbucks) and others internal training programs. He has involved in auditing activities, such as Sustainable Forest Management by FSC FM/COC Scheme, Sustainable Palm Oil by RSPO and ISPO Scheme, Coffee And Farmer Equity (C.A.F.E Practices) Starbucks, Organic Standard (EU, NOP, JAS) for Coffee Farmers and Organic Exchange for Textile.
4. **Isyana Dewi (Auditor).** Bachelor of Public Health, Department of Occupational Safety and Health. Faculty of Public Health, University of Indonesia. She has experience working in oil palm plantation companies in Indonesia. Attended some training included awareness for RSPO certification system, and Integrated Management System certification (and OHSAS 18001:2007, ISO 14001:2004, ISO 9001:2008).

2.3	Assessment Methodology, Assessment Process and Locations of Assessment
2.3.1	Figure of person days to implement assessment
ST-1	Number of auditors : 5 auditor Number of days for ST-1 at site : 3 days Number of working days for ST-1 at site : 15 Working days
ST-2	Number of auditors : 4 auditor Number of days for ST-2 at site : 4 days Number of working days for ST-2 at site : 16 Working days
2.3.2	Detail process of assessment
ST-1	The activities at stage 1 were done in order to measure the company's performance level in compliance with the principles and criteria of RSPO, prior to undergoing the actual evaluation. The evaluation was done by measuring the implementation that has been conducted by PT Kresna Duta Agroindo to meet the requirements from Indonesian National Interpretation Working Group from the RSPO Principles & Criteria for the Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008) The evaluation covered the documents review, to identify the compliance in types as well as the substances of the required documents.
ST-2	As for the activities covered in stage 2, they were done to evaluate the company's performance in compliance with principles and criteria of RSPO. The evaluation identified the implementation that has been carried out by PT Kresna Duta Agroindo to meet the requirements from Indonesian National Interpretation Working Group from the RSPO Principles & Criteria for the Sustainable Palm Oil Production (RSPO INA-NIWG, May 2008) through a) Field Visit , an inspection on the implementation; b) Document Review , to observe the sufficiency of types as well as the substances of the required documents; c) Consultation , done with the relevant parties, such as those from agency/government, community leaders, and employee representatives. The assessment program can be seen in Appendix 2
2.3.3	Locations of Assessment
ST-1	Stage 1 was only reviewing the documents by taking the 0.8√Y sample. (Gunung Kombeng Estate)
ST-2	The scope of certification program covers 1 POM with 2 Estates that supply the raw materials (FFB), which are Muara Wahau Estate (MWHE) and Gunung Kombeng Estate (GKME). The auditor team was using the 0.8√Y formula in said assessment to determine the sampling estates as the assessment's focus. Based on said formula, the auditor team determined that all supplying estates would be the sampling.

Below is the complete list of locations being assessed;

Muara Wahau Estate

- **Boundaries Poles (MSS 058 – 063) and (MSS 006 – 009 & GPS 007):** the distance between each boundaries pole is 300 meters. The result of the observation shows that those boundaries poles are all in a well-maintained condition and all signage is clear and legible.
- **Employee Housing Facilities I, Division I & III:** the field visit done to this area was focused on the observation of the housing facilities and other supporting facilities. The observation shows that said facilities are available in the housing complex, such as worshipping facilities, sports field, and Daycare Center (TPA).
An interview done with one occupant revealed that each housing unit in the complex receives sufficient electrical power supply (04:00 – 06:00 in the morning, and 18:00 – 22:00 in the afternoon/evening), as well as sufficient clean water supply from the company.
Each house is equipped with temporary waste storage, which will regularly be collected by designated workers appointed by the company, who will subsequently transfer the waste to the Landfill (TPAS).
- **Harvesting and Transporting Activities at Block D11 – D12 Division** (cultivating year: 1998): field observation and interview with harvesters and transporter about the implementation, harvesting system knowledge, and transporting system based on the procedure
- **Weed Control using Manual Weeding Method (DAK) at Block C02 Division 4:** field observation and interview with relevant workers concerning the controlled weeds
- **Road Maintenance at Collection Road Block B16 – B17 Division 4.** Observation and interview in relation with the road maintenance technicality using heavy equipment, as well as the comprehension on the emergency response.
- **Agrochemical Warehouse at the main office complex:** observation related to the supplies of chemicals and fertilizers in the building, as well as in observing the balance sheet of the use of the chemicals taken from the warehouse using SAP system.
- **Fuel Filling Tank at main office complex:** observation related to the implementation of OHS (Oil Trap and Fire Extinguisher) and of the suitability of the symbols used.
- **Hazardous Waste Temporary Warehouse at the main office complex:** observation related to the management and monitoring of hazardous waste resulted from the estate, as well as the mechanism of hazardous waste balance sheet preparation.
- **Block C/D 12:** observation on the location of HCV area management (Elang River Riparian).
- **Block E11 and D27:** observation on the location of land erosion rate measurement (Erosion Poles).
- **Block F26:** observation on the location of Empty Bunches application for the marginal suitable areas (S3).
- **Clinic:** observation on the clinic's facilities and interview with the relevant paramedics in relation with the regular health checkup, occupational accident, health program, and management of medical waste.

Gunung Kombeng Estate

- **HGU Boundaries Poles (MSS 043 – 047 & GPS 002) and (MSS 024 – 028 & GPS008):** the distance between each boundaries pole is 300 meters. The result of the observation shows that those boundaries poles are all in a well-maintained condition and all signage is clear and legible.
- **Block G28/29:** field observation in relation with the implementation of land conservation for the high-slope areas (terracing, silt-pit, and midrib stacking).
- **Block G 26:** observation on the location of land erosion rate measurement (Erosion Poles).
- **Block J11/12:** observation on the location of Empty Bunches application for the marginal suitable areas (S3).
- **Blok I 9 and H 24:** observation on the location of HCV area management (Pantun River Riparian).
- **Land Application at Block G19 Division 2:** field observation and interview concerning the effluent application, its monitoring, and the opening system of application path to avoid the leak.
- **FFB Transporting Contractor, CV. Satrindo Jaya Agro Palma:** observation and interview with the driver and the helper concerning the procedure/work instructions, the types of PPE utilized, and the OHS Management System employed in the company.
- **Block I11:** observation and interview with Supervisors, Spray Workers, and female loose-fruit collectors, related to the procedure/work instructions, the types of PPE utilized, the company's policy regarding freedom of association and gender committee, and the First Aid Kit.
- **Block H 14:** observation and interview with Supervisors, Spray Workers, and female loose-fruit collectors, related to the procedure/work instructions, the types of PPE utilized, the company's policy regarding freedom of association and gender committee, and the First Aid Kit.

- **Workshop of Gunung Kombeng Estate:** observation and interview with Supervisors, Spray Workers, and female loose-fruit collectors, related to the procedure/work instructions, the types of PPE utilized, the company's policy regarding freedom of association and gender committee, and the First Aid Kit.

Muara Wahau Mill

- **Weightbridge System:** observation and interview with the operators regarding their job descriptions and responsibilities. Ensuring the operators' awareness on the Supply Chain System applied in the work.
- **Processing Stage (from Loading Ramp to Dispatch):** observation on the processing steps of the FFB to become Crude Palm Oil (CPO), the implementation of OHS, the mill's emergency response facility, and First Aid facility.
- **Hazardous Waste Temporary Warehouse.** Observation on the hazardous waste management that shall comply with the applicable regulations and interviews with the warehouse staff regarding the procedure of hazardous waste management, and the availability of the facilities to handle contamination and exposure.
- **Water Treatment Plan:** observation on the pre-processed clean water supply.
- **Waste Water Pond/ Disposal:** observation on how to handle the mill's effluent and the WWTP's condition which is well-maintained without any leakage and runoff.

The villages surrounding the estate:

- **Miau Baru Village (where the Dayak Kayan Tribe Community resides):** the visit to this village was aimed at gathering information from the Village Head, community leaders, and local residents related to the social interaction between the plantation management and the local people, as well as the one related to the CD/CSR activities conducted by PT KDA, also the information about the impact from the activities of the estate and the mill. The result of the interviews reveals that up to now there has been no land dispute taking place between the company and local residents, because the village is located rather far from the estate. Up to now, there has never been any complaint conveyed by the local residents related to the negative impacts possibly resulted from the activities of the estate and the mill. There are in fact 15 students from the village who were granted the SMART scholarship (a program made by Sinar Mas Group) and have continued their studies to university level.
- **Sukamaju Village (Transmigration village):** the visit to this village was also aimed at gathering information from the Village Head, community leaders, and local residents related to the social interaction between the plantation management and the local people, as well as the one related to the CD/CSR activities conducted by PT KDA, also the information about the impact from the estate and mill activities. The result of the interviews reveals that up to now there has been no land dispute taking place between the company and local residents, because there is no part of the village located in the enclave of the estate. Up to now, there has never been any complaint conveyed by the local residents related to the negative impacts possibly resulted from the activities of the estate and the mill. A mutual cooperation has been established between the village and PT KDA through the Scheme Smallholders Program for the area of land under village assets and management (*Tanah Kas Desa – Village Treasury Land*), 113 Ha.

2.4	Stakeholder Consultation and List of Stakeholders Contacted
2.4.1	Summary of stakeholder consultation process.
	<p>The auditor team was conducting the public discussion through the following ways:</p> <ul style="list-style-type: none"> - Sending notice to several NGOs (2 weeks prior to the start of the audit process). - Discussion/consultation held with several government institutions in Sanggata (the Capital of Kutai Timur Regency), on 27 January 2014 (by one auditor/team member). - Focus Group Discussion, conducted with local stakeholders (village officials, community leaders, and a number of resident's representatives from the villages around the estate), on 27 January 2014 (conducted by three auditors/team members). - Field Visit to several villages to conduct discussions with a number of village's representatives, on 29 January 2014 (conducted by one auditor/team member). <p>The details on the public consultation are further elaborated on in Section 3.6.</p>
2.4.2	List of stakeholder contacted
	<i>Please find appendix 1</i>
2.5	Determining Next Visiting
	The next visit S-1be determined after RSPO Certification of compliance is issued

3.0. ASSESSMENT RESULT

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Muara Wahau POM – PT. Kresna Duta Agroindo - PT. SMART Ltd. consisting of One(1) mill and two (2) oil palm estates.

During the assessment, there were One (1) nonconformity(s) were assigned against Minor Compliance Indicators; and six (6) opportunity(s) for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. MUTUAGUNG LESTARI found that Muara Wahau POM – PT. Kresna Duta Agroindo-PT. SMART Ltd. complied with the requirements of RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Republic of Indonesia - RSPO INA-NIWG, May 2008 .

Therefore MUTUAGUNG LESTARI Recommends RSPO Certification of compliance is **Issued**

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY		
1.1		
Plantation and Palm Oil Factory have to give adequate information for stakeholders in appropriate language and forms, to ensure the effective participation of stakeholders in decision-making.		
The company has implemented the policy related to the SOP of Response to Request for and Release of Information, SOP/SPO/SMART/LH-01, which is kept for a 5-year document retention time, as suggested in the SOP of Document Handling and Retention Time (Document No. SOP/SPO/SMART/LH-02).		
Below is the list of sample records of information inquiries;		
<div>1. An incoming letter dated 15 November 2013 was received from the Labour and Transmigration Agency of Sanggata, Kutai Timur, regarding the Assessment on Zero Accident Recognition and OHS Management System, and has been complemented with the relevant data to meet the requirement. Said letter has been submitted to the Labour and Transmigration Agency on 30 December 2013.</div> <div>2. An incoming letter dated 15 November 2013 was received from the Labour and Transmigration Agency of Sanggata, Kutai Timur, regarding the Assessment on Zero Accident Recognition and OHS Management System, and has been complemented with the relevant data to meet the requirement. Said letter has been submitted to the Labour and Transmigration Agency on 30 December 2013.</div>		
The audit team sighted documents and confirmed through interviews the work done under the OHS programs. For example:		
Muara Wahau Mill.		
<div>a. Available documents OHS work program contained in program documents the work-MWHM GKMM SMK3 in the year 2013 made by the secretary of OHS Committee (P2K3), known to and approved by the Chairman of the OHS Committee (P2K3). The work program is the application of OHS Management System, Monthly Meeting, documenting: (programming, identification of potential hazards and risks, documentation of hazard identification, manual document preparation), training / education (introduction and dissemination SMK3, identification of training needs, training / socialization SOP in mills, etc.), calibration tools and licensing, material management, health monitoring and Occupational hygiene, quarterly reports of OHS Committee (P2K3), OHS Management System audit, management review, and achievement of targets.</div> <div>b. Available recording OHS implementation work program. For example: OHS Committee monthly meeting records of</div>		

meeting minutes document in January 2014 was made by the secretary and known by the Chairman on January 16, 2014. Available attendance list of participants performed as many as 23 people in the meeting room. The meeting discussed about the implementation of OHS in the month of January 14 e.g handover P3K box and monitoring of fire prevention tools.

Muara Wahau Estate.

a. Available documents OHS work program contained in the document OHS Committee Program created in 2013 by the secretary and approved by the Chairman OHS Committee. The work program is the application of OHS Management System, Monthly Meeting, documenting SMK3: (OHS programming, identification of potential hazards and risks, documentation of hazard identification, placement preparation OHS policy, etc.), training / education (introduction and dissemination OHS Management in the estate, identification training needs, training / socialization SOP , etc.), calibration tools and licensing, material management, health monitoring and occupational Hygiene, quarterly reports, OHS MS audit, management review, and achievement of targets.

c. Available recording K3 implementation work program. For example: There are monthly meetings ohs commitrr record meeting notes and documents in December 2013, which was made by the Secretary 21 Desember dated 2013. Available attendance list of participants performed as many as 17 people in the meeting room. The meeting discussed about the implementation of OHS in December 2013 for example, monitoring of fire extinguisher and first aid box.

Status: Compliance

1.2 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.

There is a List of Types of Information available for Stakeholders of PT KDA (approved by H. Julian Herlambang Sr. AUH on 2 January 2013, and Ramlan Wingson Sr. Mill Head on 24 October 2013).

There are a total of 12 types of information available for PT KDA's Stakeholder; namely:

1. Number of Employees and List of Basic Wages.
2. List of Employee and their Tax Identification Number (*NPWP*).
3. Payment of Regional Taxes and Levies
4. Number of Employees
5. Studies of EIA, Environmental Management Plan/Environmental Monitoring Plan (*RKL/RPL*), and Land Application permits.
6. Deed of Establishment and its Amendments, data of areas and productions, and data of fertilizer applications.
7. Proof of land ownership
8. Reports of HCV Assessment
9. Reports of Social Impact Assessment
10. Documents of Social Activities
11. Quarterly Reports of the Guiding Committee of Occupational Safety & Health (*P2K3*), reports of accidents
12. Data of Labour Social Assurance (*Jamsostek*)

Sample of records with Minutes of Handover of the *P2K3* Quarterly Reports for GKMM/MWHM for the fourth period, year 2013, on 30 December 2013, submitted by the Chairman of *P2K3*.

In accordance with the SOP of Document Handling and Retention Time (document no. SOP/SPO/SMART/LH-02).

The efforts are taken to ensure that the documents and records related to the practice of Sustainable Palm Oil at PT Smart Tbk. are all legitimate and up-to-date.

The SOP points out that the retention time for the documents is similar to that stated in the SOP, which is ± 5 years, kept at the SPO secretariat at each unit.

As for the destruction of obsolete documents, shall said documents still be of any use for other legal purposes, they are to be kept at the SPO secretariat and be marked "Obsolete Documents".

Status: Compliance

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 demonstrated the proofs of compliance with the all applicable and relevant legal requirements

Below are samples of said proofs:

- Acquired Location Permit which was issued by the Head of National Land Agency Office of Kutai Regency No. 07/PKT/BPN-163/UM 07/III/1997 on 24 March 1997, with its renewal which refers to the Decree of the Head of National Land Agency Office of Kutai Regency No. 12/PKT/BPN-163/UM-12/V-1998 on 20 May 2008
- Plantation Business Permit (*IUP*) is in accordance with the Consent from Kutai Timur Regent No. No. 500/018/Ek-I/2006 dated 18 January 2006 regarding the Consent for Plantation Business Permit for PT Kresna Duta Agroindo of Kongbeng Sub-district. The permit also indicates that the working area of the plantation is 7,850 Ha.
- Acquired the certificate of Land Use Title in compliance with the requirements specified in the Statute No. 18 Year 2004 on Plantation.
- Conducted the delineation of a 50-meter protected riparian area in accordance with the Presidential Decree 32/1990 on protected areas.
- Acquired the permit for hazardous waste temporary warehouse at the mill area in accordance with the Government Regulation no. 18/1999 on the Management of Hazardous and Toxic Waste.
- Conducted the river water quality test in accordance with the Government Regulation no. 82/2001 on Water Quality Management and Water Contamination Control.
- Made necessary adjustments to the employees' wages in compliance with the Decree of East Kalimantan Governor No. 561 /K.42/2013 dated 17 January 2013 regarding the Establishment of Regional Minimum Wage for Samarinda City for the Year of 2013, which is IDR 1,752,000. As a follow up to said Governor's Decree, the Management of the Company has also issued the Decree No. 040/02/CEO 3/HR PSM3/02/2013, stipulating the Wage for Permanent Daily Workers (*SKU – H*) of PT KDA – East Kalimantan, which was signed by two directors on 1 January 2013. At the time of this audit took place, the Decree of East Kalimantan Governor for the Establishment of Minimum Wage for the year of 2014 has not been issued. Hence, the company is still referring to the one from the year of 2013. Adjustments shall be made to the new document once it is issued.

The company holds certain commitments to the compliance with the regulations related to OHS, such as:

- Regulation of the Ministry of Labour, Transmigration and Cooperative Units (*Permenakertranskop*) No. 01 Year 1976, stipulating the Obligation to attend the Training of Company Hygiene and Occupational Health (*Hyperkes*) for the company's doctor.
- Regulation of the Ministry of Labour, and Transmigration No. 1 Year 1979 regarding the Compulsory *Hyperkes* Training for the Company's medical staff.
- Regulation of the Ministry of Labour No 01 Year 1988 specifying the Qualifications and Requirements needed for Boiler Operators.

Other commitments related to ratified regulations are as follow:

- ILO Convention Number 138 regarding Minimum Age Allowed for Labour. The results of document verification and field visit suggested that the company does not employ any minor workers, nor does it recruit workers under minimum allowed age, which is 18 years old.
- ILO Convention Number 87 regarding Freedom of Association and Protection of The Rights to Organize Conventions. The company has offered the opportunity to the employees to form a Worker Union, and currently, such union has been established, namely *Serikat Pekerja Mandiri* (Independent Worker Union).

The company has set up a documentation system which complies with the regulation, i.e.:

- a. Legality; there are 11 kinds of regulations that have been evaluated.
- b. Employment; there are 6 kinds of regulations that have been evaluated.
- c. Environmental; 47 kinds of regulations have been evaluated.
- d. Occupational Safety and Health; 39 kinds of regulations have been evaluated.

The aforementioned regulations are included in the international, national, regional types of existing regulations which have been ratified by the Government of the Republic of Indonesia.

In accordance with current mechanism (SOP of Regulations and Other Requirements, SOP/SPO/SMART/LH-03), the evaluation on the practice of complying with the applicable legal requirements and other related requirements shall be done on an annual basis.

A document of List of Regulations & Their Compliance is available, as well as the evaluation on said regulations and the proof

of their compliance.

Status:

2.2

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

The company has acquired the legality of the land tenure and cultivation. Below is the list of legality basis possessed by the company :

- Location Permit, issued by the Head of National Land Agency Office of Kutai Regency No. 07/PKT/BPN-163/UM 07/III/1997 dated 24 March 1997 regarding the Approval for Location Permit for Oil Palm Plantation Business, which was granted to PT Matrasawit Sarana Sejahtera, and is equipped with the Map of Location Permit using 1:500,000 scale, located at Muara Wahau village, Nehes Liang Bing, Pesab Muara Wahau Sub-district, Kutai Regency for an area of 7,500 Ha. The renewal of said Permit was then acquired through the Decree of the Head of National Land Agency Office of Kutai Regency No. 12/PKT/BPN-163/UM-12/V-1998 dated 20 May 1998 regarding the Renewal of Location Permit for Oil Palm Plantation Business, granted to PT Matrasawit Sarana Sejahtera, covering an area of 7,850 Ha.

- In 1999, the delineation was conducted in accordance with the Decree of the Head of Regional Office of Department of Forestry and Plantation of East Kalimantan Province, No. 249/Kpts/KWI/PTGH-2/1999 on the Establishment of The Forest Delineation Process Team that covers an area of 7,000 Ha located in the Wahau River – Pantun River Forest Cluster at Kutai Regency, East Kalimantan Province. The activity was done in order to release said forest area to be an oil palm plantation for PT Mitra Sawit Sarana Sejahtera.

Land Use Title is in accordance with the Decree of the Head of National Land Agency No. 34/HGU/BPN RI/2010 dated 1 June 2010 on the Land Use Title granted to PT Kresna Duta Agro Indo over a land located at Kutai Timur Regency, East Kalimantan Province. The Land Use Title certificate consists of the following:

- **Land Use Title Certificate No. 112** (NIB 16.09.00.00.00121), dated 20 July 2010, for an area located at Miao Baru Village, Makmur Jaya Village, Suka Maju Village and Kongbeng Indah Village, in Muara Wahau Sub-district, Kutai Timur Regency, which covers a 6,026.25-Ha of land. Said certificate is valid through 16 July 2045.
- **Land Use Title Certificate No. 113** (NIB 16.09.00.00.00122), dated 20 July 2010, for an area located at Suka Maju Village, Kongbeng Indah Village, Miao Baru Village, and Makmur Jaya Village in Muara Wahau Sub-district, Kutai Timur Regency, which covers a 817.19-Ha of land. Said certificate is valid through 16 July 2045.
- Plantation Business Permit (*IUP*) of PT Kresna Duta Agroindo which is based on the Decree of Kutai Timur Regent, No. 5000/018/Ek—II/2006, dated 16 January 2006, covering an area of 7,825 Ha (nett). The property is located at Miao Baru Village, Kombeng Sub-district, Kutai Timur Regency, East Kalimantan.

The possession and acquisition of land are also done through a process of compensation for traditional rights of the community who occupied the work area of PT Kresna Duta Agroindo.

The Minutes of the B Committee revealed that up until the year of 2005, the compensation process has been done covering an area of 28,388 Ha, while the rest of the area is owned by the state with no cultivation by the local community which made it unnecessary for the company to pay for any compensation.

There is a proof of Compensation paid to the community as stated in the Minutes of the B Committee, which covers a 28,388-Ha of land owned by 24 people, whose payment has already been settled in 1997. The document of said compensation practice is equipped with the Location Map to the compensated land using a 1:5,000 and a 1:100,000 scales.

The area that is cultivated by PT Kresna Duta Agroindo consists of 2 parts; Gunung Kombeng Estate and Muara Wahau Estate, whose areas have been delineated using boundaries poles. Based on the Parcel Maps (*Peta Bidang Tanah – PBT*) No. 054-16.09-2007 (1:20,000 scale) dated 10 October 2007, there are 65 units of boundaries poles planted across the land owned by PT KDA.

The company also keeps a procedure for the maintenance of such boundaries poles, which is specified in SOP/SMART/CERS-EHSD/SAD VII/004. The procedure points out that the maintenance of boundaries poles shall be done in 2 stages, i.e. a periodic maintenance every 3 months which covers the cleaning of the areas around the poles; and an annual maintenance that includes repainting to preserve the identity of said poles.

The results of the monitoring conducted in the end of 2013 suggested that the poles are in a well-maintained condition, as seen in the sample document of Monitoring Form of Boundaries Poles for the year of 2013, and in the Minutes of Reinstallation of Boundaries Poles in June 2013.

The field visit (boundaries poles sampling) also suggested that the poles in Gunung Kombeng Estate (Poles MMS 043 – 47 &

GPS 002), (Poles MMS 024 – 025 & GPS 008), and those is Muara Wahau Estate (Poles MMS 008 – 063) and (Poles MMS 006 – 009 & GPS 007) are all in good condition, and the marks/signage displayed there are also visible and eligible.

A mechanism for land dispute settlement is available (SOP/SPO/SMART/LH-04) on 1 July 2010, whose steps include several stages and involving the disputing parties.

The company has done the dissemination of such mechanism to the local community as part of the efforts in gaining community's consent.

There is sample of record of such dissemination, which was done on 31 May 2013 at Sukamaju Village, and another one is on 11 November 2013 at Region Controller office which was attended by 30 participants and community leaders from Sukamaju Village, Kongbeng Indah Village, Makmur Jaya Village, and Miao Baru Village.

Status: Compliance

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.

The document of Minutes of B Committee in 2005 revealed that the Land Tenure was done by PT Kresna Duta Agroindo through the process of compensation for the community's rights over the land and existing plants.

It is further elaborated in the document that up until the year of 2005 the compensation process has been done covering an area of 28,388 Ha, while the rest of the area is owned by the state with no cultivation by the local community which makes it unnecessary for the company to pay for any compensation. Said compensation for the 28,388 Ha of land was settled in 1997 with 24 villagers of Sukamaju and Suka Makmur.

Based on the consultation with a number of stakeholders (relevant institutions and several other representatives from the government and local people from nearby villages) and the field visit (interview) to Miao Baru Village (sampling for local inhabitants of Dayak Kayan village) and to Sukamaju Village (sampling for transmigrants' village), it was revealed that the process of land compensation has all been settled, and that up to now there has been no additional compensation process.

The current land that is being cultivated by PT KDA is actually the land formerly owned by PT Beamex, who was the previous management/ owner of Business License for Utilization of Timber Forest Product (IUPHHK), before the area was turned into oil palm plantation.

There is also a document of HCV area Identification and Analysis Report of PT Kresna Duta Agroindo (GKME, GKMA, MWHE, RPNE, and RPNA Unit) covering a total study area of 15,000 Ha, of which the HCV area is identified to be 736.91 Ha.

A Public Consultation has been conducted on 11 April 2013 and was attended by 24 participants consisting of representatives and community leaders from Suka Maju Village, Makmur Jaya Village, Kongbeng Indah Village, Sidomulyo Village, Oil Palm Growers Cooperatives, and nearby Indigenous Community.

Based on the Areal Statement and the information from the Management of PT KDA, it is revealed that there is no indication of customary rights within the area of PT KDA and the area in ongoing dispute. The delineation has been done in 1997 for an area of 28,388 Ha, equipped with the Location Map for compensated land (1:500,000 and 1:100,000 scales), and involving the Village head as witness.

Status: Compliance

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 KDA has displayed the document of the company's long term business plan for the period of 2013 – 2018, which details the forecasts of production, cost of production (estate and mill), projection of mill's production (OER and KER), and other financial parameters such as profitability, revenue, and the cost of purchase for FFB from smallholders scheme.

There is no plan for replanting until the next five years due to the fact that the oldest planting year is 1998. The estate's SOP of technical guidelines for cultivation explains that the replanting activity shall be carried out on the condition where the existing plants are older than 25 years, they have grown over 13 meters in height, the annual production is below 14 tons/Ha, and when the number of main plants is less than 100 units/Ha.

In order to achieve a long-term economic and financial security, PT Kresna Duta Agroindo has compiled a summary of

Plantation and Mill Management Plan for a 5-year period (2014 – 2018). The management plan covers the following details; trend prediction of FFB, CPO and Palm Kernel price (indicating an increase in value), productions of FFB, CPO and Palm Kernel, Area Statement, and projected profit earned prior to carrying out the replanting activity.

The actual performance of 2012 – 2013 and the projections for 2014 – 2018 are both included in the document of PT KDA's Profitability, which is authorized by Top Management (RC-KALTIM 1).

Description	Actual		Projections				
	2012	2013	2014	2015	2016	2017	2018
FFB Prod (certified plan)							
-GKME (tons)	58,745	91,480	101,569	82,064	78,301	75,351	73,791
-MWHE (tons)	68,345	97,286	114,922	94,524	92,399	89,620	87,227
<i>Sub total</i>	<i>127,090</i>	<i>188,766</i>	<i>216,490</i>	<i>176,588</i>	<i>170,700</i>	<i>164,971</i>	<i>161,019</i>
Non-certified							
- GKMA (Smallholders)	5,007	13,520	-	-	-	-	-
- FFB from outside	4,326	-	-	-	-	-	-
<i>Sub total</i>	<i>9,332</i>	<i>13,520</i>					
Total FFB	136,422	202,286	216,490	176,588	170,700	164,971	161,019
Production – Certified							
- CPO (Tons)	30,833	46,594	54,664	43,264	41,822	40,418	39,450
- PK (Tons)	6,906	9,904	11,907	8,829	8,535	8,249	8,051
Production – Non Certified							
- CPO (Tons)	2,264	3,337	-	-	-	-	-
- PK (Tons)	507	709	-	-	-	-	-
Total Production							
- CPO (Tons)	33,097	49,931	54,664	43,264	41,822	40,418	39,450
- PK (Tons)	7,414	10,614	11,907	8,829	8,535	8,249	8,051
Extraction Rate (%)							
- CPO	24.26	24.68	25.25	24.50	24.50	24.50	24.50
- PK	5.43	5.25	5.50	5.00	5.00	5.00	5.00
Revenue							
- CPO (Tons)	230,223	359,302	509,717	411,488	405,724	399,948	398,174
- PK (Tons)	24,146	35,290	61,065	46,187	45,540	44,892	44,693
Total	254,369	394,592	570,782	457,675	451,264	444,840	442,867
Net Profit (000,000)	98,571	140,412	276,983	210,183	199,253	187,921	178,041
General Assumption (IDR)							
- CPO Price / ton	6,956,000	7,196,000	9,324,585	9,511,077	9,701,298	9,895,324	10,093,231
- PK Price / ton	3,257,000	3,325,000	5,128,522	5,231,092	5,335,714	5,442,428	5,551,277
Exchange Rate USD to IDR	9,670	12,189	12,433	12,681	12,935	13,194	13,458
POM Capacity (Tons/Hour)	31.3	31.3	60.0	60.0	60.0	60.0	60.0

As for the replanting program for the next 5-year period, it has not been planned yet, since the variation of planting year in GKME and MWHE is as follow: 1998, 1999, 2000, and 2004. Putting this into consideration, the most viable replanting program shall take place in the year of 2023.

Status: Compliance

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

4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

The result of the document study confirms that the Company has put together an SOP of the technical guidelines for cultivation, which covers the standard operational procedure at the estate including the plans of planting, seedling, preparation before planting, land clearing and planting, pest and disease control, harvesting, manuring, immature plants care, mature plants care, and transporting works.

Moreover, there is also an SOP of oil palm processing which describes the standard operational procedure at the Mill covering FFB reception, sterilization process, threshing, extraction plant, clarification (purification), clarification; Oil Recovery Tank Sub-station, Nut and Kernel Station, boiler and machine room, water treatment, final effluent, and storage tank leaching.

To ensure that the SOP is on practice, the company has a mechanism to monitor the assessment activity which is done on a regular basis through an internal audit, such as Operational Internal Audit (OIA) every two years, Agronomy Audit & Advisory (AAA) every two years, Mills Audit Advisory (MAA) every two years, and RSPO Internal Audit.

The records of the operational activity are available in the SAP program (*Sistem Application in Product and Data Processing*). The data input is done on a daily basis based on the supervisor's work report, whose items of work are already specified in the SAP, such as the types of work, the use of HK, the production, the material usage, the labor position, the pesticide usage, work achievements, cost incurred, and so forth.

The operational procedure for the plantation technical refers to the Management Committee for Agronomy and Research (MCAR 2007), for the activity stages from Land Clearing to Harvesting and Transporting, such as: New Planting Area Plan (SOP/SMART/MCAR/I/TA-PPA), Replanting Plan (SOP/SMART/MCAR/II/TA-PRP), Seedling (SOP/SMART/MCAR/III/TA-BBT), new land clearing (SOP/SMART/MCAR/IV/TA-PLB), planting (SOP/SMART/MCAR/V/TA-TNM), insertion, replanting (SOP/SMART/MCAR/VI/TA-RPL), pest and plant disease control (SOP/SMART/MCAR/II/TA-PHT), treatment (SOP/SMART/MCAR/VIII/TA-PGM), manuring (SOP/SMART/MCAR/IX/TA-PPK), immature plants care (SOP/SMART/MCAR/X/TA-PTB), pre-harvest preparation (SOP/SMART/MCAR/XI/TA-PMP), mature plants care (SOP/SMART/MCAR/XII/TA-PTM), harvesting (SOP/SMART/MCAR/XIII/TA-PNN), FFB loading and transporting (SOP/SMART/MCAR/XIV/TA-PPT), and rain fall measurement using ombrometer (SOP/SMART/MCAR/XIV/TA-PPT).

As for the technical guidelines for oil palm processing, it still refers to the Management Committee for Mill and Development (MCMD 2010), which describes the stages for processing from the FFB Reception until Product Dispatch. The entire operational practice of the estate and the mill has been consistently complying with the aforementioned guidelines.

Meanwhile, to ensure their practice, the company has also conducted the assessment and monitoring on the operational activities of the estate and the mill through Internal Audit. The types of such internal audits are as follow:

- Assessment by the Vice President Agronomy (VPA), Regional Controller (RC), and Production Controller (PC) which is carried out every 3 months;
- Audit of agronomy practice by the Department of Agronomy Audit & Advisory (AAA), and audit of documentation by the Department of Office Internal Audit (OIA) which are conducted every 6 months;
- And audit of P7C RSPO practice which is performed once a year.

The entire activity of the estate and the mill is recorded using a form or document in accordance with the applicable company's regulation.

Based on the field visit to Muara Wahau Estate (MWHE) on 29 January 2014, which was conducted to monitor Harvesting Activity (Block D11 Division 2); Treatment – Manual Weeding (Block C02 Division IV); Road Maintenance (Block B16-17 Division IV0; FFB Transport (Block D11-12 Division 2); and Effluent Application/LA (Block G19 Division 2 GKME), as well as the visit to Muara Wahau POM on 28 January 2014, it is suggested that the entire operational activity, both at the Mill and the Estate, are all carried out in accordance with the pre-determined company's procedure. All working elements, from the labours to the supervisors, have all been well aware of their job descriptions and job responsibilities.

Field Visit: 29 January 2014. Harvesting at Block D11 Division 2 for Planting Year 1998 MWHE. Harvest Supervisor: Gunawan, with 13 Harvesters. Harvest Inspection is done on daily basis to ensure the harvesting path's hygiene, no left fruits and loose fruits, midribs stacking, and monitoring of dry midribs. The entire harvesting monitoring activity is reported every day in the afternoon using Supervisor Logbook which will subsequently be summarized into the Division Daily Report.

MWHM: Daily Report of Mill's Production for the period of 1 – 26 January 2014. The parameters being observed are: Received FFB, Processed FFB, Leftovers, CPO production, PK production, OER, KER, Processing Hours, Throughput, CPO supply, Kernel supply, and FFA.

The recap per 26 January 2014 is as follow: Received FFB (18,461,960 kg), Processed FFB (18,059,630 kg), Leftovers (402,330 kg), CPO production (4,353,464 kg), PK production (927,586 kg), OER (24.11%), KER (5.14%), Total Processing Hours (435.80 hours), Throughput (41.44 tons/hour), CPO Stock (806,145 kg), and FFA (4.57).

Field Visit to POM: 28 January 2014. To ensure the whole process of the mill's operational is well monitored, from the time the FFB Transporting Vehicle enters the Weightbridge, Fruit Grading at the Loading Ramp, until the Dispatch process from Storage Tank to the CPO Transporting Vehicle.

The result of the interview with a number of workers within the POM reveals the following information: Weightbridge Operators (*Septian Eka* and *Rinawijaya*) have both been well aware of the process of inputting the weight to the SAP system, also the fact that they have attended the Supply Chain related training.

Status: Compliance
4.2
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

Below are the efforts taken by the company to identify the nutrient content and the plants' nutrient needs:

1. **Soil Study Activity** – detailing the results of laboratory analysis on the condition and the nutrient content of the soil at each sample, and the recommended manuring to maintain the balance of nutrients inside the soil. The parameters that were measured included: texture, Acidity (pH), Contents of C, N, P, K, Mg, Ca, Na, BS, CEC, Al, and H. the soil sample was taken from the 3-year-old oil palms, 8-year-old, 13-year-old, 18-year-old, 23-year-old oil palms, and before replanting, or the young plants, prime plants, and old plants.
2. **Leaf Analysis Activity:** the result of leaf analysis will publish a recommendation of manuring dosage in order to gain an optimum oil palm fruit production. The principle of manuring is that the soil treatment is required in order to get the necessary soil nutrients needed by oil palm for an optimum yields.
3. **Visual Analysis Activity:** visual observation is done at the time of field sampling. This activity will help consider in determining the manuring recommendation, nutrient content deficiency, and in analyzing the potential disease, which is likely to be the endemic to certain diseases.

There are several measures taken by the company to preserve the soil fertility in order to gain an optimum oil palm production; such as an appropriate dosage of Manuring and by the recommendation from SMARTRI (there is a document of manuring recommendation and realization of the estate for the period of 2013, and recommendation for the year of 2014), empty bunch application, and land application of POME. The entire activity is monitored and recorded.

Based on the field visit to Block G28/29, G26, J11/12, I9, and H24 (Gunung Kombeng Estate) as well as to Block E11, D27, and F26 (Muara Wahau Estate), it is confirmed that PT KDA has carried out a series of activities to preserve the soil fertility, which include: Constructing Contour Terrace, Silt-pit, Stacking midribs in "L Shape", measuring the erosion rate with pole erosion measurement method, empty bunch application for marginal soil classification using dosage for 40 tons/Ha/year, and planting the erosion deterrent plants (Vetiver Grass, Bamboo, and forest plants) along the riparian.

Status: Compliance
4.3
Practices minimize and control erosion and degradation of soils.

There is a semi-detailed soil map for Gunung Kombeng Estate and Muara Wahau Estate describing the Land Suitability Class (LSC), which was issued by the Plantation Monitoring and Planning Division (PMNP) using a 1:40,000 scale in the year of 2011.

The map gives details on the soil types, land topography, soil texture in drainage condition, land suitability level, and limiting factors. The map suggests that the land categorized in marginal soil is an Endoaqupts type with silty-loam soil texture, and drainage limiting factor with land suitability class S3 (marginal suited) for an area of 256.7 Ha at Gunung Kombeng Estate and an area of 77.20 Ha at Muara Wahau Estate with dominant restricting factor of land drainage.

Based on said semi-detailed soil, the following slope levels are identified in several areas:

- 0 – 9 % for 1,541.09 Ha.
- 9 – 16 % for 1,598.92 Ha.
- 16 – 40 % for 152.21 Ha.

For the management of the abovementioned slope areas, the Company has set up a procedure for planting management at the area with certain slope. Based on the SOP of New Area Planting Plan (document No. SMA/SMART/MCAR/I/TA-PPA) the management strategy to reduce erosion include constructions of contour terrace, conservation terrace, individual terrace with silt-pit, and planting conservation trees.

Moreover, there is an SOP of Erosion Measurement (PT KDA-GKME/SOP/29) which specifies that the erosion measurement is done through direct observation in the field to identify the size of soil thickness reduction over a specific period of time with the following steps;

- Measuring the level of slope and the length of soil solum thickness.
- Preparing the scaled erosion poles made of 1-inch galvanized pipes for 130-cm long per pole.
- Installing the scaled erosion poles and plant them inside the soil up to >80-cm deep or until they reach the contrast

layer (if soil thickness is <50 cm).

Based on the field visit to GKME, it is revealed that the Company has set up 1 additional location for erosion monitoring, at Block K21, which represents the land with 16-21% of slope, to complement the previously selected one at Block G26, which is representing the area with 9-15% slope.

As for the field visit to MWHE, it revealed that the company has determined the monitoring point for soil erosion level, which is at Block E11 and D27.

The field observation also indicated that the company has made several management efforts for the areas with certain slopes, such as setting up Silt-pit at Block E11 (MWHE), Contour Terracing at G29 (GKME); Midribs stacking aligning with the contour lines at contour terrace area (stacked on the contour's rim); not conducted a widespread herbicide application (blanket).

With the available soil map giving information on the soil classification, texture, depth, drainage, limiting factors, rocks, and suitability information for oil palm plantation development, the company is able to compile the program of road maintenance to ensure the FFB yielded from the estate are being transported to Muara Wahau Mill smoothly.

The Work Plan for Road Maintenance is stated in the Document of PKD (Division's Work Plan) which is regularly compiled every year at each Division. As for the Mechanical Road Maintenance Program using Heavy Equipment, it is described in the Document of Grader Compactor Activity Schedule as well as in the 2014 TLB document. The PKD document describes the activity of road maintenance which includes Manual Road Maintenance, Road Spraying, and Roadside Midribs Shoots. While the Document of Grader Compactor Activity Schedule and TLB is explaining the time table planning for the use of heavy equipment for each division.

The soil analysis results (see Minor indicator 4.3.1) suggested that the soil texture is dominated by sandy-clay type with LSC S3 and N types. Based on this, the company has put together a number of strategies including manuring activity in accordance with the recommended dosage form SMARTRI, and practicing an extra empty-bunch application using dosage of 40 tons per hectare/year.

The field observation at Block J11, J12 (GKME) and Block F26 (MWHE) confirmed that the company has done the practice of empty bunch application on said areas using dosage of 40 tons/ha/year.

The field observation also confirmed that in general the condition of the roads (Main Road and Collection Road) is all well maintained.

Status: Compliance

4.4

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

The protection of water flow and wet land are done through several measures, such as:

- SMD Operations issued a memorandum addressed to the CEO, DMDA, Adv. Agronomy, VPA, VP F/A, and RC pertaining to the Protection of Watershed (DAS) through a Memorandum No. 002/SMD OPS/I/2009 dated 6 January 2009. The document specifies that any land clearing for new planting activity must ensure the protection of the Watershed (DAS) by not clearing the riparian area for 50 – 60 meters, depending on the size of the river. The protected area shall be utilized for the installation of notice board, informing that said area is the Watershed area, thus it is protected and must not be cultivated. It is also recommended to have a fringe road / a rim at the Watershed areas that are managed by the company.
- The company issued a management policy in a form of Circular Letter from ADH PSM 3 (Letter No. 006/SE-ADH/BJNO/01/2013) dated 6 January 2013 stipulating the Management of Watershed Area. The letter is explaining the technical regulations for plant cultivation at the watershed area, which includes five main plants of oil palm on the left and right sides of the river. The following guidelines are expected to be complied with: 1) Treatment of plants is not using chemicals but done manually; 2) Manuring must not be done mechanically (aircraft or emdek machine) but done manually; 3) It is recommended to have erosion-deterrent plants on the landslide-prone cliffs.
- Based on the Supervisor Activity Logbook and Report of Vetiver Grass Planting Recap, it is revealed that up until June 2013 the company has planted as much as 70 clumps of Vetiver Grass on the riparian of Pantun River (GKME).
- The field visit to Block I9 (GKME) indicated that the company has preserved natural bamboo species that grows on the riparian of Pantun River. The visit also confirmed that the company has taken erosion-preventive measures by planting

vetiver grass on the riparian of Pantun River.

Water treatment program is carried out by the mill using water treatment plant (clarifier, sand filter, etc.). The source of water for the mill comes from Pantun River which is located ± 1.5 km from the mill. Clean water treatment process is using clarifier unit, sand filter, and then the water is sent to boiler tank. It is expected that the method would provide clean water for the FFB processing activity at the mill and for the supply to employee housing facility.

The record of the surface water treatment program is available in the RKL/RPL documents for Semester I and Semester II of 2013.

The study of the document showed that there are a number of parameters that exceed the quality standard, for instance the parameters of TSS, BOD, and COD. The company has done some evaluation in this concern. The high level of parameters is likely to be caused by the characteristics of the river water at the monitoring location, which are already above the quality standard, since the upstream location / prior to flowing to the area is already exceeding the quality standard. There are even several parameters at the upstream that are in fact higher than the ones at the downstream.

The document study of RKL-RPL Implementation Report for Semester II of 2013 showed that there are a number of parameters of surface water quality that exceed the quality standard, for instance the parameters of COD, Nitrate, Free Chlorine, Coliform Bacteria, and Sulfide.

The company has done the evaluation in this concern, which is likely to be caused by the characteristics of the river water at the monitoring location that are already above the quality standard. The upstream location / prior to flowing the area the water already exceeds the quality standard except for the Sulfide parameter at Pantun River (Downstream/AP2).

Concerning this, the company has prepared the Action Plan consisting the following activities:

- Identification of the cause of an increase in sulfide parameter at Pantun River.
- Performing a retest of water samples from Pantun River (Downstream) at an accredited laboratory on 28 January 2014 in accordance with the Letter No. 27/KDA-E.KLH/I/2014.

The recording of the mills' effluent BOD monitoring is done monthly and is reported in the document of RKL/RPL each semester, and in the effluent report every quarter. The sample of effluent is taken from WWTP outlet. The test on said effluent is performed at the Laboratory of PT Mutuagung Lestari, Samarinda branch, which has already been accredited by KAN

The record of the mills's effluent BOD monitoring is done monthly and reported in the document of RKL/RPL each semester, and in the effluent report every quarter. The sample of effluent is taken from WWTP outlet. The test on said effluent is performed at the Laboratory which has already been accredited by KAN.

Below is the record of Effluent Quality Monitoring at Muara Wahau POM which is included in RKL/RPL of Semester II of 2013.

Parameter	Unit	WWTP Outlet						Quality Standard *
		Jul	Aug	Sep	Oct	Nov	Dec	
BOD	mg/l	1,049.52	1,131.38	808.15	484.92	1,535.41	404.11	5000
COD	mg/l	5,110.41	5,182.01	4,012.48	972.32	5,986.76	915.26	-
pH	mg/l	7.92	7.28	7.17	7.31	6.67	7.25	6 - 9

Source: Quality Standard based on Decree of Ministry of Environment No. 29 year 2003

In the mean time, the monitoring of water usage for the mill per ton FFB (fresh Fruit Bunch) at Muara Wahau Mill during 2013 is as follow:

Processed FFB on average each month was 19,712,270 kg/month; average use of water for processing was 11,600 m³/month or 0.60 m³/ton FFB, while the targeted use was 0.65 m³/ton FFB.

Moreover, the company has also performed a monitoring of the water quality at monitoring well, the amount of water used by the company, as well as the monitoring of effluent's BOD, all of which were included in the document of RKL/RPL every semester, as stipulated in the applicable law and regulation.

Status: Compliance

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

The company has set up several programs for Integrated Pest Management (IPM), such as:

- The early-detection program for *UPDKS* (Oil Palm Leaves-Eating Caterpillar) that is done every 2 months.
- Mice-census program that is done every 3 months.
- Beneficial crop planting plan in 2013 which consists of *Turnera subulata*, *Casia tora*, *Casia cobanensis* and *Antigonon leptopus*.
- There is a monitoring program for pigeon cage in 2013.

Mice become the most common pest found inside the plantation of Muara Wahau Estate and Gunung Kombeng Estate, while two common weeds that are harmful are the ferns species (*Stenochlaena* sp.) and broad-leaf weed species (such as *Asystasia intrusa*, *Mikania micrantha*, and *Clidemia* sp.). The 2014 IPM program prepared for oil palm plants maintenance includes: detection and census of nettle caterpillars, census of mice, treatment of host plants, monitoring of barn owls' boxes, and weed control using chemicals (spray) and mechanical (manual).

For mice pest control, MWHE and GKME are applying Brodifacoum (Klerat/Rolikum) as rodenticide. The mice census is done twice a month at the entire blocks using sampling method (FFB). The average threshold of each pest is 5% attacks on FFB (mice) at each block.

The latest monitoring result in October 2013 showed that the average mice attacks were 4.42% (MWHE) and 3.86% (GKME), hence the decision in using **Brodifacoum agrochemical**. The control strategy of monitoring weekly activity at the barn owls (*Tyto alba*)'s boxes was claimed to be unsuccessful, due to the fact that all barn owls that had been introduced and bred were not able to survive. To present, the company is still making efforts to breed the owls to be natural predators, as an addition to the wild Asian leopard cat (*Felis bengalensis*) and snakes to help control the mice.

As for the nettle caterpillars (leaf worms) attack, during 2013 there was no attack in GKME, while there was an average of 1.3 worms per midrib. The nettle caterpillar control was carried out by manual collecting and fogging system.

The company has a document of monitoring the use of pesticide per hectare and per ton FFB which is reported on a monthly basis, at each estate, detailing the types of pesticides used, active ingredients, units (liter or kg), and period of use.

The company has conducted the training of Integrated Pest Management on 3 June 2013 which was attended by all spray workers.

	Status: Compliance	
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4.6
Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

There is a list of pesticides used by the company which, referring to the Book of Pesticides for Agriculture and Forestry year 2012 issued by Directorate of Fertilizer and Pesticides Directorate General Agricultural Facilities and Infrastructure Ministry of Agriculture Republic of Indonesia year 2012, is confirmed that all types of pesticides used are registered and licensed. The use of pesticides has been well recorded by each estate, who also describes the amount of use, the items of work (circle chemist, harvesting path, and path (*gawangan*), the amount per hectare, and the amount of application.

The types of pesticides used by PT Kresna Duta Agroindo (Muara Wahau Estate and Gunung Kombeng Estate) have been registered and approved by relevant institutions (Directorate General of Fertilizer & Pesticides, Ministry of Agriculture RI). Below is the list of said chemicals:

- Agristik
- Ally 20 WDG 20 WP, active ingredient: Metsulfuron methyl; Registration No. RI. 1027/5-2004/T
- Decis 2,5 EC . Registration No: RI.387/11-2007/T active ingredient Deltamethrin
- Erkafluron 20 WG ; Registration No. R.I 01030120062405 active ingredients: Metsulfuron methyl 20%.
- Garlon 670 EC Registration No. RI 695/9-2008/T active ingredients: Triklopyr 670 g/ltr
- Klerat RM-B . Registration No. R.I 669/9-2008/T active ingredients: Brodifacoum 0,005%.

- Rolikum 0.005%. Registration No: RI 01120120113993 License valid through 23 June 2016.
- Rolixone 276 SL , Registration No: RI 0101301120062467 active ingredients: Paraquat dichloride 276 g/l.
- Roll Up 480 SL Registration No: R.I 2133/4-2009/T active ingredients: Glyphosate isopropylamine 480g/l
- Starane 290 EC Registration No: RI 854/7-2009/T active ingredients: Fluroxypyr 295 g/l.

MWHE:

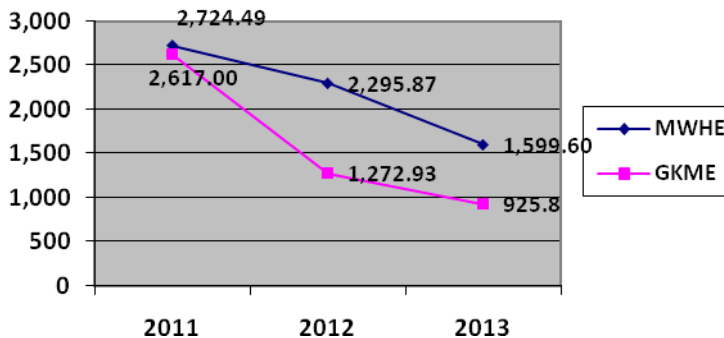
Active Ingredients	Dosage (L/Ha)			Rotation/year			Usage			Area of Application (Ha)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Paraquat	1.50	1.50	1.50	2	2	2	1,842.08	1,448.75	717.19	1,228.05	965.84	478.13
Methyl	0.08	0.08	0.08	2	2	2	8.00	31.70	23.90	99.99	396.30	298.75
Paraquat	0.25	0.25	0.25	1	1	1	882.41	847.12	882.41	3,529.65	3,529.65	3,529.65
Methyl	0.01	0.01	0.01	1	1	1	44.12	42.36	44.18	3,529.65	3,529.65	3,529.65
Glyphosate	0.25	0.25	0.25	2	2	2	829.35	1,554.50	836.75	3,529.65	6,218.00	3,529.65
Fluroxypyr	0.06	0.06	0.06	2	2	2	154.10	316.56	155.53	3,529.65	6,218.00	3,529.65
Triclopyr	-	-	1.00	-	-	2	-	-	87.78	-	-	87.78

GKME:

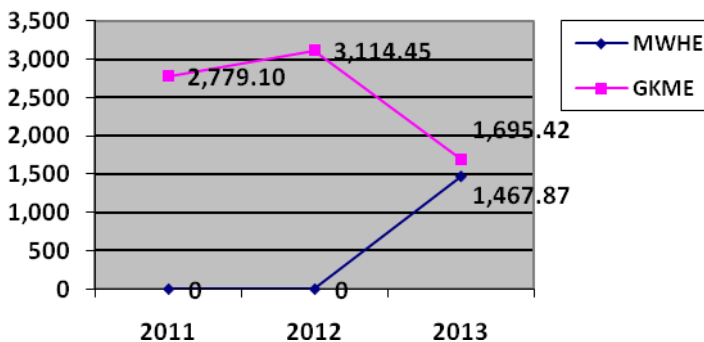
No	Ingredients	2011			2012			2013		
		Total Apl	Area (Ha)	Dosage	Total Apl	Area (Ha)	Dosage	Total Apl	Area (Ha)	Dosage
1.	Paraquat (Rolixon)	2,617.00	5,534.71	0.47	1,272.93	3,680.94	0.35	925.80	2,765.14	0.33
2	Brodifacoum (Klerat)	2,779.10	8,397.66	0.33	1,964.80	6,317.06	0.31	32.77	101.20	0.32
3	Brodifacoum (Rolikum)	-	-	-	1,149.65	3,672.10	0.31	1,662.65	4,828.73	0.34
4	Alkyl-aryl-polyglycol-ether (Agrisik)	-	-	-	-	-	-	61.71	347.51	0.18
5	Metsulfuron-methyl (Ally 20 WG)	20.77	2,544.70	0.01	1.02	4.15	0.25	1.20	13.82	0.09
6	Deltamethrin (Decis 2.5 ec)	-	-	-	-	-	-	212.90	262.25	0.81
7	Metsulfuron-methyl (Erkafuron 20 WG)	75.05	5,640.94	0.01	70.64	4,043.31	0.02	47.75	2,748.13	0.02
8	Triclopyr (Garlon)	0.54	135.22	0.004	-	-	-	97.14	77.40	1.26
9	Glyphosate isopropylamine (Roll Up)	1,880.41	19,654.91	0.10	1,965.11	12,343.93	0.16	1,287.77	10,601.94	0.12
10	Fluroxypyr (Starane)	91.83	3,325.81	0.03	395.04	5,769.95	0.07	272.47	4,093.00	0.07

Here is an illustration of the usage of Paraquat and Brodifacoum in MWHE and GKME (updated on 2 January 2014)

Trend Paraquat Use (Liter)



Trend Brodifacoum Use (Kg)



PT KDA holds a commitment to using the pesticides that are included in 1A & 1B categories. Such commitment is specified in an Internal Memorandum No. 015/ADH3-INT/BNJO/03/2010, March 2010, regarding the Use of Active Ingredient Paraquat, which states that:

1. The use of Agrochemical containing active ingredient Paraquat calls for specific attention and needs to be kept at minimum usage level.
2. The use of Agrochemical containing active ingredient Paraquat must be reduced from year to year, especially for spraying the path (*gawangan*), circles, harvesting paths, and TPH.
3. It is compulsory for the work unit to compile a histogram on a monthly basis illustrating the use of agrochemicals with active ingredient Paraquat.

NC 2014.01: The company is not able to demonstrate the proof showing the decrease in the use of Brodifacoum (WHO Type 1A).

The H1 and H2 monitoring (permission granted to employees who require sick leave during their menstrual period on the first and second days) is one of the efforts taken by the company in ensuring that there is no spray worker who is pregnant or breastfeeding.

Moreover, the proof of doctor's examination result is also available from region KT1 dated 26 October 2013, which also confirms that there are no spray workers who are pregnant or breastfeeding.

There is a record of the health examination result which is carried out for the spray workers at GKME Estate. For example:

1. A record of periodic health examination recap which was conducted for spray workers at Gunung Kombeng Estate on 11 November 2013. There were 18 workers who underwent such examination, among others were: Mrs. Suryani; Position in Maintenance; examined on 11 November 2013; result suggested she was able to be stationed at any units and was capable of any work assignments; doctor's recommendation also confirmed there was no health complication.
2. There is a record of the recap of terminal medical check up (special examination) in 2013 for 10 spray workers. The examination was carried out on 8 and 26 October and on 26 November 2013. For example, Mr. Rahmat Yazib, examined

on 8 October 2013, age 37 years, Height/Weight 147/69; Department – Divison 3; Position: Spray Supervisor; examination result suggested the decrease in spirometry, recommendation: consistent use of PPE (mask).

The result of interview with spray workers at Block I11 Gunung Kombeng Estate is as follow:

1. Mr. Yosef: has been working as spray worker for 2 years, has never had any complaints while working with chemical substances, has been fully aware of the necessity in utilizing PPE at work. He has undergone a regular medical checkup conducted by the company.
2. Mr. Heri S: has been working as spray worker for 2 years, has never had any complaints while working with chemical substances, has been fully aware of the necessity in utilizing PPE at work. He has undergone a regular medical checkup conducted by the company.

It can be concluded from the results if the interview that the company has carried out the medical check up and has provided the employees with the suitable PPE.

Minor 4.6.1 | **Status: CAR.2014.01 with minor non conformance**

4.7

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

There are two documents of SMK3 policy (OHS Management System), one is of PT KDA – Gunung Kombeng Estate dated 12 June 2012, and the other is of Muara Wahau dated 1 October 2013, both were authorized by their respective heads of management.

Below is the summary of said policy:

1. PT. KDA issued a policy to carry out its activities with full responsibility and ethics, as well as giving equal priority between occupational safety & health and other disciplines, i.e. production, quality, quantity, and cost.
2. The responsibility of the board of directors:
 - a. To include OHS in all aspects of work.
 - b. To conduct OHS communication dissemination as part of work aspects.
 - c. To plan, develop, execute, and monitor the OHS programs.
 - d. To take effective measures in providing and in creating a more secure, safer, and healthier workplace.
3. The responsibility of the employees:
 - a. To safely perform the work as well as motivating co-workers to do the same.
 - b. To work together in supporting and promoting occupational safety and health in workplace.
 - c. To report and or correct the practice or situation that is not in accordance with the applicable employment standards.
 - d. To perform the job in accordance with the SOP.

Moreover, the company also has a number of procedures related to OHS, such as:

1. SOP of OHS policy establishment, maintenance, and communication; No. SOP/SMK3/SMART/LH-01.
2. SOP of Hazards Identification, Risk Assessment, and Risk Control; No. SOP/SMK3/SMART/LH-02.
3. SOP of Identification of laws and regulations, and other OHS requirements; No. SOP/SMK3/SMART/LH-03.
4. SOP of Determination and review of OHS objectives and goals; No. SOP/SMK3/SMART/LH-04.
5. SOP of OHS Communication No. SOP/SMK3/SMART/LH-05.
6. SOP of OHS Management System Program No. SOP/SMK3/SMART/LH-06.
7. SOP of OHS Documents. No. SOP/SMK3/SMART/LH-07.
8. SOP of Skills and Abilities Development. No. SOP/SMK3/SMART/LH-08.
9. SOP of Occupational Accident Handling. No. SOP/SMK3/SMART/LH-10.
10. SOP of Purchase of goods and services. No. SOP/SMK3/SMART/LH-11.
11. SOP of Management of Materials and Its Transfer. No. SOP/SMK3/SMART/LH-12.
12. SOP of Review on Planning and Contract. No. SOP/SMK3/SMART/LH-13.
13. SOP of OHS Management System Audit. No. SOP/SMK3/SMART/LH-14.
14. SOP of Reporting and Improvements. No. SOP/SMK3/SMART/LH-15.
15. SOP of Monitoring Standards. No. SOP/SMK3/SMART/LH-16.
16. SOP of Maintenance, Repair, and Modification of Production Facilities. No. SOP/SMK3/SMART/LH-17.
17. SOP of OHS Management System Review and Improvement. No. SOP/SMK3/SMART/LH-18.
18. SOP of Lock Out and Tag Out (LOTO). No. SOP/SMK3/SMART/LH-19.
19. SOP of Management of Personal Protective Equipment. No. SOP/SMK3/SMART/LH-20.
20. SOP of High-Risk Job Handling. No. SOP/SMK3/SMART/LH-21.

21. SOP of First Aid Emergency. No. SOP/SMK3/SMART/LH-22.
22. SOP of Labor Health Examination; No. SOP/SMK3/SMART/LH-23.
23. SOP of Fire Extinguishers; No. SOP/SMK3/SMART/LH-24.
24. SOP of Hydrants; No. SOP/SMK3/SMART/LH-25.
25. SOP of Contractors Control; No. SOP/SMK3/SMART/LH-26

There is a work program and OHS implementation carried out by the company, such as:

1. Muara Wahau POM.

- a. There is a document of OHS work plan in the document of OHS Management System Work Plan for GKMM-MWHM for the year of 2013 which was prepared by the Secretary of P2K3, and acknowledged and approved by the Head of P2K3. The work plan includes implementation of OHS Management System, OHS Management System Monthly Meeting, OHS Management System Documentation (compiling the program, identification of hazard and risk potentials, documentation of hazard identification result, compiling OHS Management System Manual Document), Training/Counseling (introduction and dissemination of OHS Management System, identification of training needs, Training/dissemination of SOP at the mill, and so forth), equipment calibrating and permit, material management, health monitoring and Hyperkes (Company Hygiene & Occupational Health), P2K3 quarterly report, OHS Management System Audit, Management Review, and achievement target.
- b. There is a record of implementation of OHS work plan. For example: a record of P2K3 monthly meeting is available in the document of minutes of meeting on October 2013 which was prepared by the Secretary and acknowledged by the Head on 31 October 2013. The meeting was held in the meeting room of GKMM and was attended by 27 participants. This meeting discussed the implementation of OHS in October 2013, such as PPE application that needs to be improved.

2. GKME Estate.

- a. There is a document of OHS Work Plan included in the document of OHS Management System Work Plan of GKME for the year of 2013, which was prepared by the Secretary and approved by the Head of P2K3. The program includes implementation of OHS Management System, OHS Management System Monthly Meeting, OHS Management System Documentation (compiling the program, identification of hazard and risk potentials, documentation of hazard identification result, compiling OHS Management System Manual Document), Training/Counseling (introduction and dissemination of OHS Management System, identification of training needs, Training/dissemination of SOP at the mill, and so forth), equipment calibrating and permit, material management, health monitoring and Hyperkes (Company Hygiene & Occupational Health), P2K3 quarterly report, OHS Management System Audit, Management Review, and achievement target.
- b. There is a record of implementation of OHS work plan. For example: a record of P2K3 monthly meeting is available in the document of minutes of meeting on October 2013 which was prepared by the Secretary on 7 October 2013. The meeting was held in the meeting room of RC and was attended by 25 participants. This meeting discussed the implementation of OHS in October 2013, such as PPE inspection on the workers.

Below is the detailed list of the people in charge of the OHS program;

1. Muara Wahau POM.

- There is a Decree of the Head of Labor and Transmigration Agency of Kutai Timur Regency No. 566/902/P2K3/Was on the Revision for the Authorization of the Guiding Committee of Occupational Health and Safety (P2K3) of PT KDA-MWHM/GKMM dated 15 July 2013. The organizational structure of said committee is as follow:

No.	Position	Name
1.	Founder	Mr. Munisamy Thamburan
2.	Chairman	H. Ramlan Wingson
3.	Deputy Chairman	Harno Mulia
4.	Secretary	Benny Dwisaputra
5.	OHSMS Adm.	Sakinah
6.	Evaluation Dept.	5 people
7.	Monitoring Dept.	5 people
8.	Research Dept.	5 people
9.	Training/Counseling Dept.	5 people

10.	Health Dept.	5 people
11.	OHS at Labanan Bulking	2 people

- There is an organizational structure for emergency response, as seen below:

No.	Position	Name
1.	Founder	Ramlan Wingson
2.	Chairman	Harno Mulia
3.	Secretary	Benny Dwisaputra
4.	Executive Chairman	M. Yahmin
5.	Firefighting Team	Tony D. Situmorang
6.	Team	Ferry H.
7.	Remover Team	Lukman
8.	Liaison Team	Hari Bowo
9.	Health Team	dr. Ade Setiawan
10.	Fire Extinguisher Team	Ferry S.
11.	Hydrant Team	Suriyanto
12.	Fire Sand/Mud Team	Lotjoyo S.
13.	Fire Blanket Team	Eko P.
14.	Convenient Hook-and-pole team	Wardi Afandi

2. GKME Estate.

- There is a Decree of the Head of Labor and Transmigration Office of Kutai Timur Regency No. 566/903/P2K3/Was regarding the Revision on the Authorization of the Guiding Committee of Occupational Safety & Health (P2K3) of PT KDA – GKME dated 15 July 2013. Below is the organizational structure of said committee:

No.	Position	Name
1.	Founder	H. Waloya
2.	Chairman	H. Julian Herlambang
3.	Deputy Chairman	Syamsul Imran
4.	Secretary	Bayu Setiawan
5.	OHSMS Adm.	Nurul Khabib
6.	Evaluation Dept.	8 people
7.	Monitoring Dept.	8 people
8.	Research Dept.	7 people
9.	Training & Counseling Dept.	7 people
10.	Health Dept.	8 people

- There is an organizational structure for the emergency response team, as seen below:

No.	Position	Name
1.	Chairman	Julian Herlambang
2.	General Support	Nurul Khabib
3.	Executive Chairman	Syamsul Imran
4.	Secretary	Bayu Setiawan
5.	Firefighting Team	Mudji
6.	Security Team	Klemen Dau
7.	Remover Team	Ronald S.
8.	Evacuation Team	Dedi A. Purba
9.	Liaison Team	Hasri Antoni
10.	Health Team	Kuswito
11.	Fire Extinguisher Team	Arfan
12.	Water Tank Team	Sugeng R
13.	Fire Blanket Team	Deden

The Secretary of the Guiding Committee of Occupational Safety & Health (P2K3) is the OHS Specialist. The Decree of OHS Specialist Assignment is issued by the Ministry of Labor and Transmigration of the Republic of Indonesia. Below are the samples:

1. **Muara Wahau POM.** The P2K3 Secretary is Benny Dwisaputra, OHS Specialist Authority Card Registration No.3499/PK3/AJ/64/2012/P0.
2. **GKME Estate.** The P2K3 Secretary is Bayu Setiawan, OHS Specialist Authority Card Registration No.8035/PK3/AJ/31/2011/P0.

The OHS meeting is held every month. For example:

1. **Muara Wahau POM.** A record of P2K3 monthly meeting is available in the document of minutes of meeting on October 2013 which was prepared by the Secretary and acknowledged by the Head on 31 October 2013. The meeting was held in the meeting room of GKMM and was attended by 27 participants. This meeting discussed the implementation of OHS in October 2013, such as PPE application that needs to be improved.
2. **GKME Estate.** A record of P2K3 monthly meeting is available in the Document of Minutes of Meeting on October 2013 which was prepared by the Secretary on 7 October 2013. The meeting was held in the meeting room of RC and was attended by 25 participants. This meeting discussed the implementation of OHS in October 2013, such as PPE inspection on the workers.

P2K3 report is submitted quarterly to relevant institutions. For example:

1. **Muara Wahau POM.** There is a P2K3 Report for the Third Quarter which was submitted to the Labor and Transmigration Agency of Kutai Timur Regency on 7 October 2013. The document includes quarterly report, chemical environment, risk assessment, recap of occupational accidents, work program, minutes of meeting, report of specific health examination, doctor's recommendation upon the result of specific health examination for high-risk employees, machinery license, employee's PPE checklist, Fire Extinguisher & Hydrant checklist, list of OHS personnel license, list of operator and welder license, First Aid Kit checklist, P2K3 and KTD structures.
2. **GKME Estate.** There is a P2K3 Report for the Third Quarter which was submitted to the Labor and Transmigration Agency of Kutai Timur Regency dated 7 October 2013. The document includes chemical environment, P2K3 work program, hazard identification and risk assessment form, risk analysis follow-up forms, OHS personnel license, operator license, unit license, monitoring of fire extinguishers, monitoring of first aid kit, reports of occupational accident, regular health examination data, and the list of First Aid Kit certificate recipient and its monitoring.

The company has signed up its employees to the labor social security program, which is stipulated in the Statute No. 3 Year 1992. This particular item is specified in Article XIV of Collective Labor Agreement (CLA) between PT KDA and Independent Labor Union of Gunung Kombeng Mill, Independent Labor Union of Muara Wahau Mill, Independent Labor Union of Gunung Kombeng Estate, and Independent Labor Union of Muara Wahau Estate. This *Jamsostek* program covers the occupational accident (JKK), life insurance (JK), pension funds (JHT), and health care programs (JPK)

There is also a record of payment of occupational accident insurance to the workers. For example:

1. **Muara Wahau POM.** There is a recap of *Jamsostek* payment details for October 2013 worth IDR 18,054,280 for 148 workers.
2. **GKME Estate.** There is a recap of *Jamsostek* payment details for October 2013 worth IDR 47,831,172.90 for 413 workers. The payment was done via BRI Bank, Kongbeng Branch.

There is a record of regular health checkup performed by doctor for the employees working at the stations or those bearing high-risk works. For example:

1. **Muara Wahau POM.**
 - There is a recap of medical check up for the employees of MWHM for the year of 2013, which was done on the following dates: 17 January, 30 – 31 January, 18 – 20 February, 5 – 7 March, 13 – 15 March, 23 March, 8 May, 3 September, and 8 October 2013. The medical check up was performed on 148 workers. For example: Mr. Supriadi, 31 years old, height/weight 170/64, examined on 19 February 2013, position: Nut & Kernel Helper; result: hypertension; doctor's recommendation: fit to work; remarks: doctor's advice was to seek for treatment and regular blood pressure check.
 - There is a record of the follow up to medical check up for the employees of GKMM-MWHM for the year of 2013 which was done on 28 – 29 June 2013. The specific health examination was performed on 14 workers. For example: the

one on 28 – 29 June 2013 for Mr. Eko Gunawan, 34 years old; position: engine room operator; type of examination: audiometry; result: normal.

2. **GKME Estate.** There is a recap of medical check up for the employees of GKME which was performed on the following dates: 5 May, and 9 and 11 November 2013. The check up was performed on 91 workers. For example the one performed on 9 November 2013 for Mrs. Rolia; position: harvester; result: fit to work any job and at any station; doctor's recommendation: persistent dental radix (tooth ache).

The company needs to perform the medical check up on a regular basis for the employees working at other than the stations/at high-risk job at the estate in accordance with the Statute No. 1 Year 1970 Article 8 paragraph 2.

The company's doctor has attended the company hygiene and occupational health (*hyperkes*) training. There is a certificate of *hyperkes* for dr. Ade Setiawan No. 19.581/DH-IV/08 for the training held in August 2008 by the Regional Integrated Service Unit (UPTD) of *Hyperkes* and Occupational Safety Center of Yogyakarta Province.

In addition, the company's founder has also attended the same training, and the following certificates shown as the example:

- a. **Agustinus Igo.** Certificate No. 5388/PM-XIII/97. The training was held by company hygiene and occupational health and Occupational Safety Center of East Kalimantan Province on 1 – 4 October 1997.
- b. **Usri Heriyanti, Amd. Kep.** Attended the company hygiene and occupational health training on 2 – 6 September 2013. Currently expecting for the certificate from the Ministry of Labor and Transmigration. There is a confirmation letter from OHS Center of Samarinda No. 102/BK3-SMD/IX/2013 dated 6 September 2013 explaining that said person has attended the company hygiene and occupational health training for paramedics in Samarinda and is currently anticipating the certificate from the Ministry.

There is a record of risk assessment for the Occupational Health & Safety program. For example:

1. **Muara Wahau POM.** There is a record of Hazard Identification, Risk Assessment, and Risk Control for the period of January – December 2013. For instance: FFB boiling activity – pulling fruit lorry; potential hazard identification: Cause/Incident – hit by the lorry; impact – bone fractures, fatal; current damage control: caution/warning.
2. **GKME Estate.** There is a record of Hazard Identification and Risk Assessment Form for Bukit Intan Estate Unit for the period of January – December 2013 dated 2 January 2013. For instance, beneficial plants maintenance activity: path (*gawangan*) maintenance/manual treatment; potential hazard identification: Cause/Incident – snake bitten, impact – foot exposed to snake venom; damage control available in SOP of beneficial plant maintenance, path (*gawangan*) maintenance.

There is a record of OHS related trainings, such as:

1. **Muara Wahau POM.** Training of First Aid Emergency, held on 2 – 3 April 2013, was given by the company's doctor (dr. Ade Setiawan), and was attended by 15 participants.
2. **GKME Estate.** Training of First Aid Emergency, held on 25 – 26 March 2013, was given by the company's doctor (dr. Ade Setiawan), and was attended by 33 participants.

The company has a procedure of emergency preparedness and response. Such procedure for both Muara Wahau POM and GKME Estate derived from the same procedure, which is stated in the SOP of Emergency Situation Management No. SOP/SMK3/SMART/LH-09 and was examined and approved by the head of Environment & Sustainability Head on 1 July 2010.

Below is the summary:

1. Reporting in case of emergency.
 - a. During Working hours.
 - Every worker recognizing the situation must immediately report to the supervisor; supervisor reports to the assistant; assistant reports to the chief executive of emergency response team, and the chief will then direct the team.
 - Liaison Team must inform the engine room operator / security to turn on the siren alarm.
 - b. Outside Working Hours.
 - Security officer must immediately report to the chief executive of emergency response team and must hit the alarm bell.
 - Chief executive directs the emergency response team.
 - Liaison Team must inform the engine room operator to turn on the siren alarm.

- Should the situation be uncontrollable, the chief executive of emergency response team, with the approval from the adviser, shall assign the liaison team to make contacts with external parties, such as: fire dept, sub-precinct police (*Polsek*), precinct police (*Polres*), sub-district military command (*Koramil*), district military command (*Kodim*), local authorities and other relevant parties.

The result of the interview with employees concerning emergency preparedness and response is as follow:

1. Mustar Efendi (Boiler Operator at Muara Wahau Mill). During the interview, said person was able to explain the necessary actions one must take in case of fire/emergency, the practice of emergency shutdown, the reporting of the incident to supervisor, and so on.
2. Badrus Soleh (Engine Room Operator at Muara Wahau Mill). During the interview, said person was able to explain the necessary actions one must take in case of fire/emergency, the practice of emergency shutdown, the reporting of the incident to supervisor, and so on.
3. Sunandar (Spray Worker at Gunung Kombeng Estate). During the interview, said person was able to explain the first actions one must take in case of emergency, the location of First Aid Kit units, and so on in accordance with the emergency response procedure.
4. Rahmat (Spray Supervisor at Gunung Kombeng Estate). During the interview, said person was able to demonstrate using the first aid kit in a sample case of chemical-exposed eyes.

There is a proof of compliance with the OHS equipment for workers, such as:

1. **Muara Wahau POM.** There is a recap of PPE distribution to employees, which was prepared by SPO clerk, examined by P2K3 Secretary, and acknowledged by P2K3 Head. For instance, PPE for Mr. Eko Prasetyo – boiler operator, given on 13 July 2013.
2. **GKME Estate.** There is a recap of PPE distribution in the minutes of Spraying PPE distribution recap. For instance, spraying PPE for 23 workers at Division I, distributed on 10 May 2013. The document was prepared by AK3 GKME and acknowledged by SPO Unit Officer.

There is proof of First Aid Emergency Equipment compliance at work. For instance:

1. **Muara Wahau POM.** There are evacuation maps, First Aid Kit Box and KTD of MWHM-GKMM. There are seven boxes of First Aid Kit, which are placed in the laboratory, main office, security post, processing office, hazardous waste temporary warehouse, workshop, and material warehouse.
2. **GKME Estate.**
 - There is a record of where the First Aid Kit is located. There are 16 boxes of First Aid Kit stationed at the main office, workshop, central warehouse, fertilizer warehouse, Kaltim 1 RC office, division 1 and 3 offices, division 2 and 4 offices, lodge 1's landfill, lodge 2's landfill, lodge 1's mosque, lodge 2's mosque, lodge 1's church, management mess, and security office. The document was prepared by OHS SPO and acknowledged by SPO Unit Officer.
 - There is a record of a list of First Aid Kit Officers of Gunung Kombeng Estate which was compiled by the P2K3 secretary and acknowledged by P2K3 head. There are 11 officers responsible for the First Aid Kit, for instance Hariyono, harvesting supervisor, certificate No. 0002/P2K3/GKME/2012.

The workers who have attended the First Aid Emergency Training are stationed in operational activity in the field and the mill. For example:

1. **Muara Wahau POM.** There were 15 workers who attended First Aid Emergency Training; they consist of two spare men, analyst, lab assistant, nut & kernel operator, grading supervisor, workshop supervisor, security, payroll, P2K3 secretary, maintenance clerk, and SPO admin.
2. **GKME Estate.** There is a record of the list of First Aid Kit officers of Gunung Kombeng Estate, which consists of 11 officers responsible for the kit. These officers are recruited from transport clerks, harvesting supervisors (4 workers), first supervisors (2 people), emplacement supervisor, spray supervisor, maintenance supervisor, and RSPO clerk.

There is a record of occupational accidents which is safely kept and is regularly reviewed. For example:

1. **Muara Wahau POM.** There is a recap of Occupational Accidents compiled monthly by the Head of Research Dept, acknowledged by P2K3 secretary, and approved by Senior Mill Unit Head of GKMM/MWHM. During January – October 2013, there were three accidents took place, such as the one happened on 30 September 2013 to Umar, 27 years old, who suffered a minor waist injury for falling from high place down onto a pile of iron.
2. **GKME Estate.** There is a record of recap of accident report for the year 2013 which is included in the report of P2K3. The

recap was compiled by SPO Clerk, examined by P2K3 Secretary, and approved by Senior Unit Head of GKME on 1 October 2013. From January to September 2013 there were 43 occupational accidents that took place, in which the majority of them occurred during harvesting activity. For example, the one happened to Mr. Rizal on 25 July 2013, who suffered a minor injury in his legs when fruit bunches fell over him. This resulted in one workday missing; specific description: his left leg was injured.

Status: Compliance

4.8

All staff, workers, smallholders and contractors are appropriately trained.

The Company has set up a continuous training program for the staff and the employees in accordance with the competency of each position. For example:

1. Muara Wahau POM.

- a. There is an identification of training needs for GKMM-MWHM units for the period of October 2012 – October 2013, which is compiled by the SPO Officer of GKMM-MWHM and is approved by Senior Mill Unit Head of GKMM/MWHM on 24 October 2012. For example the General OHS Specialist Training; held by Sucofindo Training Institution in Jakarta for 12 days.
- b. There is a training program plan for GKMM-MWHM units for the period of October 2012 – October 2013, which is compiled by the SPO Officer of GKMM-MWHM and is approved by Senior Mill Unit Head of GKMM/MWHM on 24 October 2012. For example the General OHS Specialist Training which was planned to be held on November 2012.
- c. There is a realization of training program for GKMM-MWHM units for the period of October 2012 – October 2013, which is compiled by the SPO Officer of GKMM-MWHM and is approved by Senior Mill Unit Head of GKMM/MWHM on 25 October 2013. For example the General OHS Specialist Training which was realized on November 2012.

2. GKME Estate.

- a. There is a matrix of personal competence identification for GKME units for the period of 2013. For example the Position of Maintenance Supervisor (Spraying); whose training needs are to use paraquat, to recognize RSPO, to understand OHS, to understand environmental aspects and impacts, First Aid Emergency, firefighting techniques, Hazardous Materials and Hazardous Waste Control, and so forth.
- b. There is a training activity plan for the period of 2013 for Gunung Kombeng Estate units. For example OHS knowledge training; this was actually scheduled to be held by Labor Agency/safety officer on March 2013, for all staff and employees, and then was realized on July 2013.

The company holds a commitment to continuously improving the competency of its workers. Such improvement is done through several trainings. There is a record of employee training, such as:

1. **Muara Wahau POM.** Training of First Aid Emergency was held on 2 – 3 April 2013, was given by the company's doctor (dr. Ade Setiawan), and was attended by 15 participants.
2. **GKME Estate.** Training of First Aid Emergency was held on 25 – 26 March 2013, was given by the company's doctor (dr. Ade Setiawan), and was attended by 33 participants.

The company has a commitment to employing the trained contractors. Such commitment is specified in the SOP of Contractor Control No. SOP/SMK3/SMART/LH-26 which was examined and authorized by the Head Division of Environment Department & Sustainability dated 1 July 2010.

The SOP is aiming at ensuring that all contractors' activities at the company recognize the environment and OHS aspects. The Procedure of Contractor Control covers the selection of contractor, the review of supplier proposals, work contract, the inspection of the work, and the warnings and sanctions to the contractors.

There are proofs confirming that the company is employing trained contractors, such as;

1. Muara Wahau POM.

- a. There is a record of OHS contractor dissemination which was held on 1 November 2013 beside project office. The event was attended by 26 participants. The dissemination materials and the photos of the event are available.

2. GKME Estate.

The company is using local contractor for road paving, FFB transport to the mill, and building construction. For example:

- a. There is a Mutual Working Agreement No. GKME/JKTO/06/12/008-BGN between PT KDA as the first party and PT Dawuh Utama as the second party, dated 8 June 2012. In Article 5, paragraph 3, the second party is required to station or to assign a site manager/chief executive who works full-time, who is an expert and is experienced, and is approved by the first party, to lead and be responsible for the execution and completion of the work. The second party

is also required to guarantee **that their workers possess the required ability and have been appropriately trained** to perform the work.

- b. There is a record of OHS related contractor dissemination and SOP of Contractor Control dissemination. The event was held on 7 June 2013 in infra room, and was attended by 6 participants from FFB contractors.
3. The result of the interview with Mr. Victor (Driver), on behalf of FFB transport contractor CV Satrindo Jaya Agropalma revealed that the work procedure of FFB transport from TPH has been carried out accordingly. The contractor has put on suitable PPE and has been well aware of the applicable PHS at PT KDA.

Status: Compliance

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.

The Company has kept an analysis document, the Environmental Impact Assessment (EIA), which was approved by the Regent of Kutai Timur through a Letter No. 080/660.1/BUP-KUTIM/III/2007 dated 21 March 2007, specifying the Approval of EIA, RKL, and RPL of the Plantation and Mill Construction Project of PT Kresna Duta Agroindo. The mill's capacity holds up to 30 tons FFB per hour for Muara Wahau Mill, and 15 tons FFB per hour for Gunung Kombeng Mill. The EIA covers the study area of 7,850 Ha in Gunung Kombeng Estate and Muara Wahau Estate.

In accordance with the applicable regulations, the company bears a responsibility to report the results of environmental management to local government institutions every 6 months in a form of environmental monitoring and management report.

Moreover, the company is also required to report the monitoring of the POM's effluent management every 6 months, and the monitoring result of effluent's land application every 6 months. For example:

- a. A Report of the Monitoring of RKL and RPL Practice for the period of the First Half of 2013 for PT KDA. The document was submitted to a number of institutions, i.e. the Environment Bodies of Kutai Timur Regency (received on 24/9/2013), the Ministry of Environment (received on 21/10/2013), the Environment Bodies of East Kalimantan Province (received on 25/9/ 2013), Plantation Agency of East Kalimantan Province (received on 25/9/2013), and Plantation Agency of Kutai Timur Regency (received on 28/9/2013), all of which corresponds to the Document Receipt issued by said institutions.
- b. A Report of Land Application Practice for the period of September 2013 for PT KDA. The document was submitted to a number of institutions, i.e. Environment Bodies of Kutai Timur Regency, Environment Bodies of East Kalimantan Province, Kutai Timur Regent, and East Kalimantan Provincial Office (received on 22/10/ 2013), all of which corresponds to the Document Receipt issued by said institutions.

During the year of 2013, the company has made several addendums to the 2007 EIA document pertaining to the additional capacity of Muara Wahau Mill, from 30 Tons FFB per hour to 60 Tons FFB per hour. This addition has been approved by the Regent of Kutai Timur through a Decree of Kutai Timur Regent No. 622/K.311/2013 dated 22 April 2013 on the Environmental Feasibility Addendum Oil Palm Plantation Activity and Production Capacity Increase from 30 Tons FFB per hour to 60 Tons FFB per hour by PT Kresna Duta Agroindo, for an area of 7,850 Ha located at Kongbeng Indah Village, Makmur Jaya Village, and Sukamaju Village, Kongbeng Sub-district, Kutai Timur Regency, East Kalimantan Province.

In 2013, the Company has earned an Environmental License issued by the Regent of Kutai Timur in accordance with the Decree of Kutai Timur Regent No. 622/K.309/2013 dated 22 April 2013 on Environmental License over an Addendum of Oil Palm Plantation Activity and Production Capacity Increase from 30 Tons FFB per hour to 60 Tons FFB per hour by PT Kresna Duta Agroindo, for an area of 7,850 Ha located at Kongbeng Indah Village, Makmur Jaya Village, and Sukamaju Village, Kongbeng Sub-district, Kutai Timur Regency, East Kalimantan Province.

Status: Compliance

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.

PT KDA has identified HCV in their working area that the results outlined in the Document of Identification and Analysis Report of the Presence of High Conservation Value Area (High Conservation Value) belonged to PT Kresna Duta Agroindo (Unit GKME, GKMA, MWHE, RPNE, and RPNA) with the total area of the study covering 15,000 ha. From the total area, 736.91 ha are identified as HCV area.

Based on the document, types of flora and fauna identified are as follow:

- Flora: as many as 31 types and 1 among them is protected by the law (*Ulin/Eusideroxylon zwageri*).
- Fauna; there are 13 types of mammals identified and 7 among them are protected by the law such as pangolin (*Manis javanica*), proboscis monkey (*Nasalis larvatus*), orangutan (*Pongo pygmeus*), gibbon (*Hylobathes muelleri*), Napu (*Tragulus napu*) and Root Tiger (*Felis bengalensis*). 31 types of birds are identified and 11 among them are protected such as Rangkok Badak (*Buceeeros rhinoceros*), Elang Ular (*Spizaetus cirrhatus*), Raja Udang (*Alcedo meninting*), etc. 5 species of reptile are identified such as Biawak (*Varanus salvator*), Phytton (*Phyton sp.*), and cobra (*Naja sumatrana*).

The types of flora and fauna identified have been grouped based on the scarcity status according to CITES and IUCN Red list as well as protection by applicable law.

The document was compiled by Biodiversity & Conservation Section (Sustainability Division) of PT SMART in 2013 with the personnel approved as HCV Assessor by the RSPO.

The document has been made public on 11 April 2013 which was attended by 24 representatives and community leaders of Suka Maju Village, Makmur Jaya, Kongbeng Indah, Sidomulyo, Oil Palm Farmer Cooperative Unit, and indigenous people around. A review has also been conducted by an independent consultant (Sdr. Resit Sozer) in January 2013.

Company has developed HCV Management and Monitoring Plan for the period of January – December 2013 in the form of signboard installation, HCV Area Sign, Dissemination to the employees and surrounding community, riparian rehabilitation, species monitoring and patrol.

The steps taken by the company to protect endangered and threatened species and their habitats are as follow:

- The company has issued a Policy of Wildlife and Endangered Species on 25 June 2012 which states that the company is committed to make efforts to protect wildlife species considered rare and endangered in the area of managed plantation.
- The company has set a warning board of HCV identification, ban board of agrochemical application in riparian, and protected animals signboard.
- The company has made posters of protected animals which were placed in the office and in the field.
- An HCV dissemination has been conducted for the employees and surrounding community.

In general, Biodiversity and Conservation Section is responsible for overall activities related to HCV management in the entire working area, while in the field the company has appointed special officers to manage and monitor the HCV. The officers have attended a training on 20 June 2013 in PIC HCV Training of Regional Kaltim 1 PSM 3.

Status: Compliance

5.3

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

Company has identified the sources of waste and pollution, such as:

- POM Muara Wahau. There is a list and evaluation of environmental aspects of MWHM for the period of 2013 made by Environment Officer, known by the SPO Officer of GKMM-MWHM, and approved by Senior Mill Unit Head of GKMM-MWHM. For instance, FFB reception – weighing process; environmental aspects – vehicle emission for FFB/PK/CPO/EFB haul trucks; impact potentials: air pollution; control/management: air quality testing (emission) every 6 months.
- GKME Estate. There is a list and evaluation of environmental aspects of Gunung Kombeng Estate made by Environment Officer and approved by GKME Unit Head on 1 January 2013. The list describes activities of weeds spraying; environmental aspects: used herbicide plastic; impact potentials: soil pollution; control/management: the used herbicide plastic should be stored in a storage warehouse for used packaging, should be washed and given to hazardous waste collectors.

The company has a plan of waste management to reduce the impacts on the environment. The plan is embodied in:

- There is SOP of Waste Management with No. SOP/SPO/SMART/LH-09 dated 1 July 2010. The SOP was signed and

examined by Division Head of Environment & Sustainability. The summary is:

- The waste management is carried out referring to the provisions in the applicable rules and regulations.
 - The waste management is carried out with the mechanism of clean production by applying 3R (reduce, reuse, recycle), disposal, and zero-burning.
 - Solid waste such as shells, fiber, and empty bunches are utilized fully to support the activities in the plantation and palm oil mill. The shells and fiber are utilized as boiler fuel, while empty bunches are applied as organic fertilizer in the oil palm plantation.
 - Effluent in the form of mill processed and washing remains are fully utilized as organic liquid fertilizer (land application) after processing inside the inorganic pond to fulfill the quality requirements.
 - The mill ex-operational effluent released into the ditch including CaCO_3 waste is collected in a sedimentation basin to precipitate dissolved solid.
 - Harvest activity waste in the form of stems stacked on the dead inter-row and among the trees with the aim of preventing erosion, retaining moisture, suppressing the weeds growth, and stimulating the root and nutrient source growth.
 - Treatment and maintenance waste in the form of used pesticide packaging and used fertilizer sacks are collected after being washed in the hazardous waste wash.
 - Land application activities waste in the form of effluent can be prevented by clearing at least 1 flatbed in low-lying area or by making a controlling ditch to capture the effluent runoff or by making an embankment into water bodies.
 - Waste in the form of agricultural chemical residue resulted from the spray equipment wash is collected and reutilized to support plantation activities.
 - Hazardous waste in the form of used oil from the workshop is collected using used oil container and stored in hazardous waste temporary warehouse.
 - Hazardous waste in the form of used batteries, used light bulb, used filters and used rags are collected and stored in the hazardous waste temporary warehouse.
 - Hazardous waste in the form of used paint cans, paint thinner cans, used paint brush are collected and dumped in the landfill.
 - Waste in the form of spilled chemicals such as pesticide, herbicide, diesel, oil and so on are held with dikes (secondary containment) or stored in a storage location so that they do not spill on the soil or water.
 - The polyclinic waste is collected in the predetermined container that has been labelled.
 - Waste from several polyclinics are collected in a polyclinic. Later, every 3 month the waste is sent with a covering letter to an authorized agency to be destroyed.
 - Domestic solid waste is divided into organic and inorganic waste in the housing complex, offices, workshops, and polyclinics.
 - Organic leaves in the form of leaves, food scraps, and so on are discarded and dumped in garbage pits.
 - Inorganic waste such as iron, glass, and plastic are discarded into trash bins provided to be transported to the landfill.
 - Non-hazardous solid waste from housing improvements such as used packaging cardboards, woods, used cement sacks, are dumped into garbage pits.
 - Domestic liquid waste from latrines activities is channeled into septic tanks.
 - Domestic liquid waste from bathing and washing is channeled through ditches or drainage channel.
 - Waste in the form of used tires, metal and polybag scraps are collected at specific location.
2. **Muara Wahau POM.** There is a program of environmental management unit of Gunung Kombeng Mill – Muara Wahau Unit for the period of Semester II 2013 made by Environment Officer and is known by MWHM Senior Mill Unit Head on 5 June 2013. For example, types of aspects: mill solid waste; referred regulation: waste management SOP; Management Program: reusing mill solid waste (shells and fiber), delivery of the empty bunches to the estate for solid fertilizer; policy applied: applying empty bunches (EFB) as plant fertilizer in oil palm plantation, utilizing solid waste (shells and fiber) as boiler fuel; document: data of shells and fiber utilization as alternative energy and data of the empty bunches delivery to the estate.
 3. **GKME Estate.** Company's waste management plans:
 - There is a record of environmental management program for Gunung Kombeng Estate unit for the period of Semester II 2013. The record includes household waste aspects; the regulation referred is Government Regulation No. 81/2013; management program in the form the separation of organic and inorganic garbage, and further sorting of inorganic garbage (glass/glass scraps, metal scraps, plastics), transporting the waste to the landfill, and conducting a dissemination of waste separation; the policy applied is in the form of making a hole for organic waste, making 2

waste bins for organic and inorganic waste, providing a unit of vehicle to transport the waste, picking up the waste from the housing (huts), office, and clinics for then taking it to the landfill.

- There is a map of landfills for GKME. The waste is managed the sent to the landfill at Division I and Division II
- There is a record of waste collection in 2013 made by PIC LH and known by the GKME SPO Officer.
- There is a record of waste collecting schedule in GKME made by PIC Environment.

The company has a plan of hazardous waste management to reduce impacts to the environment. The plan is embodied in:

1. Muara Wahau POM and GKME Estate

- There is SOP of Waste Management No. SOP/SPO/SMART/LH-18 dated on 1 July 2010. The SOP was examined and signed by Division Head of Environment Department and Sustainability. The summary of the SOP is:
 - a. The hazardous waste resulted in the form of used oil, used batteries, used rags contaminated with hazardous waste, used oil filters, and used fluorescent light bulbs.
 - b. PIC ENVD (Environment Department) with the head assistant/assistant and PIC Environment conduct evaluation for the condition of hazardous waste temporary warehouse.
 - c. Hazardous waste handling is carried out by treating the waste according to the MSDS.
 - d. When replacing oil/oil filters, make sure to do it on the basis or by using container to avoid the spills.
 - e. When changing batteries, make sure there are no battery/battery zuur runoff.
 - f. Every contaminated filter oil, rags/cloth gloves that had been used are collected in separated containers that do not leak (tubs/barrels) when brought to the hazardous waste landfill.
 - g. Used fluorescent light bulbs are carried carefully to the landfill. They must not be broken since they contain harmful gases. Place them in suitable containers and do not pile any heavy stuffs on them.
- There is SOP of Clinic No. PT KDA-GKME/SOP/08 dated on 1 July 2012. The SOP was made in RC Kaltim I and authorized by the VPA. The summary of the SOP is:
 - a. The clerk of the clinic is responsible to carry out clinic waste management both for medical and non-medical waste in accordance with the SOP of Waste Management.
- There is a Working Instruction on the Rinsing of Ex-pesticide and Fertilizer Sacks No. KDA-GKME-IK/19 dated on 1 July 2012 made by Unit Head Senior Assistant and authorized by RC Kaltim 1. The Summary of working instruction is:
 - a. Collect all the used pesticide containers to be washed.
 - b. Use PPE before washing.
 - c. Determine the location of washing on a centralized location.
 - d. Pour water into the used pesticide packaging then wash it by shaking it. Then dispose the wash water into a water shelter.
 - e. Reuse the used wash water for spraying in the area.
 - f. Used pesticide packaging have been washed are then collected in the landfill.
- There is SOP of Waste Management with No. SOP/SPO/SMART/LH-09 dated 1 July 2010 signed and examined by Division Head of Environment & Sustainability. The summary is:
 - a. The waste management is carried out with the mechanism of clean production by applying 3R (reduce, reuse, recycle), disposal, and zero-burning.
 - b. Solid waste such as shells, fiber, and empty bunches are utilized fully to support the activities in the plantation and palm oil mill. The shells and fiber are utilized as boiler fuel, while empty bunches are applied as organic fertilizer in the oil palm plantation.
 - c. Treatment and maintenance waste in the form of used pesticide packaging and used fertilizer sacks are collected after being washed in the hazardous waste wash.
 - d. Waste in the form of agricultural chemical residue resulted from the spray equipment wash is collected and reutilized to support plantation activities.
 - e. Hazardous waste in the form of used oil from the workshop is collected using used oil container and stored in hazardous waste temporary warehouse.
 - f. Hazardous waste in the form of used batteries, used light bulbs, used filters and used rags are collected and stored in hazardous waste temporary warehouse.
 - g. Hazardous waste in the form of used paint cans, paint thinner cans, used paint brush are collected and dumped in the landfill.
 - h. Waste in the form of spilled chemicals such as pesticide, herbicide, diesel, oil and so on are held with dikes (secondary containment) or stored in a storage location so that they do not spill on the soil or water.
 - i. The polyclinic waste is collected in the predetermined container that has been labelled.

- j. Waste from several polyclinics are collected in a polyclinic. Later, every 3 month the waste is sent with a covering letter to an authorized agency to be destroyed.

The company already has a license regarding the storage of hazardous waste, namely:

1. There is a temporary storage permit for PT. Kresna Duta Agroindo from Head of Kutai Timur District No. 658.31/K.773/2011 dated on 27 December 2011. Permitted location for Unit Gunung Kombeng-Muara Wahau Mill is 6 x 6 x 5 meters, and for Unit Gunung Kombeng Estate is 6 x 4 x 5 meters. The hazardous waste stored are used oil, used grease, oil-contaminated rags, used oil filters, oil-contaminated soil, used hose, printer and photocopy cartridges, used sorbent, medical waste, empty barrels for pesticide packaging and used light bulbs. The retention time for the storage is 90 days, while the validity period of the license is 5 years since the date of enactment.
2. Related to long distances and difficult road access as well as the number of hazardous waste resulted is few at the given time, the company found out that it is difficult to apply the provision of 90 days of storage. So PT. KDA proposed a request to Environment Bodies of Kutim District that the storage period is extended to be more than 90 days (letter No. 017/AA/P.KDA-BLH-LA/IV/2013 dated 19 April 2013). There is a Letter from the Environment Bodies of Kutim District No. 660/692/3.1-BLH/IV/2013 dated on 22 April 2013 regarding Recommendation of Hazardous Waste Storage more than 90 days. Environment Bodies of Kutim District gave recommendation with the maximum period of storage is 180 days. Over the due date, the waste should be given to licensed hazardous waste collector.

The company has done reporting the hazardous waste to related agency:

Muara Wahau POM and GKME Estate. There is a hazardous waste report (balance sheet and hazardous waste log book) containing in the routine report of hazardous waste management activity in July – September 2013. The report submission to the Environment Bodies of Kutim District was equipped with a receipt received by one of its staffs on 22 October 2013.

Company works together with the third party in managing the hazardous waste, namely:

1. PT. Balikpapan Environmental Services (BES). PT BES has obtained a permission from the Ministry of Environment No. 163 Year 2010 on Hazardous Waste Collecting Permit dated on 12 July 2010. Validity period of the permit is 5 years since the date of enactment. The hazardous waste permitted is used oil/lubricants, dirty oil, used batteries, and oily waste (sludge oil, hydrocarbon waste, used filters, contaminated hose and grease) for East Kalimantan and South Kalimantan area. There is a Recommendation of Hazardous Waste Transporting from the Deputy of Hazardous Material, hazardous Waste and Waste management No. B-8680/Dep.IV/LH/PDAL/07/2013 dated on 29 July 2013 for PT. BES. The recommendation was given for 5 years since the date of enactment. Register Number for the document is GR 0000001. PT.KDA and PT BES have made a Memorandum of Agreement No.001/BES-TN/SMRO/13 dated on 1 October 2013 on cooperation to support the implementation of hazardous waste management.
2. There is a Cooperative Agreement on Clinic Waste Management between PT. KDA and PT. Kaltim Medika Utama (Pupuk Kaltim Hospital) No. 0001/KDA-LH/12/2012 dated on 30 November 2012. The cooperative agreement applies for 1 year from 30 November 2012 until 30 November 2013.

Company has a record of hazardous waste monitoring, such as:

1. There is a minutes of washing and handover the used agrochemicals packaging. For instance, the washing of used Erkaforon packaging as many as 10 bottles made/given by Assistant In Charge of Pondok 2; received by RSPO Clerk; and known by GKME Senior Unit Head on 27 September 2013.
2. There is an agrochemical logbook of PT. KDI – Gunung Kombeng Estate. For example, pesticide roll up, incoming date 4 September 2013, waste source Division I. The document was made by Environment Officer, examined by SPO Officer, and was known by Unite Head of GKME.
3. There is a logbook of hazardous waste, such as:
 - GKME. The logbook is available in the hazardous waste activity sheets of PT. KDA – GKME. For example, during the period of January – December 2013 for used oil, the used oil transported to the collector (PT. BES) was 1600 liters on 27 June 2013. The logbook was made by SPO Clerk, known by SPO Officer, and approved by Senior Unit Head of GKME on 1 October 2013.
 - Muara Wahau POM. The logbook is available in the hazardous waste activity sheets of PT. KDA- GKMM and MWMM made by SPO Clerk on 31 October 2013. For example, the period of October 2013 for used oil filters. The used filters came in on 17 October 2013 from Muara Wahau Estate as many as 41 pieces. Then they were out on 17 October 2013 as many as 89 pieces that are transported to the collector (PT.BES).
4. The balance sheet of hazardous waste is available, for example:
 - **GKME.** The hazardous waste balance sheet of PT KDA for the period of September 2013 is available. For example,

early types of used oil were 1,952.5 liters, submitted to the third party as many as 1,600 liters. The balance sheet was known and signed by the chairman of the Guiding Committee of Occupational Health and Safety.

- **Muara Wahau POM.** The hazardous waste balance sheet of PT KDA for the period of October 2013 is available. For example, early types of used filters were 89 pieces, submitted to the third party as many as 89 pieces. The balance sheet was known and signed by the Senior Mill Unit Head of GKMM - MWHM.
- 5. Minutes of hazardous waste retrieval conducted on 17 October 2013 is available. The hazardous waste was transported by PT. BES with the types of waste namely 16 drums of oil waste, 2 drums of used oil filters, and 1 drum of used lamp. The minutes was signed by the staff of PT. BES and Safety Officer of Muara Wahau.
- 6. There is a document of Hazardous waste manifest available No. GR 0008763 for the transportation of hazardous waste types oil 16 drums, used oil filters 2 drums, used lamp 1 drum which were transported by PT. BES on 17 October 2013. Vehicle registration number is KT 8975 AP.

Relating to the management of agrochemicals packaging waste, PT. KDA as a subsidiary of PT. Smart TBK Group conducted a meeting with Deputy V of Ministry of Environment on 13 April 2012. The substance of the meeting is to discuss the management of agrochemicals used packaging waste. There is a Letter No. B-5301/Dep. IV/LH/PDAL/05/2012 dated on 25 May 2012 from the Ministry of Environment regarding response to the rinsing activity of used pesticide packaging addressed to the Chairman of PT. Rolimex Kimia Nusamas as a subsidiary of PT. Smart TBK. The point of the response is that in the efforts of pesticide optimization by PT. Smart TBK and extended producer responsibility (EPR) by PT Rolimex Kimia Nusamas for the refill, the Ministry of Environment required PT. Smart TBK and PT. Rolimex Kimia Nusamas to deliver the following aspects:

1. Data on the location, coordinates and the area where the optimization of pesticide use takes place.
2. Process of the pesticide use optimization so that the packaging does not contain hazardous waste (in units of ppm/ppb)
3. Process of water reuse resulted from the optimization so that there is no water wasted to the environment (zero waste)
4. Document of packaging acceptance from the result of the optimization for refill.
5. Results of the analysis as a measure that the used packaging has been washed is clean (based on the parameter and levels).
6. Data on the use of the pesticide packaging has been washed and the period of the washing results.
7. PT. Smart Tbk and PT. Rolimex are to report the activities to the Ministry of Environment as control at least once in 6 months. The report includes: time, number of packaging for refill, the use of water resulted from optimization, and so on.
8. Document is signed by Deputy of Hazardous Material, Hazardous Waste, and Waste management and copied to the Minister of Environment of the Republic of Indonesia (as a report) and the Head of Environment Department of PT. Smart Tbk.

The company has been providing waste monitoring record. For example:

1. Monitoring of effluent BOD (see Minor indicator 4.4.2)
2. Monitoring of hazardous waste (see Minor indicator 5.3.1)

Status: Compliance

5.4

Efficiency of energy use and use of renewable energy is maximized.

There is a monitoring record for the use of renewable energy along with its efficiency analysis containing in the data of the use of shells and fiber as the substitute for fossil fuel in 2013 belongs to PT. KDA-MWHM. The record was made by SPO Officer and known by Senior Mill Unit Head of MWHM – GKMM on 2 November 2013. The summary of the record is:

Month	Processed FFB (kg)	Shells (Kg)	Fiber (Kg)	Diesel fuel actual use (liter)	Diesel fuel Efficiency (liter)	Cost Efficiency from diesel saving (rupiah)
September	18,043,670	1,037,511	2,255,459	16,520	68,946	685,532,344
October	20,061,540	1,153,539	2,507,693	14,512	78,166	774,935,741

Note:

Energy potential of 1 kg of shells = 4105 K CAL

Energy potential of 1 kg of fiber = 2637 K CAL

1 liter of diesel fuel = 3,5 KW

1 liter of diesel fuel = 9063 K CAL

The company has a monitoring record of the use of fossil fuel along with its efficiency analysis. For example:

1. Muara Wahau POM.

- a. There is a document of efficiency analysis for the use of fossil fuel in Muara Wahau in 2013, made by SPO Officer of MWHM and approved by the Senior Mill Unit Head of MWHM on 3 October 2013. For example:

Month	FFB	Budget	Diesel fuel Use	liter / ton FFB
September	18,043,670	16,715.5	18,242	1.01
Oktober	20,061,540	16,715.5	23,665	1.18

- b. There is a chart and efficiency analysis of diesel fuel use (in liter) in 2013. Based on the existing chart it is known that the use of diesel fuel has exceeded the specified budget.

2. GKME Estate. There is a record of diesel fuel use in GKME Estate in January – December 2013 made by the SPO Officer and approved by the Senior Unit Head of GKME on 31 October 2013. Total use of diesel fuel until October 2013 was 217,931.46 liters with FFB production of 80,007.970 tons. The comparison of diesel fuel use for tonne of FFB until October 2013 was 2.75.

Status: Compliance

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.

Within the next 5 years there will be no replanting plan. However, the company has compiled Management Committee Agronomy and Research (MCAR) in 2012. In MCAR, there is a procedure of land clearing/new land preparation (SOP/SMART/MCAR/IV/TA-PLB/Chapter IV) that describes the process of zero-burning land clearing (Chemical system, Small cut-logs and mechanic). Similarly, in Chapter VI of Replanting SOP Document No. SOP/SMART/MCAR/VI/TA-RPL describes the procedure of zero-burning land preparation in replanting area through mechanical system (Felling, Unloading, Chopping, and Stacking).

The company has also developed the SOP of Land Fire Management (Document No. SOP/NP/SMART/XI/LH002 dated on 1 July 2010) in Technical Guidance of Land Preparation describing the steps for handling land fire.

Land fires are recorded in the Implementation Report of Environment Management Plan-Environment Monitoring Plan that is compiled periodically every 6 months and in Quarterly Report of Guiding Committee of Occupational Health and Safety where both reports showed that there had not been any fires during the period of 2013 (until December 2013). The record of land fire emergency response in the form of training and simulation conducted by the company is then reported to related agency.

There is a List of Facilities and Infrastructures of fire handling (land and small). Identification has been done to the fire-prone area as many as 6 points in the form of circle (*pringgan*), border area both with public area and employees housing and has mapped the water point that can be utilized as the source of water to fight fires as many as 7 locations such as dam, pond, and well.

Status: Compliance

5.6

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

The use of renewable energy (shells and fiber) and fossil fuel for Muara Wahau Mill as follows:

Data of the Shells and Fiber Usage Replacing Fossil Fuel in 2013 (January – December)

Average number of days/month	Processed FFB (kg)	Processing hours (hour)	Shells / 5.75% (Kg)	Fiber / 12.5% (Kg)	Shells Energy Potential (KCal)	Fiber Energy Potential (KCal)	Total of Energy Potential (KCal)	Total of Energy Needed for Processing	Total of Energy can be utilized (KCal)
26.5	209,964,400	5,970	12,072,953	11,572,662	49,559,472,065	69,209,515,350	118,768,987,415	65,096,152	118,703,891,263

Data of Fossil Fuel Usage in 2013 (January – December)

Average number of days/month	Processed FFB (kg)	Processing hours (hour)	Non-Processing Hours (hour)	Processed Diesel Fuel Needed (L)	Non-Processed Diesel Fuel Needed	Total of Diesel Fuel can be utilized	Total of the Actual Usage of Diesel Fuel (L)	Diesel Fuel Saving (L)	Price of Diesel Fuel (Rp)	Cost Efficiency of Diesel Fuel Usage (Rp)
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					(L)	(L)				
26.5	209,964,400	5,970	1,662	869,849	94,997	964,846	222,922	741,924	9,914	7,355,433,120

The use of renewable energy in the form shells and fiber has managed to significantly reduce the use of diesel fuel for the company. The company has successfully performed the reduction of diesel fuel for the last 3 years. It is seen from the use of diesel fuel for the last 3 years that experienced a decline trend.

Within the next 5 years there will be no replanting plan. However, the company has compiled Management Committee Agronomy and Research (MCAR) in 2012. In MCAR, there is a procedure of land clearing/new land preparation (SOP/SMART/MCAR/IV/TA-PLB/Chapter IV) that describes the process of zero-burning land clearing (Chemical system, Small cut-logs and mechanic). Similarly, in Chapter VI of Replanting SOP Document No. SOP/SMART/MCAR/VI/TA-RPL describes the procedure of zero-burning land preparation in replanting area through mechanical system (Felling, Unloading, Chopping, and Stacking).

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Status: Compliance

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.

Document of Identification Report on Social Impact of the Plantation and Palm Oil Mill of PT Kresna Duta Agroindo (Kongbeng Subdistrict, Kutai Timur District, East Kalimantan Province) has been available in January 2014. The study was conducted by Corporate Social Responsibility Department – PT Smart TBK. The document contains the condition of the population, economic, sociocultural, and health of the villages around the plantation (8 villages). Positive and negative impacts of the plantation management is also described as well as the positive and negative perception of the surrounding communities.

There is also a description of social impact analysis plan along with the attachment in the form of pictures of data collecting, public consultation of Social Impact Study, minutes of the activity and participants' attendance list. The examples of social impact management plan based on the community participation (by aspiration/input from community) include: watering program of the road traversed by operational vehicles in the dry season in order to reduce dust and to prevent wildlife hunting efforts in the area around the plantation.

Based on the description above the non-conformance in NCR 2013.01 is declared as closed.

The company also has Document of Environment Impact Analysis (EIA) which has been approved by the Head of Kutai Timur District through Letter No. 080/660.1/BUP-KUTIM/III/2007 dated on 21 March 2007 concerning Andal Approval, Environmental Management Plan – Environmental Monitoring Plan of the Plantation and Palm Oil Mill Development Program of PT Kresna Duta Agroindo with the mill capacity of 30 tons FFB/hour (Muara Wahau Mill) and 15 tons FFB/hour (Gunung Kombeng Mill). The area covered in the EIA are Gunung Kombeng Estate and Muara Wahau Estate with a broad of study of 7,850 ha.

In 2013, Addendum of the EIA 2007 has been carried out through Decree of the Head of Kutai Timur District No. 622/K.311/2013 dated on 22 April 2013 on Environmental Feasibility of Addendum concerning the activities of Oil Palm Plantation and the Improvement of Production capacity from 30 tons FFB/hour to 60 tons FFB/hour by PT Kresna Duta Agroindo covering the area of 7,850 ha in Kongbeng Indah Village, Makmur Jaya Village, Sukamaju Village, Kongbeng

Subdistrict, Kutai Timur district of East Kalimantan Province.

In 2013, the company has obtained Environmental License issued by the Head of Kutai Timur District No. 622/K.309/2013 dated on 22 April 2013 on Environmental License of the Addendum concerning the activities of Oil Palm Plantation and the Improvement of Production capacity from 30 tons FFB/hour to 60 tons FFB/hour by PT Kresna Duta Agroindo covering the area of 7,850 ha in Kongbeng Indah Village, Makmur Jaya Village, Sukamaju Village Kongbeng Subdistrict, Kutai Timur district of East Kalimantan Province.

In the EIA Document mentioned above, there are social parameters managed namely Social Economy and Cultural Components that include Employment and Entrepreneur Opportunities, Cohesiveness/Social Conflict, Public Perception and Public Revenue Improvement.

The company has reported periodically the Implementation report of Environmental management plan and Environmental Monitoring Plan of the Oil Palm Plantation and Mill. The report of the implementation of Environment Management Plan and Environment Monitoring Plan of the Palm Oil Mill and Plantation of PT Kresna Duta Agroindo for Semester II Year 2013 Period of July – December is available.

There is also a Receipt of the Implementation Report of Environmental management Plan and Environmental Monitoring Plan of PT Kresna Duta Agroindo Semester II Year 2013 dated on 29 January 2014. The report was submitted to the Ministry of Environment, Environment Bodies of East Kalimantan Province, Plantation Service of East Kalimantan Province, and Plantation Service of Kutai Timur District

Based on the stakeholder consultation, it is known that the smallholder scheme program has been implemented in Makmur Jaya Village with the area of 591 ha. It has also been implemented in Sukamaju village with the area covering 513 ha. It is a program of Independent Smallholder from the community as a partnership with PT KDA. The company pays attention to the community by giving dissemination assistance on oil palm cultivation.

Status: Compliance

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 already has SOP of Communication and Consultation (SOP/SPO/SMART/LH-19). The procedure objective is to ensure that all communication activities with relevant parties including the community in oil palm plantation and processing can be effective in accordance with principles in the procedure. The consultation and communication include: external and internal. Processes of communication are documented in the form of Record Book of Communication and Consultation containing Incoming Mail (Number of letter, incoming date, the address of the sender, purposes) and Responses (Number of letter, outgoing date, action, officer in charge, status).

The notebook of Communication and Consultation Request and Response of the period of January to November 2013, there had not been any information requests, only an assistance request in Gunung Kombeng Estate. This notebook is available in each unit of estate and mill. Management of PT Kresna Duta Agroindo has established the person in charge to do the communication in each unit. A list of stakeholders have been grouped into governmental agency, head of villages, and the community is available.

Based on the interview in the visited villages (for example Miau Baru Village and Sukamaju Village) and also at the time of stakeholder consultation for heads of village and community leaders, they often contact the management of PT KDA in several things, for example when they submit proposals of assistance request and other aspirations so know some of the staffs.

Status: Compliance

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 established the procedure for complaint submission namely SOP of Complain and Dissatisfaction No. PT KDA-GKME/SOP/25. The procedure aims to ensure the harmonious communication between workers and relevant stakeholders and the company in accordance with applicable rules and regulations.

Based on the complaint book, there have been no complaints from surrounding communities but there are a few from the workers.

The record book of Complaint is available at each unit, such as:

Muara Wahau Mill

Based on the Complaint Book 2013, there were 3 incoming mails and all of them had been followed-up. There is a sample of letter on 18 May 2013 on complaint/request from the residents of the housing regarding the condition of the sanitary. It had been followed-up by conducting cleanup activities. The evidence in the form of pictures of the cleanup around the housing complex on 22 December 2013 are attached.

Muara Wahau Estate

Based on the Complaint Book 2013, there was 1 incoming mail and it had been followed-up. There is a letter dated 2 December 2013 on the complaint about Domestic Violence/KDRT. It has been followed-up by calling the perpetrator of the violence (the husband). He was given a warning and should make a statement not to repeat the offense.

Gunung Kombeng Estate

Based on the Complaint Book 2013, there was 1 incoming mail from Independent Worker Union/SPM on the cottage security. There is a letter dated 13 December 2013 on the follow-up. It had been followed-up the Unit Head of Gunung Kombeng Estate to the Unit Head of Security to secure the cottage area.

There is also a Mechanism of Land Conflict resolution (SOP/SPO/SMART/LH-04). The procedure is the reference for land conflict resolution through several stages and involve the parties.

The company also has SOP of Land Compensation No. PT KDA-GKME/SOP related to the processes of land compensation. The purposes of the procedure are:

- To ensure the communicative relationship between people living around the estate with the company especially regarding the land compensation and ownership in accordance with the applicable rules and regulation.
- To facilitate the activities control in the field in term of the completion of land compensation according to the goals set by the company.

Status: Compliance

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 already has a Mechanism of Land Conflict resolution (SOP/SPO/SMART/LH-04). The solving of the problem is through several stages and involve the relevant parties namely:

- Staff of Document& License must believe that all documents of land ownership and tenure have been completed, valid and legally correct in accordance with the applicable regulation.
- Status of land ownership must be disseminated to the surrounding community so that there is a clarity about the rights of the company.
- If there are any claims regarding the land from the community with or without clear evidence of ownership, the D&L party must open a dialogue or give verbal or written explanation to cancel the claims.
- If the process in point c does not work, a settlement is then sought with the assistance of local government. The local government can include the community leaders, head of the village, head of subdistrict, head of the district, non-governmental organization, and local parliament. The result of the agreement should be documented in Minutes of Agreement as an evidence of collective agreement among all parties.
- If the efforts involving local government do not work either, then the process should be continued to the level of legal court to obtain legal certainty.
- In addition to documenting with the Minutes of Agreement, the process of conflict resolution involving local government and community leaders can also be documented using audio-visual recording (video)

The company has disseminated the mechanism of land conflict to the community as an effort to obtain approval from local community. For example the dissemination conducted on 31 May 2013 in Sukamaju village and on 11 November 2013 in RC office which was attended by 30 representatives and community leaders of Sukamaju, Kongbeng Indah, Makmur Jaya and Miau Baru Village.

There is also a Mechanism of Land Conflict resolution (SOP/SPO/SMART/LH-04). The procedure is the reference for land conflict resolution through several stages and involve the relevant parties.

The company has the records of evidence regarding the parties receiving compensation at the beginning of the development phase back in 1997. For example, the compensation process in Sukamaju Village and Suka Makmur Village mentioned in the Minutes of Committee B on the land covering 28,388 ha owned by 24 persons. All the records of negotiation and compensation agreement are available in the estate and well-documented in the Document of Compensation, for example:

- Document of compensation to 24 residents of Suka Maju and Suka Makmur Village covering 28,388 ha in 1997.
- Document of compensation on the boundary dispute among the villagers of Sukamaju (Ex. Trans SP5) in 2007 covering 5,000 M² on 24 September 2007.

Status: Compliance

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 has a commitment related to the wage system for workers. This is manifested in the Collective Labour Agreement agreed by all workers. The wages are arranged in Collective Labour Agreement 2013 in Article V – Wages, Article 15 – Wages System, Article VI - Collective Work and Fixed daily Wages, Article IX – Allowance, Food Allowance, and Mandah Allowance, Article X – Rate of Overtime Wages.

There is Decree of the Head of East Kalimantan Province No. 561 /K.42/2013 dated 17 January 2013 on Samarinda City Minimum Wages of the year 2013 amounting IDR 1,752,000. Responding to the decree, the company issued a decree No. 040/02/CEO 3/HR PSM3/02/2013 on Wages of Fixed Daily Worker (SKU-H) of PT. KDA East Kalimantan signed by two directors on 1 January 2013. The point of the letter is that the company had adjusted the basic wages and rice supply of workers as fixed allowance for fixed daily workers to IDR 1,766,000/month; for single daily worker with working tenure of more than 1 (one) year, the basic wage and rice supply is IDR 1,771,000/month. The decree is applicable since the date of enactment.

The result of interview with employees regarding Regional Minimum Wage:

- Entin (Loose Fruit Collector of GKME): KDA has provided the wages according to Regional Minimum Wage of IDR 1,752,000/month.
- Heri S (Spray Worker of GKME): KDA has provided the wages according to Regional Minimum Wage of IDR 1,752,000/month.

The company also involves the Worker Union for consideration, suggestion, and feedback related to the representation of rights and obligation of the employees included in Collective Labour Agreement. This is to avoid the gap and employment conflict between the company and employees.

The company provides common facilities for employees such as adequate housing facilities, clean water supply, electricity, health care, education and religious facilities.

Result of interview with employees regarding common facilities:

- Entin (Loose Fruit Collector of GKME): Common facilities provided are houses, electricity, mosque, and school building for employees' children.
- Kristin (Loose Fruit Collector of GKME), Common facilities provided are free clinic, clean water supply, electricity, and education for employees' children.
- Sugeng R (Workshop Supervisor of GKME), Common facilities provided are permanent housing, free clinic, clean water supply, electricity and education for employees' children.

For contractors who work with the company, there is an agreement letter which also includes requirement and obligation of the contractors to meet the applicable regulation. However, the company needs to ensure that each contractor working with the company has applied the clause of workers inclusion in the labour social assurance. There is an example of Work Agreement Letter No. GKME/EST/01/13/001-Akt.TBS between GKME and CV Anugrah Mulia Abadi (Usat lawai) of Makmur Jaya villagers on 2 January 2013. The type of work is FFB Transporting, working tenure 3 months since 2 January 2012 to 31 March 2013. The value of the contract is IDR 37/kg accompanied by provisions; tax and Labour Social Assurance (Article 4); for OHS fulfillment (Article 6), payment receipt.

Status: Compliance

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.

There is a company policy that gives freedom of association to workers, among others:

- Article II in Collective Labour Agreement of PT KDA point b. Employer acknowledges Independent Worker Union as a worker organization that has the right to act on behalf of its member in the implementation of the agreement.
- Circular No. 104/CEO 3-SE/07/2010 based on Act No. 21 Year 2000 concerning Worker Union restated that Company respects the applicable regulations in the Act including matters of freedom of association by joining worker organization which is the basic right of workers as stated in the Act.

Due to the policy, the company has the proof record of the board composition, namely:

- Board of Independent Worker Union of GKME 2013-2015 No. 560/1259/HIJ to the Labour and Transmigration Service of Kutai Timur District on 23 September 2013 with the committee as follows: Chairman: Blasius Meo, Deputy of Chairman: Arfan Fauzi, Secretary: Frengki, Treasurer: Puji Rahayu.
- Board of Independent Worker Union of MWHM 2012 – 2014 Chairman : Ardiansyah, Deputy of Chairman : Abdul Mahid, Secretary : M Arif Azizi, Treasurer : Eris Junaidi with a proof letter No 560/938/HIJ to Labour and Transmigration Service with documentary evidence 09/02/SP-SB/ Nakertrans-HIJ/VI/2012 dated 27 June 2012.

There is a record of Independent Worker Union meeting in the Project Meeting Room of GKMM-MWHM discussing monthly agenda on 2 May 2013. The meeting was attended by 17 participants, the record is equipped with attendance list and documentation in the form of photographs.

Status: Compliance

6.7 Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education program. Children are not exposed to hazardous working conditions.

The company has a policy in the form of Circular from HR Director for all Unit Head No. 002/SE-HRDV/03/09 on 31 March 2009 concerning the minimum age that due to the Act No. 13 year 2003 regarding employment and article 68 regarding the prohibition to hire children, it is stated that the minimum age of working in the company is 18 years old. From the result of document examination, there are no under-age workers in the company. It was verified on stage-2 by a field visit. The result of field observation to Muara Wahau mill and Block I11, H14 and GKME Workshop showed that there are no workers under 18.

Status: Compliance

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 a policy in the form of Circular from CEO 3 for all unit head regarding Implementation of Industrial Relation in the Unit No. 102/CEO3-SE/01/2010 dated 27 January 2010. The point of the Circular is that to manifest a harmonious, dynamic and equitable industrial relation, it is necessary to be implemented in each operational unit without distinction of the ethnics, religion, race and gender in any kind of fieldwork.

The policy of SDMA-100-00 1 September 2005 (Hong Tjhin MD Strategic) point 2: principally the organization employs individual who has a competency according to the requirements of office without distinction of ethnic, race and religion.

Status: compliance

6.9 Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

The company has a policy in the form of Circular from CEO 3 for all unit head regarding Implementation of Industrial Relation in the Unit No. 101/CEO3-SE/01/2010 dated 27 January 2010. The circular stated that in order to apply the law mandate regarding sexual harassment, all unit leaders and their staffs are to conduct a dissemination to all employees regarding the prevention and handling of sexual harassment.

- The company has conducted a dissemination of Sexual Harassment in Division Office of Cottage 2 on 16 May 2013 attended by 67 participants. There is a record equipped with attendance list and documentation photographs.

- Dissemination of Sexual Harassment in Emplacement Tennis Court on 24 April attended by 21 participants. There is a record equipped with attendance list and documentation photographs.

Related to the protection of reproductive rights, the company has policies among other:

- Circular 103/CEO 3-SE/01/2010 imposed on the date of 27 January 2010 on Menstrual Period Permission which stated that female workers in the menstrual period feel pain and based on the examination from the company's doctor that notifies it to the employer, the female workers having menstrual period are not obliged to work on the first and second day at the time of menstruation.
- Circular from CEO3 on 10 January 2011 No. 003/CEO2-SE/01/2011 to all unit leaders regarding the dissemination of Sexual Harassment.
- In the Collective Labour Agreement VIII point (d) regarding female workers that are giving birth or having miscarriage. Point (e) regarding menstrual period.

The result of interview with female workers regarding protection of reproductive rights:

1. Entin (Loose Fruit Collector of GKME): The company has granted permission for the first day of menstruation, also has provided time for female workers who are breastfeeding.
2. Kristin (Loose Fruit Collector of GKME), the company has granted permission for maternity leave which is 1.5 months before giving birth and 1.5 month after giving birth.

The company has SOP of complaint submission for workers (SOP/NP/SMART/XII/MCAR001) where in Chapter 12 describes external and internal complaint, including specific complaints for female workers in order to guarantee the harmonious communication between internal and external parties with the company, in accordance with the regulation. The procedure outlined efforts done by the company among others:

- Unit (estate) facilitates female workers union.
- Female workers can submit complaints and dissatisfaction related to the specific female problems either individually or through the union addressed to unit head. The mechanism of complaint handling is described and noted in the form of complaint handling monitoring (F/SMART/MCAR/01) and referred to the procedure of complaint and dissatisfaction handling.
- Complaints received are verified by the EM in order to investigate the facts in the field.
- Further solving mechanism refers to complaint handling from internal.

There is a flowchart of complaint and dissatisfaction handling available especially for female workers.

There is SOP of Gender Committee (SOP/SPO/SMART/LH-15 dated 1 July 2010 by Division Head of Environmental & Sustainability) where in point 12 regarding steps in discussing complaint handling in term of sexual harassment.

The company has facilitated the establishment of female workers union (Gender Committee). The structure of GKME Gender Committee was authorized on 25 April 2012 for the period of 2012-2014 with the Chairman Puji Rahayu, Yuyun Indawati as Deputy Chairman, Siti Mubarakah as Secretary, and the Treasurer Siti Masruroh.

Status: Compliance

6.10

Growers and mills deal fairly and transparently with smallholders and other local businesses.

The setting price of Fresh Fruit Bunch (FFB) is not under the company's control. The price of FFB is established by Plantation Service based on the meeting result with all relevant parties. There is a Minutes of Meeting Result of the Purchase Price Setting of FFB Produced by Farmers in East Kalimantan Province for the period of December 2013. The minutes is acknowledged by the Team Chairman of FFB Price Setting of East Kalimantan Province, Ir. M. Yusuf. The establishment was conducted by involving all relevant parties, such as: farmers, plantation manager, Plantation Service and Association of Oil Palm Farmer/GAPKI of East Kalimantan Province.

No	Age of Tree	Price/Rp
1	3	1.398,99
2	4	1429,41
3	5	1456,66
4	6	1495,48
5	7	1510,30
6	8	1547,18
7	9	1583,18
8	≥10	1.595,50

There is also Circular from CEO3 (Bun Suryanto) to all unit head of South Kalimantan and East Kalimantan Region No.

102/CEO 3-SE/01/2011 regarding the establishment of smallholding FFB Price on 10 January 2011. The circular stated that Guidance of FFB Price Establishment Produced by Farmer in the area of South Kalimantan and East Kalimantan referred to the FFB price had been set up by FFB Price Establishment Team in each province.

In term of cooperation with other parties, such as with the local contractor, the cooperative agreement contract and payment methods are agreed by both parties. There are evidence of cooperative agreement contracts and payments in each working unit (estate and mill).

Muara Wahau MillEmployment Contract

- Labour Agreement Letter No. 09/KDA-MW/HM/LKL/XII/2013 dated 30 December 2013 between Factory Senior Manager of PT Kresna Duta Agroindo (Party I) and Sahadi Maruli Tua (Party II – Local Businessman) for the cooperation of replacing Liner Sterilizer No. 2. The contract describes payment mechanism (Article V) and about Occupational Health and Safety and Labour Social Assurance (Article VI). OHS and the social assurance aspects are covered by Party II.

Payment Process

- Minutes of Work Checking on 8 January 2014
- Request for Payment on 8 January 2014 amounting IDR 48,400,000
- Invoice No: 09/KDA-MWHM/XII/2014 on 8 January 2014 amounting IDR 48,400,000
- Proof of payment transfer through Bank BRI Kombeng branch on 16 January 2014 amounting IDR 48,400,000
- Payment receipt (stamped IDR 6,000) from PT Kresna Duta Agroindo on 20 January 2014 amounting IDR 48,400,000

Muara Wahau EstateEmployment Contract

- Labour Agreement Letter No. MWHE/EST/09/2013/009-Akt. TBS, dated 30 September 2013, between Waluyo (Regional Controller) – Directors Representative of PT Kresna Duta Agroindo (Party I) and Suwarno (Party II – Local Businessman) for the cooperation of FFB Transporting. The contract describes the price and payment method (Article 3), Tax and Labour Social Assurance (Article 4). The OHS aspect is covered by Party II.

Payment Process

- Minutes of Work Checking on 11 October 2013
- Minutes of FFB receipt on 11 October 2013
- Request for Payment on 11 October 2013 amounting IDR 21,018,445
- Proof of payment transfer through Bank BRI Kombeng branch on 16 October 2013 amounting IDR 20,598,076
- Payment receipt (stamped IDR 6,000) from PT Kresna Duta Agroindo on 17 October 2013 amounting IDR 20,598,076

Gunung Kombeng EstateEmployment Contract

- Labour Agreement Letter No. GKME/EST/07/2013/003-ATBS on 1 July 2013, between Waluyo (Regional Controller) – Directors Representative of PT Kresna Duta Agroindo (Party I) and Usat Lawai (Party II – Local Businessman) for the cooperation of FFB Transporting. The contract describes the price and payment method (Article 3), Tax and Labour Social Assurance (Article 4). The OHS aspect is covered by Party II.

Payment Process

- Minutes of Work Checking on 26 July – 10 August 2013
- Minutes of FFB Receipt on 26 July – 10 August 2013
- Request for Payment on 26 July – 10 August 2013 amounting IDR 30,053,807
- Proof of payment transfer through Bank BRI Kombeng branch on 16 August 2013 amounting IDR 30,053,807
- Payment receipt (stamped IDR 6,000) from PT Kresna Duta Agroindo on 16 August 2013 amounting IDR 30,053,807

Every contract was signed by each party, namely the representative of PT Kresna Duta Agroindo management (Party I) and the concerned contractor (Party II). The mechanism of the payment is that the contractor submits invoice, Party I has done

checking the work (Minutes attached).		
	Status: Compliance	
6.11		
Growers and millers contribute to local sustainable development wherever appropriate.		
The company's contribution to the local development is carried out through several programs, such as: CD/CSR program, scholarships for students meeting the requirements to go to university and local tax payments.		
CD/CSR program in each estate:		
Muara Wahau Mill		
Road improvement that is done on a regular basis for the period of January – December 2013 (budgeted by Muara Wahau Mill) with the total amount of IDR 434,578,714 (project photos attached).		
Muara Wahau Estate		
January - December 2013 IDR 1,314,387,685		
The fields include the aspects of social, economy, infrastructures, education, health and environment.		
Gunung Kombeng Estate		
January - December 2013 IDR 1,882,821,240		
The fields include the aspects of social, economy, infrastructures, education, health and environment.		
Tax payment, Income Tax (PPH 21) year of 2013 and Land and Building Tax 2013.		
Assistance for Scholarship:		
Based on the information at the time of stakeholder consultation, the granting for scholarship for students passing the university selection, there are 14 students in Miao Baru Village and 5 from Sukamaju Village that have obtained scholarship from the management of SMART Group to continue their study to Mulawarman Samarinda University in East Kalimantan.		
	Status: Compliance	
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.		
Not Applicable; the company did not carry out the land clearing/development of a new oil palm plantation after November 2005. The last planting was carried out in 2004.		
Not Applicable; the company did not carry out the land clearing/development of a new oil palm plantation after November 2005. The last planting was carried out in 2004.		
	Status: NA	
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.		
Same as above		
	Status: NA	
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.		
Same as above		
	Status: NA	

7.4		
Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.		
Same as above		
	Status: NA	
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.		
Same as above		
	Status: NA	
7.6		
Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.		
Same as above		
	Status: NA	
7.7		
Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.		
Same as above		
	Status: NA	
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.		
<p>Company has conducted Study of Social Impact and the report of Social Impact Indication in the Plantation and Palm Oil Mill of Pt Kresna Duta Agroindo (Kongbengsub-District, Kutai Timur District, East Kalimantan Province). The study was conducted by Corporate Social Responsibility – PT Smart Tbk. The document contains population condition, economy, sociocultural and health of the villages surrounding the company (there are 8 villages). Positive and negative impacts are also described along with the positive and negative perception from surrounding community.</p> <p>There is also a description about social impact analysis plan along with the attachment and photographs of data collection activities, public consultation on the result of Social Impact Study, minutes and attendance list.</p> <p>There is an Action Plan on findings potential and follow-up to the Improvement Advice at the time of pre-assessment (Stage 1), along with Minutes of Meeting of the Discussion Meeting of RSPO Internal Audit Findings and the making of Corrective Action related to the findings.</p> <p>There is also evidence of follow-up potentials of the mismatch during Stage-1 in the form of Report Document of Social Impact Identification of the Plantation and Palm Oil Mill (Kongbeng Sub-District, Kutai Timur District, East Kalimantan Province) January 2014. The study was conducted by Corporate Social Responsibility – PT Smart Tbk. The document contains population condition, economy, sociocultural and health of the villages surrounding the company (there are 8 villages). Positive and negative impacts are also described along with the positive and negative perception from surrounding community. There is also a description about social impact analysis plan along with the attachment and photographs of data collection activities, public consultation on the result of Social Impact Study, minutes and attendance list.</p>		
	Status: In Compliance	

3.2. Summary of Assessment Report of Supply Chain

Clause	(Module E) CPO Mills - Mass Balance Requirements
1	Documented Procedures
1.1	<p>The facility 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:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements.</p> <p>b) The name 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 facilities procedures for the implementation of this standard.</p>
	<p>a) The company already has SOP of Supply Chain Product of RSPO Model Mass Balance (PT KDA-MWHM.GKMM/SOP/31) authorized on 01December 2013. The procedure Describes mechanism of fruit reception (either from the main plantation, scheme smallholders, or supplier/independent smallholder), processing, oil and palm kernel storage in the tank, and product delivery (CPO and palm kernel) to Dumai Bulking Station. This procedure also sets the supply chain system applied based on the principles of Mass Balance where the FFB coming from different sources are processed at the same time. This procedure establishes that the FFB reception from nucleus and non-nucleus estate is differentiated from the recording (Reception code on weight bridge). The record provided is weight ticket. Then the FFB is processed at the same time, while the delivery of the CPO and palm kernel claimed as certified products is delivered using Product Delivery Letter.</p> <p>b) Personnels who are responsible to the application of requirements among others:</p> <ul style="list-style-type: none"> • Assisstant is responsible for supervising the FFB received in accordance with standard and criteria established, supervising the FFB processing, and supervising the process of product quality analysis. • Head of Administration is responsible for recording and reporting the quantity and quality of processed products on a regular basis, supervising the administration process of FFB reception and the delivery of processed products, supervising important equipments in supply chain and ensuring them in good condition, accurate, registered and well-maintained. • Mill Unit Head (Deputy of Management) is responsible for ensuring the whole process of supply chain can be well-conducted, ensuring the Mass Balance calculations have been done correctly to define the number of certified products, providing information to all parties who need it related to certified products. • Production Controller (top management) is responsible for ensuring and guaranteeing that the products resulted can be traced to the sources and the products delivered can be acceptable in accordance with the quantity and the quality.
	Status: Compliance
1.2	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>
	<p><i>See explanation 1.1</i></p> <p>Muara Wahau POM established the model of Mass Balance Supply Chain in determining certified and non-certified products. The implementation of the determination of certified and non-certified products is by putting "Mass Balance Stamp" in Fruit Covering Letter.</p> <p>The management unit of Muara Wahau POM is able to demonstrate the document simulation if there is a claim for certified CPO. The documents showed are: Fruit Covering Letter, Weighing Letter and CPO Covering Letter from the Mill to the Bulking.</p>
	Status: Compliance

2	Purchasing and goods in																														
2.1																															
The facility shall verify and document the volumes of certified and non-certified FFBs received.																															
FFB received by Muara Wahau Mill comes from nucleus estates namely Gunung Kombeng Estate nad Muara Wahau Estate. Muara Wahau POM – PT Kresna Duta Agroindo already have a mechanism in determining Certified and Non-certified FFB. The determination is carried out by putting “Mass balance Stamp” for the FFB coming from RSPO certified estate. Meanwhile, the SAP Software to determine the model of Supply Chain Mass Balance is being developed at the head office.																															
	Status: Compliance																														
2.2																															
The facility shall inform the CB immediately if there is a projected overproduction.																															
In SOP of the Supply Chain Product of RSPO Mass Balance Model (PT KDA-MWHM.GKMM/SOP/31) ratified on 1 December 2013, it is stated that Muara Wahau POM – PT Kresna Duta Agroindo have a commitment to report to the Certification Agency if the CPO production exceeds the claim product projected.																															
	Status: Compliance																														
3	Record keeping																														
3.1																															
The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.																															
The entire recordings and reports have been made and kept fully by the company, including Mass Balance Report for SCCS for the period of 3 months. Document storing system in the form of soft copy in the program of System Application Program (SAP) and document storing system in the form of hard copy (print-out) that is kept in the cabinet in administration room of Muara Wahau Mill.																															
	Status: Compliance																														
3.2																															
Retention times for all records and reports shall be at least five (5) years.																															
Procedure of Document Control and Retention Time (No: SOP/SPO/SMART/LH-02) dated 1 July 2010 stated that the retention time of all RSPO documents is 5 (five) years.																															
	Status: Compliance																														
3.3																															
(a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.																															
(b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.																															
(c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.																															
a. Records of FFB receipt and CPO Production, CSPO and non-CSPO Kernel are documented in the Mass Balance Report of ISCC of Muara Wahau Mill for the period of 3 September 2013 to 2 December 2013.																															
<table><tr><td>Period</td><td>Received FFB of GKME (kg)</td><td>Received FFB of MWHE (kg)</td><td>Non-ISCC PMSE</td><td>Non-ISCC GKMA</td></tr><tr><td>September</td><td>7,535,410</td><td>9,225,300</td><td>-</td><td>374,210</td></tr><tr><td>October</td><td>8,970,070</td><td>9,526,920</td><td>-</td><td>1,564,550</td></tr><tr><td>November</td><td>9,230,840</td><td>10,694,070</td><td>2,640,120</td><td>1,937,620</td></tr><tr><td>December</td><td>361,430</td><td>560,840</td><td>121,440</td><td>91,750</td></tr><tr><td>Total</td><td>26,097,750</td><td>30,007,190</td><td>2,761,560</td><td>3,968,130</td></tr></table>		Period	Received FFB of GKME (kg)	Received FFB of MWHE (kg)	Non-ISCC PMSE	Non-ISCC GKMA	September	7,535,410	9,225,300	-	374,210	October	8,970,070	9,526,920	-	1,564,550	November	9,230,840	10,694,070	2,640,120	1,937,620	December	361,430	560,840	121,440	91,750	Total	26,097,750	30,007,190	2,761,560	3,968,130
Period	Received FFB of GKME (kg)	Received FFB of MWHE (kg)	Non-ISCC PMSE	Non-ISCC GKMA																											
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December	361,430	560,840	121,440	91,750																											
Total	26,097,750	30,007,190	2,761,560	3,968,130																											
b. Product dispatch (CPO and PK) has used SAP application system with adequate calculation according to the procedures.																															

c. Muara Wahau Mill has not yet obtained Certificate of RSPO.	
	Status: Compliance
3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	
Muara Wahau Mill has not yet obtained Certificate of RSPO.	
	Status: NA
3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	
Not Applicable. Muara Wahau Mill does not conduct Palm Kernel processing.	
	Status: NA
4	Sales and goods out
4.1 The facility shall ensure that all sales invoices issued for RSPO palm oil delivered include the following information: (a) The name and address of the buyer (b) The date on which the invoice was issued (c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) (d) The quantity of the product delivered (e) Reference to related transport documentation	
Muara Wahau Mill has not yet obtained Certificate of RSPO, so it does not have simulation related to the document. This clause applies when the facility is doing direct selling of the CPO/PK from Mill to Buyer. Meanwhile, the CPO dispatch to the Bulking Station is the authority of Trading Department (Team Downstream). Muara Wahau Mill has not had examples of sales contract document that if there are certified products then each dispatch document will be imprinted "Mass Balance" stamp.	
	Status: Compliance
5	Training
5.1 The facility shall specifies and provides the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	
Muara Wahau POMhas conducted training for all staffs concerning procedure of <i>Supply Chain Certification System</i> . The training was conducted twice. The earlier training was conducted on 18 December 2013 taking place in RC Room KALTIM 1 attended by all staffs of Estate and Muara Wahau POM as many as 44 persons. Based on the interview with the Weight Bridge officer in POM Muara Wahau, FFB Weight Bridge Operator and CPO Weight Bridge Operator have attended training and have known the procedure of supply chain required.	
	Status: Compliance
6	Claims
6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	
This clause applies when the facility is doing direct selling of the CPO/PK from Mill to Buyer. Meanwhile in Group Sinarmas, the CPO is delivered to the Bulking then the trading is done by Team Downstream to Buyer. Thus, the RSPO of Rules on Market Communication and Claim is established in separate procedures at the Downstream and Sales Department. So this clause is not applicable (Not Applicable).	
	Status: NA

3.3. Conformity Checklist of Certificate and Logo Use *(Only apply for Surveillance Assessment Report)*

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
S-1		
	Status:	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
S-1		
	Status:	
3.	Implementation of Certificate and Logo is not used on product	X or√
S-1		
	Status:	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
S-1		
	Status:	

3.4. Summary of RSPO Partial Certification.

Total companies observed (0.5 \sqrt{Y}) Where Y is the total of uncertified RSPO registered company		
<p>Smart Tbk Group has 14 Management Unit, 5 (five) Management Unit already assessed by the other Certification Body and certified, and 8 (eight) Management Units are still preparation process to certification. The Management Unit of Smart Tbk Group are:</p> <ol style="list-style-type: none"> 1. PT Tapian Nadenggan (Semilar Mill), Central Kalimantan (certified on 2013) 2. PT Leidong West Indonesia (Leidong West Mill) Bangka (already assessed for RSPO by PT Mutuagung Lestari) 3. PT Kresna Duta Agrindo (Jelatang Mill) Jambi (preparation process to certification)* 4. PT Tapian Nadenggan (Jak Luay Mill) East Kalimantan (preparation process to certification) 5. PT Kresna Duta Agroindo (Gunung Kombeng Mill/ Muara Wahau Mill) East Kalimantan (already assessed for RSPO by PT Mutuagung Lestari) 6. PT Kresna Duta Agroindo (Pelakar Mill) Jambi (preparation process to certification) 7. PT Kresna Duta Agroindo (Langling Mill) Jambi (preparation process to certification) 8. PT Satya Kisma Usaha (Sungai Bengkal Mill) Jambi (preparation process to certification) 9. PT Smart Tbk (Bukit Kapur Mill) South Kalimantan (preparation process to certification) 10. PT Smart Tbk (Padang Halaban Mill) North Sumatera (Certified) 11. PT Smart Tbk (Batu Ampar Mill) South Kalimantan (Certified) 12. PT Smart Tbk (Tanah Laut Mill) South Kalimantan (Certified) 13. PT Smart Tapian Nadenggan (Langga Payung Mill) North Sumatera (Certified) 14. PT Tapian Nadenggan Tbk (Hanau Mill) Central Kalimantan (Certified) <p>Total Company who visited: (0.8 \sqrt{Y}) where Y is the number of companies that are still in the process of certification. Thus, the team determines the location of the samples verified that are PT Leidong West Indonesia (Leidong West Mill) Bangka; PT Satya Kisma Usaha (Sungai Bengkal Mill) Jambi and PT Kresna Duta Agrindo (Jelatang Mill) Jambi.</p> <p>Date of Observation: 21 February 2013</p>		
2.1	There is compliance with all applicable local, national and ratified international laws and regulations.	X or $\sqrt{}$
	Based on results of verification in 2 units as an example of the assessment, company has complied with the regulation.	$\sqrt{}$
	Status: Complied	
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	X or $\sqrt{}$
	Based on documents verification, there is no land conflict in each sample units.	$\sqrt{}$
	Company have SOP/NP/SMART/XII/MCAR001 about grievance handling, 1st revision on 1 July 2010 and it had been socialized to stakeholders.	
	Status: Complied	
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	X or $\sqrt{}$
	Company have SOP complaint and grievance (SOP/NP/SMART/XII/MCAR001), 1st revision on 1 July 2010 and it had been socialized to stakeholders.	$\sqrt{}$
	Status: Complied	
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.	X or $\sqrt{}$
	Company have SOP/NP/SMART/VII/D&L002 SOP about land compensation, 1st revision on 1 July 2010.	$\sqrt{}$
	Some land compensation has been paid and available the records of land compensation in each company.	
	Status: Complied	

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.	X or√
	There is no new plantings since November 2005 in primary forest or HCV area	√
	Status: Complied	
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.	X or√
	PT Leidong West Indonesia (Leidong West Mill) Bangka and PT Duta Agrindo Krishna (Nettle Mill) Jambi Since November 2005 not to expand the operational area. PT Satya Kisma Usaha: Available of Documentation is given by related organisation by Free, Prior and Informed Consent regarding certain areas in primary estate i.e. KILE with status of state land and KILA with status of people land, and introduce the program to support plasma activities which lead to PKS. The status of land in primary estate KILE has no process of compensation due to ownership of state land and no cultivation or farming on the land by people. The stages of the state status are seen from some existence below: <ol style="list-style-type: none"> 1. Location permit issued by local administration (Head of District) in 2011 2. Activities of kadesteral by BPN which was conducted on 24 June 2011. 3. Claim that the state land is APL area (other use of land) from Forestry Dept. Of Jambi Province dated 29 June 2012. 4. SKD Head of Village letter of Muara Kilis dated 20 March 2013, head of Sungai Keruh village with area of 1.364 Ha claims that the area belongs to state land and not customary land, not under ownership/cultivation by local people. 5. SKD Head of Village letter of Muara Kilis dated 20 March 2013, Head of Sungai Keruh village with area of 14.21 Ha, claims that the land belongs to state land and not customary land, not under ownership/cultivation by local people. The SKD is signed by local head of village and head of BPD Muara Kilis Village and S Keruh Village, sub-district head of Central Tebo and sub-district head of Tebo. 	√
	Status: Complied	
7.6	Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	X or√
	PT Leidong West Indonesia (Leidong West Mill) Bangka and PT Duta Agrindo Krishna (Nettle Mill) Jambi Since November 2005 not to expand the operational area. PT Satya Kisma Usaha: The status of land in primary estate KILE has no process of compensation due to ownership of state land and no cultivation or farming on the land by people. The stages of the state status are seen from some existence below: <ol style="list-style-type: none"> 1. SKD Head of Village letter of Muara Kilis dated 20 March 2013, head of Sungai Keruh village with area of 1.364 Ha claims that the area belongs to state land and not customary land, not under ownership/cultivation by local people. 2. SKD Head of Village letter of Muara Kilis dated 20 March 2013, Head of Sungai Keruh village with area of 14.21 Ha, claims that the land belongs to state land and not customary land, not under ownership/cultivation by local people. The SKD is signed by local head of village and head of BPD Muara Kilis Village and S Keruh Village, sub-district head of Central Tebo and sub-district head of Tebo. 	√
	Status: Complied	

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 ST-1 Assessment

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2013.01	6.1.1 Major 6.1.3 Minor 6.1.4 Minor	Document of SIA and Social Management Plan Company has conducted SIA survey, however until the S-1 assessment the document of reports and management and social plan monitoring have not been finished.	NC Potential	Mill and Estate	Before stage 2	Company must provide the final report and SIA management plan	<p>Root Cause: Report of Social Impact Assessment has not been finished.</p> <p>Corrective Action: There is a Final Report of Social Impact Identification of the Oil Palm Plantation and Mill of PT Kresna Duta Agroindo in Kongbeng Subdistrict, Kutai Timur District, East Kalimantan Province in January 2014. The study was conducted by Corporate Social Responsibility Department – PT Smart Tbk. It contains the condition of population, economic, sociocultural and health in surrounding villages (8 villages). The positive and negative impacts of plantation management are also described along with the positive and negative perception of the community.</p> <p>Preventive Action: Completion of the report according to specified time.</p>	Open	

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

CAR No	Ref Std	Finding	Area	Grade	Time Limits	Corrective Action	Observation	Status	Closing Date
2014.01	Minor 4.6.1	Reduction of the use of chemical type 1A of WHO Company is not able to show the evidence that the trend of using brodifacum (Type 1A WHO) has been reduced overall.	Estate	NC	S1	Company must show the evidence of the reduction of the use of chemicals type 1A WHO.	Root Cause: Corrective Action: Preventive Action:	Open	

3.5.3 Opportunity for Improvement

No	Ref Std	Descriptions
1	Minor 4.4.1	Company is able to improve the consistency of evaluative action to each parameter resulted from environment monitoring and incorporate the result of these evaluation in the Environmental management Plan and Environmental Monitoring Plan during the period.
2	Minor 4.7.6	Company has the opportunity to improve the monitoring to occupational health and safety program equipment and First Aid Emergency.
3	Minor 5.3.1	Company has the opportunity to improve the installation of hazardous waste symbols in accordance with the waste collected in hazardous waste temporary warehouse.
4	Minor 5.3.2 Major 4.6.4	Company needs to ensure the format of hazardous waste balance sheet according to the temporary warehouse license attached in the internal monitoring.
5	Minor 6.5.1	Company has the opportunity to improve the monitoring of water resources for employees.
6	Minor 6.11	Company is able to develop the communication process (dissemination) of the CD/CSR program to surrounding community.

3.5.4 Noteworthy Positive Components

No	Descriptions
1	Company's commitment to implement the principles of sustainability oil palm plantation management.
2	Personal (staff) competency in the respective fields.
3	Company has obtained Certificate of ISCC Year 2013, Award from the Ministry of Environment (Performance Rating Program in Environmental management – Green PROPER)
4	Company has done a good environmental management
5	Company's commitment in providing document is good enough
6	Company's commitment in applying Management System of Occupational Health and Safety (OHS) is good enough

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

Issued by the Stakeholders	Company's Responses	Auditor's Responses
Agriculture Agency of Kutai Timur District		
<ul style="list-style-type: none"> In general, PT KDA has met the applicable regulations in plantation sector, such as: the company already has Plantation Business Permit/IUP covering 7,850 ha. Relating to the POM that is not listed in the IUP, the Plantation Service stated that such thing is not an issue since the capacity of the POM is adjusted to the development of the plantation and it has been arranged in EIA study owned by PT KDA. PT KDA telah dilakukan Penilaian Usaha Perkebunan (PUP) dan secara rutin telah melakukan pelaporan terkait dengan perkembangan usaha perkebunan. PT KDA has managed the conservation area in Land Use Title/HGU Inn 2013 until December 2013 there has been no reports from the parties relating to the social aspects in the working area of PT KDA. There has been a problem associated with the land (transmigration land) but it has been solved by involving relevant agencies especially the Plantation Service of Kutai Timur District. Based on the Provincial-level Spatial Plan, the area of Land Use Title of PT KDA is Plantation and Cultivation Area/ there are no forest area within the Land Use Title of PT KDA. 	<ul style="list-style-type: none"> The company is always committed and gives efforts to meet the applicable regulation in plantation sector. Plantation Assessment/PUP 2012 has been conducted and on 10 December 2013 PT KDA has been certified in Plantation Assessment (Class III) from the Governor of East Kalimantan Province. The company has conducted the management and monitoring of the conservation area on a regular basis within the HGU area, including protected flora and fauna. The social aspects in the working area of PT KDA have been reported in the Report of Environmental management Plan – Environmental Monitoring Plan Semester 1 & 2 Year 2013 (receipt attached). Problem related to the land (transmigration land) has been well solved by involving relevant agencies, such as in Sukamaju Village. The HGU area of PT KDA is a cultivation of plantation area, not included in the forest area. 	<p>Plantation management must meet the applicable regulations.</p> <p>At the time of stakeholder consultation, there were no issues of <i>land claim</i> or <i>land occupation</i>.</p>



Environment Bodies of Kutai Timur District		
<ul style="list-style-type: none"> • PT KDA already has Document of EIA includes: Estate covering 7,850 ha and POM with the capacity of 60 tons FFB/hour according to Decree of the Head of Kutai Timur District No 622/K.311/2013 dated 22 April 2013. • PT KDA has obtained Environmental License according to Decree of the Head of Kutai Timur District No. 622/K.309/2013 on 22 April 2013. • Especially for the smallholders, the company already has Document of Environmental Management/DPLH. • Company has consistently report the environmental management periodically to the Environmental Service of Kutai Timur District. However, the company needs to improve the timeliness especially when reporting Implementation Report of Environmental Management Plan-Environmental Monitoring Plan. • The Environmental Service suggested the company to improve the reporting format of Waste Management, Land Application, and Hazardous Waste Management. • There has been no reports from public regarding the environmental pollution aused by the operations of PT KDA. 	<ul style="list-style-type: none"> • PT KDA already has Document of EIA according to Decree of the Head of Kutai Timur District No 622/K.311/2013 dated on 22 April 2013 • PT KDA has obtained Environmental License according to Decree of the Head of Kutai Timur District No. 622/K.309/2013 on 22 April 2013. • for the smallholders, the company already has Document of Environmental Management/DPLH. • Company has consistently report the environmental management periodically every 6 months according to applicable regulation. • The reporting format of Waste Management, Land Application, and Hazardous Waste Management will be adjusted with applicable regulations. • The company has committed not to pollute the environment. 	Plantation management must meet the applicable regulations.
National Land Agency of Kutai Timur District		
<ul style="list-style-type: none"> • PT KDA has obtained the land use rights from the government according to Decree of the Head of National Land Agency No. 34/HGU/BPN RI/2010 dated on 1 June 2010 on the Granting of 	<ul style="list-style-type: none"> • PT KDA has obtained the land use rights from the government according to Decree of the Head of National Land Agency No. 34/HGU/BPN RI/2010 	Plantation management must meet the applicable regulations.

<p>Land Use Title/HGU on behalf of PT Kresna Duta Agroindo on the land in Kutai Timur District of Kutai Timur Province covering 6,873.44 ha.</p> <ul style="list-style-type: none"> Until December 2013 there were no reports from parties relating to the land conflict with PT KDA over the HGU issued. The National Land Agency will conduct the land use monitoring in 2014. 	<p>dated on 1 June 2010.</p> <ul style="list-style-type: none"> There are no land conflicts over the HGU area. PT. KDA is committed to support the monitoring by National land Agency. 	<p>At the time of stakeholder consultation, there were no issues of <i>land claim</i> or <i>land occupation</i>.</p>
<p>Labour and Transmigration Service of Kutai Timur District</p>		
<ul style="list-style-type: none"> In general, PT KDA has complied with the labor regulation, such as the fulfillment of District Minimum Wage, Working Time, Overtime, Establishment of the Guiding Committee of Occupational Health and Safety, Bipartite Cooperative Institute, Inclusion of the workers in Labour Social Assurance/Jamsostek, Production Operator License, Training of Limited Pesticide Operator, and so on. During the year of 2013 there were no reports of industrial dispute in PT KDA. The company has been reporting both the implementation of Occupational Health and Safety Management System and the development of the workers. <p>The company is advised to report all contractors working in PT KDA in accordance with the regulation of labour Ministry No. 19 year 2012 and listed all part-time workers in the Labour Service of Kutai Timur District in accordance with Decree of Transmigration and Labour Minister No. 100 year 2004.</p>	<ul style="list-style-type: none"> PT. KDA is always committed in meeting the regulation related to employment. In 2013 there were no industrial relation dispute between the company and the employees. PT. KDA is always committed in meeting the regulation related to employment. 	<p>Plantation management must meet the applicable regulations.</p>
<p>Makmur Jaya Village</p>		
<ul style="list-style-type: none"> The presence of PT KDA has been able to accomodate labour to tackle the problem of unemployment in Makmur Jaya Village. 	<ul style="list-style-type: none"> Recruitment of the employees in PT KDA suited the needs and competency of the employees without 	<p>The company must ensure that the communication with the community is well-</p>

<ul style="list-style-type: none"> • The presence of PT KDA has been able to increase the rural economy especially for the micro merchants. • There is a smallholding partnership since 2009-2010. • The CPO car has damaged the roads and culverts in the village. The Community leaders are not familiar yet with the mill's manager so it has not been communicated to the company. • Communication is not transparent and still lacking in citizens' coaching. The transparency of smallholding partnership and assistance are not clear yet. The community expects a communicative forum between citizen and company. 	<p>any discrimination.</p> <ul style="list-style-type: none"> • PT KDA has been participating directly and indirectly in the efforts to improve economy/welfare of the community. • There is a partnership between PT. KDA and the community since 2009. • The road mentioned is not the road affected by CPO delivery, the CPO car passed the road because the driver was heading home. In the future, the company will contact the contractors and villagers in order to have a demolition. • PT. KDA has conducted a disseminated the SOP of communication. 	<p>maintained and public aspiration has been responded.</p>
Miau Baru Village		
<ul style="list-style-type: none"> • The company has absorbed labour from the village. • The company has provided assistance in the form of road improvement in the village. • There are college scholarships for students who meet the requirements. • CPO transportation makes noise when passing through the village. • In the beginning, the CSR program was poorly communicated to public. • There is no routine CSR program. 	<ul style="list-style-type: none"> • Recruitment of the employees in PT KDA suited the needs and competency of the employees without any discrimination. • The company has provided CSR in the form of heavy equipment assistance to improve the roads in the village. • PT. KDA has provided scholarships for students who meet the requirements for elementary, junior high school, senior high school and college. • The CPO transport passes through Wahau Province – Berau roads, not the roads in the village. • PT KDA has been intensively communicating the CSR program to the public. • CSR program has routinely been provided in the form of scholarships and incentives for teachers of SDN 011 in Miau Baru Village. 	<p>The company must ensure that the communication with the community is well-maintained and public aspiration has been responded.</p>

Sukamaju Village Community Leaders		
<ul style="list-style-type: none"> • Social supports such as for religious and education should be more targeted and if possible the value is increased. 	<ul style="list-style-type: none"> • Social support will be adjusted based on priorities. 	The company should provide supportys based on the basic needs of local community.
Independent Worker Union/SPM - Gunung Kombeng Estate		
<ul style="list-style-type: none"> • Currently there is a Company regulation that guarantees the aspects of OHS and the improvement of living standards of all employees. 	<ul style="list-style-type: none"> • PT. KDA has a commitment to give the rights of employees according to Collective Labour Agreement. 	At the time of stakeholder consultation, there were no issues related to employment.
Independent Worker Union of Gunung Kombeng Mill and Muara Wahau Mill		
<ul style="list-style-type: none"> • The Independent Worker Union/SPM has been approved by Labour Service and already has Collective Labour Agreement. • The Independent Worker Union accpets aspiration from all employees to be submitted to the management. 	<ul style="list-style-type: none"> • PT. KDA has supported the worker union and has been facilitating it to get an authorization from Labour Service. • The Independent Worker Union has been functioning and accpeting the aspiration from all employees to be submitted to the management. 	At the time of stakeholder consultation, there were no issues related to employment.
Mill Gender Committee		
<ul style="list-style-type: none"> • The company pays attention to women on their rights and gives them opportunity to participate in organizations. 	<ul style="list-style-type: none"> • The company gives opportunity to female workers to set up a gender committee. The company also has a commitment to give protection and the rights of its female workers. 	At the time of stakeholder consultation, there were no negative issues related to the rights of women.
Wahau Estate Gender Committee		
<ul style="list-style-type: none"> • The company pays attention to women on their rights and gives them opportunity to participate in organizations. 	<ul style="list-style-type: none"> • The company gives opportunity to female workers to set up a gender committee. The company also has a commitment to give protection and the rights of its female workers. 	At the time of stakeholder consultation, there were no negative issues related to the rights of women.
Head of Sukamaju Village and the Community Leaders		
<ul style="list-style-type: none"> • The company has absorbed labour. 	<ul style="list-style-type: none"> • The company has recruited employees from the village according to the needs and competency of 	The company should ensure all areas are managed without any illegal activities.

<ul style="list-style-type: none"> There are still hunting activities done by the employees although there is an appeal in the village not to hunt. 	<p>the workers in the respective fields both in the estate and in the mill without any discrimination.</p> <ul style="list-style-type: none"> Relating to the hunting allegedly committed by the employees, the company will check and trace back and reintensify patrol regarding the hunting. And we will conduct more dissemination on wildlife protection to the employees at every morning circle. 	
Informal Leader of Kombeng Indah		
<ul style="list-style-type: none"> Level of public economy increases with the company. Pantun river in Kombeng Indah Village has allegedly been contaminated by the mill waste. The company has not responded to the letter sent by the village regarding the issue. Improvement of the access road to the village that is also commonly used by the company, has just been conducted after the villager sent a proposal or letter to the company. 	<ul style="list-style-type: none"> With the company we hope to be contributing directly or indirectly to the economic improvement of the community. The company has the commitment to do the best practice in the estate and in the mill, and to environmental sustainability. Efforts have been done are the making of WWT and installation of LA for the mill water waste. There is no evidence that Pantun river has been polluted by the mill waste. It is proven by the Report of Environmental Management Plan – Environmental Monitoring Plan to the Environment Bodies, and since the last visit from Environment Bodies of Kutim District there was no pollution indicated. This time, PT KDA has obtained Proper Green. The road improvement in the village needed a written request from the village as document for the estate management. 	<p>The company must ensure that the communication with the community is well-maintained and public aspiration has been responded.</p>

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	<p>Formal Sign-off of Assessment Findings</p> <p>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.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p>PT Kresna Duta Agroindo Head of Environment Department</p>  <p><u>Ismu Zulfikar</u> January 30, 2014</p> </div> <div style="width: 45%;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Oktovianus Rusmin</u> January 30, 2014</p> </div> </div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Contact	Date of Contact
1	Agriculture Agency of Kutai Timur District	Sangata, Kutai Timur District		Discussion	27 January 2014
2	Environment Bodies of Kutai Timur District	Sangata, Kutai Timur District		Discussion	27 January 2014
3	National Land Agency of Kutai Timur District	Sangata, Kutai Timur District		Discussion	27 January 2014
4	Labour and Transmigration Service of Kutai Timur District	Sangata, Kutai Timur District		Discussion	27 January 2014
5	Wahana Lingkungan Hidup Indonesia (Walhi)	Jakarta	Info@sawitwatch.or.id	By email (questioner)	14 January 2014
6	WWF Indonesia	Jakarta	wwf-indonesia@wwf.or.id	By email (questioner)	14 January 2014
7	Sawit Watch	Jakarta	info@sawitwatch.or.id	By email (questioner)	14 January 2014
8	Aliansi Masyarakat Adat Nusantara (AMAN)	Jakarta	rumahaman@cbn.net.id	By email (questioner)	14 January 2014
9	Greenpeace Indonesia	Jakarta	info.id@greenpeace.org	By email (questioner)	14 January 2014
10	Transformasi untuk Keadilan Indonesia (TUK Indonesia)	Jakarta	jiwannorman18@gmail.com	By email (questioner)	14 January 2014
11	Headman of Makmur Jaya Village	Makmur Jaya Village		Focus Group Discussion (FGD)	29 January 2014
12	Headman of Miau Baru Village	Miau Baru Village		Focus Group Discussion (FGD)	29 January 2014
13	Gunung Kombeng Estate Independen Union (Serikat Pekerja Mandiri)	Muara Wahau		Focus Group Discussion (FGD)	29 January 2014
14	Gunung Kombeng Mill dan Muara Wahau Mill Independen Union (Serikat Pekerja Mandiri)	Muara Wahau		Focus Group Discussion (FGD)	29 January 2014
15	Mill Gender Committee	Muara Wahau		Focus Group Discussion (FGD)	29 January 2014
16	Muara Wahau Estate Gender Committee	Muara Wahau		Focus Group Discussion (FGD)	29 January 2014
17	Community Leader and Headman of Sukamaju Village	Sukamaju Village		Focus Group Discussion (FGD)	29 January 2014
18	Community Leader of Kombeng Indah	Kombeng Indah Village		Focus Group Discussion (FGD)	29 January 2014
19	Community Leader of Miau Baru Village (Dayak Kayan Community)	Miau Baru Village		Discussion	29 January 2014
20	Community Leader of Sukamaju Village (Transmigrator)	Sukamaju Village		Discussion	29 January 2014

Appendix 2. Assessment Program

DATE		26 - 31 Januari 2014		AUDITOR			
TIME ALLOCATION	ACTUAL PROGRAM	PROCESSES / CLAUSES TO BE AUDITED		OR	NM	YWR	ID
		Evaluation	Indicator				
Sunday, 26 Janury 2014							
06.00-08.00	06.00-08.00	Jakarta to Balikpapan		OR, YWR, ID			
13.00-14.00	13.00-14.00	Balikpapan to Berau		OR, YWR, ID			
15.00-21.00	15.00-21.00	Berau to Site		OR, AR, MAY			
09.00-15.00	09.00-15.00	Balikpapan to Sangata		NM			
Monday, 27 January 2014							
08.00-08.30	08.00-08.30	Opening Meeting		OR, YWR, ID			
08.30-12.00	08.30-12.00	Stakeholder Consultation (Local Community)		OR, YWR, ID			
08.00-14.00	08.00-14.00	Stakeholder Consultation Sangata District Government		NM			
14.00-17.00	14.00-17.00	Document Review		OR, YWR, ID			
		• Response and Information Record	1.1; 1.2	√			
		• Compliance of legal requirements	2.1	√	√	√	√
		• Legality, permit and land use rights	2.2; 2.3	√			
		• Plan achive long term economic and financial viability	3.1			√	
		• Agronomy Best Practices)	4.1; 4.6			√	
		• Conservation of natural resources	4.2; 4.3; 4.4; 7.2; 7.4		√		
		• Pest Management Program	4.5			√	
		• Occupational Health and Safety	4.7; 4.8				√
		• Social and Environmental Responsibility	5.1; 6.1; 7.1; 7.7	√	√		
		• Fire Responces and Preparedness	7.7; 5.5		√		
		• HCV	5.2; 7.3;		√		
		• Emission and Waste Management	5.3; 5.4; 5.6			√	
		• Social Development Responsibility	6.7; 6.8; 6.9; 6.10; 6.11	√			√
		• Responsible of Employee	6.5; 6.6				√
		• Transparancy of Communication, Information and Consultation with communities or interested parties	6.2; 6.3; 6.4; 7.5; 7.6	√			
		• Continuous Improvement	8.1	√	√	√	√
• Supply Chain	S.C.C.S			√			
Tuesday, 28 January 2014							
08.00-12.00	08.00-12.00	Site Visit		OR, NM, YWR, ID			
14.00-17.00	14.00-17.00						
Wednesday, 29 Januari 2014							

08.00-12.00 14.00-17.00	08.00-12.00 14.00-17.00	Site Visit Checklist compilation		OR, NM, YWR, ID
KThursday, 30 Januari 2014				
09.00-11.00 12.00-18.00	09.00-11.00 12.00-18.00	Closing Meeting Journey from site to Berau		OR, NM, YWR, ID
Friday, 31 Januari 2014				
09.00-10.00 14.00-16.00	10.00-11.00 13.00-15.00	Berau to Balikpapan Balikpapan to Jakarta		OR, NM, YWR, ID

Appendix 3. Glossary

MWHE	:	Muara Wahau Estate
MWHM	:	Muara Wahau Mill
HCV	:	High Conservation Value
OER	:	Oil Extraction Rate (Rendemen Minyak Kelapa Sawit)
P2K3	:	Panitia Pembina Keselamatan dan Kesehatan Kerja
PC	:	Production Controller
PHT	:	Pengendalian Hama Terpadu
PK	:	Palm Kernel (Inti Sawit)
PKB	:	Perjanjian Kerja Bersama
PKO	:	Palm kernel Oil
PKS	:	Pabrik Kelapa Sawit
PN	:	Pre Nursery
PT KDA	:	PT Kresna Duta Agroindo
PUK SPPP-SPSI	:	Pengurus Unit Kerja Serikat Pekerja Pertanian Perkebunan – Serikat Pekerja Seluruh Indonesia
RC	:	Regional Controller
RKL/RPL	:	Rencana Kelola Lingkungan/ Rencana Pemantauan Lingkungan
RSPO	:	Roundtable Sustainability Palm Oil
SEL	:	Studi Evaluasi Lingkungan
SMARTRI	:	Smart Research Institute
SMD	:	Senior Managing Director
SMK3	:	Sistem Manajemen Keselamatan dan Kesehatan kerja
SOP	:	Standart Opeartional Prosedur
SPSI	:	Serikat Pekerja Seluruh Indonesia
TBS	:	Tandan Buah Segar
TPSA	:	Tempat Pembuangan Sampah Akhir